
To: NSW Department of Planning, Housing and Infrastructure

Subject: Submission of **Strong Objection** – Moolarben Coal Complex OC3 Extension Project

Executive Summary

This submission formally objects to the proposed **Moolarben Coal Complex OC3 Extension Project**. The proposal to extend the existing OC3 open cut pit and develop four new open cut pits along the Moolarben Valley floor is fundamentally incompatible with the current economic and environmental reality of New South Wales.

This submission provides clear evidence that the approval of further coal extraction represents a direct threat to the Mid-Western Region's and NSW state fiscal stability and the well-being of its people, environment, social and economic stability.

1. The New Climate-Driven Economic Baseline

Australia has reached a critical inflection point. The period from **2019 to 2024** has seen a rapid succession of historically severe events:

- **2017–2019:** Protracted drought.
- **2019–2020:** Catastrophic Black Summer bushfires.
- **2021–2022:** Devastating East Coast floods.

The **Royal Commission into National Natural Disaster Arrangements (RCNDA)** stated: "*Natural disasters have changed, and the nation's disaster management arrangements must also change.*" **A necessary component of this change is the immediate cessation of coal mining extensions and new licenses.**

2. Defining the Total Economic Cost (TEC)

Traditional economic assessments of coal projects often ignore the **Total Economic Cost (TEC)** of the climate change they exacerbate. Standard models that focus only on tangible market losses (property damage) underestimate the true burden by more than **50%**.

The Multiplier Effect of Sequential Disasters

The Moolarben Valley cannot be viewed in isolation. When drought weakens a region, followed by fire and then flood, the temporal and financial buffers are erased. This reduces regional resilience, ensuring each subsequent event imposes a disproportionately higher cost on local economies and social cohesion.

Cost Category	Current Annual Impact (Australia)	Projected Annual Impact (2060)
Total Economic Cost	\$38 Billion	\$73 Billion

3. Breakdown of Costs for New South Wales

The Moolarben extension would contribute to the very emissions driving these NSW-specific costs:

- **Flooding:** Costs the NSW economy approximately **\$250 million** in an average year.
- **Bushfires:** The 2019-20 fires cost NSW between **\$6.4 billion and \$100 billion** depending on the inclusion of intangible costs.
- **Projected Rise:** The annual cost of climate change for NSW is predicted to rise by over **\$10 billion** annually in coming decades.

4. Impacts on Children and Young People (CYP)

The economic trauma of climate change is highly concentrated among younger Australians (ages 15–44). The annual measurable cost for CYP affected by disasters is **\$6.3 billion**, driven by:

1. **Lost Education & Earnings:** \$5.3 billion in annual lifetime costs due to reduced Year 12 completion rates.
2. **Mental Health & Social Costs:** \$662 million in annual short-term mental health expenses and \$192 million from increased incidences of child abuse linked to disaster stress.

5. Escalation of Insured Losses and Systemic Risk

Since the Black Summer fires, there have been **11 declared insurance catastrophes**. Since January 2020, insurers have received nearly **788,000 claims** related to floods and storms.

Structural Shift: Since 2013, insured losses incurred in each single year have exceeded the combined losses of the entire five-year period from 2000 to 2004.

By mid-century, the direct cost of natural disasters is modelled to reach **\$35 billion per year**, averaging more than **\$2,500 per household**. This transforms the climate crisis into a permanent sovereign fiscal liability.

6. Premium Inflation and the Crisis of Affordability

Climate change is now a **non-discretionary inflationary mechanism**.

- **Insurance vs. CPI:** Insurance premiums are rising up to **five times faster** than the Consumer Price Index (CPI).
- **Affordability Stress:** 1.25 million people (1 in 8 households) are in insurance stress, paying more than four weeks of gross income on premiums.

- **Severe Stress:** 1 in 20 households spend more than seven weeks of income on insurance—effectively working from New Year's Day until late February just to cover one bill.

As the private market prices out these households, the **residual risk transfers to the government**, forcing taxpayers to assume the cost of rebuilding uninsured properties.

7. Local Impact: Mid-Western Regional Council (2019–2025)

The Moolarben Coal Complex is located within the Mid-Western Regional LGA. While the project proponents often highlight local employment, they fail to account for the mounting public costs incurred by the Council and local industries due to climate-driven disasters over the last six years.

7A. The 2019–2020 Bushfire & Drought Crisis

- **Agricultural Devastation:** The 2017–2019 drought followed by the Black Summer fires saw 90% of the Mudgee wine region's 2020 vintage lost due to smoke taint. This represents a catastrophic hit to a key "engine industry" that provides long-term, sustainable employment compared to the finite lifespan of a coal pit.
- **Tourism Collapse:** In towns like Rylstone and Kandos, tourism revenue plummeted by an estimated 85% during the peak summer season of 2020 due to fires and smoke.
- **Infrastructure Damage:** The fires physically impacted 9% of the total region, destroying or damaging 31 properties and causing millions of dollars from direct damage to agricultural infrastructure (fencing and gates) alone, not to mention environmental damage.

