

Wollongong Coal

Lock the Gate Alliance presentation
to the Russell Vale PAC
8 December 2015

Three quick points as background

ACF voter survey results for Wollondilly and Heathcote

- **83%** are concerned about coal and CSG mining in Sydney's water catchment
- **80%** want the NSW Government to keep its promise to stop mining in Sydney's water catchment
- **60%** oppose outright, Wollongong Coal's plan to expand the Russell Vale coal mine in the water catchment (incl. 5 out of 10 Liberal voters), with a further 25% undecided.

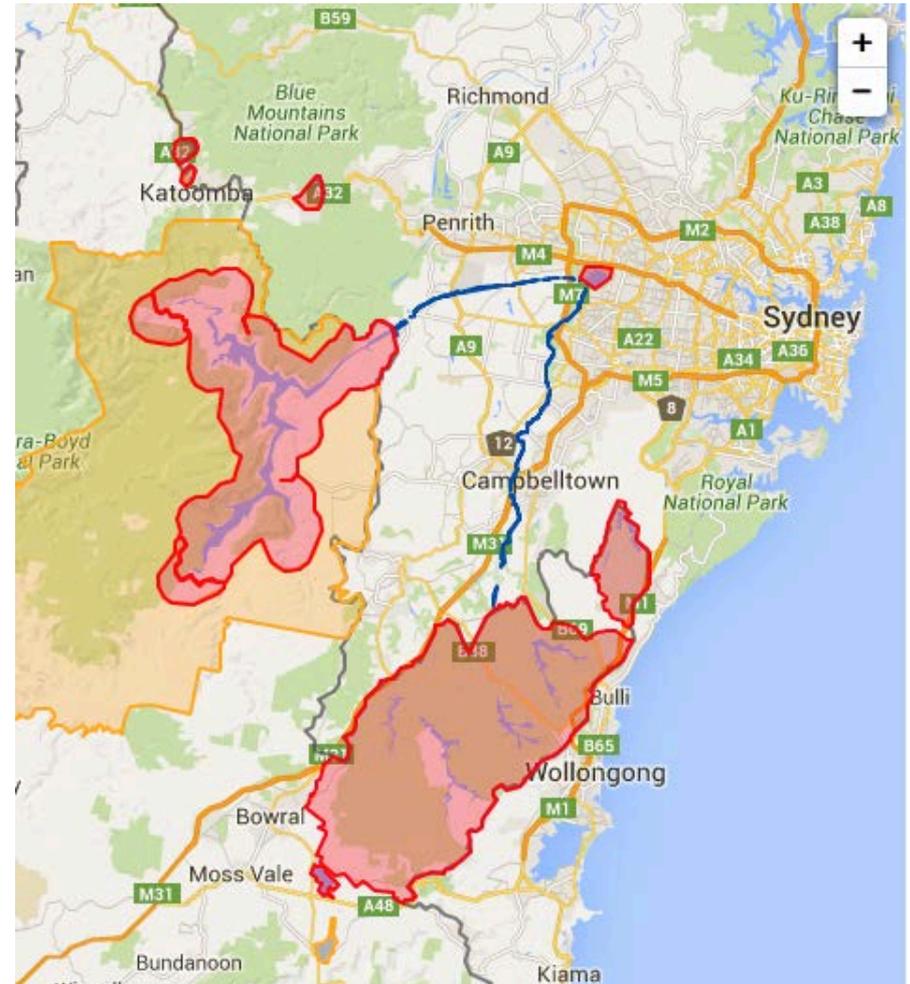
Photo of Cataract Dam: Gregory Heath, from CSIRO science image. Poll results have been added to this image by ACF

Special areas

“The Special Areas of the Sydney Water Catchment are the most sensitive and important areas for securing our drinking water supply.”



The Hon Anthony Roberts MP
Minister for Resources and Energy
Special Minister of State



No other coal mine in Australia closer to suburban homes?



Cost benefit analysis

“the primary tool to evaluate whether the project will deliver net benefits to society”

Overall costs vs projected royalties? Our community will be \$2M-\$7M worse off.

	BENEFIT	COST
Projected royalties - CIE	\$23M	
Projected royalties - LtG	\$18M	
Impact on royalties of not mining lw6	?	
Subsidies		\$24,380,000
Loss of stream base flow		\$430,000
Water NSW's additional monitoring costs		\$62,000
Impacts from Scope 1 and 2 GHG emissions		\$150,000
Residual impact of noise after reasonable and feasible measures implemented		?
Health impacts to local residents from increased air pollution		?
Cost of scope 3 GHG emissions		?
TOTAL	<\$18-\$23M	(\$25,022,000)

Assessing Thermal Coal Production Subsidies

“Coal subsidies can prop up uneconomic coal extraction and encourage new entry and expansion that would not otherwise occur.”

Australian coal industry subsidies		
	Total Subsidy	Per tonne
Rehabilitation (2015)	A\$18bn capital subsidy	A\$2.05
Tax deductions and direct spending (2005-2011)	A\$414m	A\$1.25
Fuel excise exemption (2012-2013)	A\$767m	A\$1.92
		A\$5.22

‘Fit and proper’ test

Not a “fit and proper person” within
the meaning of section 380A of the
Mining Act 1992 (NSW)?

Fit and proper relevant to granting of EPL



The authorisation for an EPL provides for and requires the consideration of whether the applicant is a fit and proper person (section 45 of the Protection of the Environment Operations Act 1997).

We have a problem

Wollongong Coal AGM protested by groups saying it's not fit and proper for a mining licence

By Ben Langford Oct. 23, 2015, 12:12 p.m.

 Like  Tweet  G+ 

- Financial capacity to comply
- Technical competence
- Criminal conduct issues
- Director/s - good repute?
- Director/s - good character (honesty and integrity)?
- Record of compliance with relevant legislation



Financial capacity to comply

“significant uncertainty whether the company will continue as a going concern ... and therefore whether it will realise its assets and extinguish its liabilities ...”

Financial capacity to comply

- Net loss of \$199,216,000 (2014/15)
- Net current liabilities at \$657,067,000
- Market capitalisation of \$41,370,000 (25 Nov, 2015)
- Unpaid royalties (which were \$3.6 million)
- Unpaid bond to WCC of \$400,000

Financial capacity to comply

"It's hard to find a company less deserving of being listed in the Australian stock market"

Tim Buckley, Director of the Institute for Energy Economics and Financial Analysis Australasia.



Technical competence

Wollongong Coal's Russell Vale mine suffers another roof fall, authorities act

By Ben Langford Nov. 2, 2015, 5 a.m.

The trend of increasing roof falls meant there was serious risk to workers underground

- NSW Dept of Industry

Criminal conduct issues

Criminal conduct issues

Character & repute

Character & repute

Record of compliance

- **Eight** non-compliance notices from the NSW Environmental Protection Authority
- At least **eight** separate instances of non-compliance identified by DoPE.



“Fundamental failures of environmental management”

Record of compliance



WOLLONGONG CITY COUNCIL

Address 41 Burelli Street Wollongong • **Post** Locked Bag 8821 Wollongong DC NSW 2500

Phone [02] 4227 7111 • **Fax** [02] 4227 7277 • **Email** council@wollongong.nsw.gov.au

Web www.wollongong.nsw.gov.au • ABN 63 139 525 939 - GST Registered

FILE COPY

013



Mr D Clarkson
Group Environment & Approvals Manager
Wollongong Coal Ltd
PO Box 281
FAIRY MEADOW NSW 2519

Our Ref:
File:
Date:

Z15/64981
DA1989/839DA-1989/839
31 March 2015

The Table of Compliance reveals **that a number of conditions pertaining to Development Consent No. 1989/839 are outstanding:**

- **\$375,000 is required this year** (ie at 11 April 2015).
- Additionally, a number of conditions relating to **landscape master plans** and **final landform / rehabilitation plans** as well as **water management** and **monitoring** remain outstanding.

Expert input – December 2015

Water NSW is concerned that groundwater impacts of the mine, **“will persist for centuries”**.

Expert input – connectivity w. Cataract Dam

1. **There is a critical need to use geochemical tracers** to constrain sensitive flow paths, such as those where connectivity is debated.

The use of isotope tracers (such as $\delta^{2}\text{H}$ and $\delta^{18}\text{O}$), and a suite of major ions and physical parameters is simple and effective at constraining the relevant flow paths, and should be utilised for this purpose as a minimum requirement in the impact assessment.

2. **A valid understanding of the ground and surface water connections, as well as efforts to reduce uncertainty surrounding aquifer connectivity, cannot be achieved until this water quality and tracer information is collected and analysed.**

Expert input – water

The absence of quantitative upland swamp water balances, and the inability to include connected swamps within the numerical model, prevents an accurate assessment (i.e. one that does not rely on poorly constrained assumptions) of the hydrological risks and potential impacts of the proposed development.

Conclusions

1. A risky 5-year project that will impact our drinking water supply for centuries
2. Cost benefit analysis suggests NSW stands to lose \$2M - \$7M
3. Neither Wollongong Coal nor its parent company Jindal Steel and Power Ltd are 'fit and proper'
4. A water expert says that geochemical tracer tests are needed to better understand the risks re connectivity between Cataract Dam and the mine
5. We need more data to understand upland swamp water balances and connectivity