7B. The 2021–2022 Flooding and Road Crisis

The "triple La Niña" events have placed the MWRC in a state of perpetual infrastructure repair:

- **Road Network Decay:** The Council manages a 2,460km road network. Successive floods have caused "significant and prolonged damage," forcing the Council to rely on emergency grants to maintain basic connectivity.
- **Emergency Recovery Grants:** In May 2022, Council was forced to accept \$1,000,000 in emergency funding specifically for immediate repairs from the March 2022 flood event. This included \$422,000 for repair activities and \$578,000 for the enhancement of Coricudgy Road.
- **Capital Works Backlog:** Despite spending \$37 million on infrastructure in 2021/22, the Council could only complete 71% of its planned capital works due to "successive third La Niña events" and supply shortages.

7C. Independent Risk and Local Budget Strain

The financial burden is shifting from private profit to public liability. While the Moolarben extension provides royalties to the State, the local cost of maintaining a resilient community is escalating:

- Insurance Premiums: Local businesses and households in the Mid-Western region are facing the "non-discretionary inflationary mechanism" mentioned previously, with insurance costs rising significantly faster than local wage growth.
- Public Subsidy of Risk: The NSW Reconstruction Authority and the Disaster Ready Fund are now required to funnel millions into the region to fix roads and infrastructure that are being destroyed by the increased frequency of high-intensity weather events.

8. Financial Rebuttal: Royalties vs. Local Disaster Liability

The primary economic justification for the Moolarben OC3 Extension is the generation of state royalties and local economic "injections." However, when these figures are compared to the actual and projected costs of climate-driven disasters within the Mid-Western Regional Council (MWRC) area, the "benefit" vanishes.

Comparative Economic Impact Table (2019–2035)

Economic Metric	Projected Revenue / Benefit	Local & State Economic Cost (Disaster Related)
Annual State Royalties	\$19M – \$37M (Est. average)	\$250M (Annual NSW flood cost baseline)
Local Infrastructure Repair	\$0 (Direct to Council)	\$1.0M+ (Single event emergency road repairs 2022)
Agricultural Impact	\$0 (Displacement of grazing)	90% Loss of Mudgee wine vintage (2020 smoke taint)
Long-term Climate Cost	\$152M - \$156M (Total NPV)	\$156M - \$222M (Cost of Scope 1 & 2 emissions alone*)
Future Fiscal Liability	Declining (Global coal demand)	\$10B+ (Projected annual increase in NSW disaster costs)

Analysis: Independent economic review by the Australia Institute suggests that the Social Cost of Carbon for the project's direct emissions alone (\$156M) effectively cancels out the total projected royalty revenue (\$152M). This does not even include the Scope 3 emissions (combustion), which are valued at a staggering \$23.9 Billion in climate damage.

9. The "Royalties Paradox" for Mid-Western Regional Council

While the NSW State Government collects royalties, the Mid-Western Regional Council is left to manage the physical and fiscal fallout of the climate events those emissions fuel.

1. Grant Dependency: Council's reliance on the Disaster Ready Fund and NSW Reconstruction Authority for basic road maintenance (e.g., the \$1M grant in 2022) proves that the current

economic model is failing. The region is essentially receiving "emergency charity" to fix damage caused by the very industry it hosts.

2. **Asset Management Backlog:** As of the 2024/25 Financial Statements, the Council manages a \$1.1B asset portfolio. Successive climate events have created a capital works backlog, where 29% of planned works were delayed in 2022 due to weather.
3. **Local vs. State Misalignment:** Royalty income is grouped into the NSW General Fund; it is not "ring-fenced" to fix Mudgee's roads or support local vignerons. Consequently, the Mid-Western region bears 100% of the local physical risk while receiving only a fraction of the economic benefit.

Conclusion

Approving the OC3 Extension is an act of economic self-sabotage for the Mid-Western region. The \$6.3 billion annual cost to young Australians and the record \$7 billion in insured losses nationally are mirrored locally in Mudgee's lost wine vintages and shattered road budgets. We cannot afford to prioritize a short-term coal extension that fuels the very disasters currently draining our Council's coffers and destroying our sustainable agricultural and tourism sectors.

The Moolarben OC3 Extension Project represents an outdated economic rationalism. For every dollar of royalty revenue generated for the state, the local community and the broader NSW economy face an equal or greater liability in disaster recovery, infrastructure decay, and lost agricultural productivity. We urge the Department to prioritize long-term regional solvency over short-term mineral extraction.

The Moolarben OC3 Extension Project proposes to profit from the very industry driving these systemic economic failures. The short-term royalties of a coal extension cannot offset the \$73 billion annual national liability projected by 2060. To protect the fiscal future of NSW and the mental health of its youth, this application must be refused.