Submission to the Planning Assessment Commission

Thursday December 11th, 2014

Gunnedah Services and Bowling Club

 I would like to begin by thanking the members of the Planning Assessment Commission, who visited Gunnedah previously on June 26th and 27th, 2014, Commissioner’s Gabrielle Kibble, AO, Garry Payne, AM, and Brian Gilligan. Today I thank Lynelle Briggs, AO, Joe Woodward, PSM, and Jan Murrell for continuing this important second round of consultation with the community, and for inviting submissions on the Shenhua Watermark Coal Project, located within EL 7223, in the Breeza area of New South Wales. These public hearings have helped set the tone for this projects future acceptance, or its comprehensive rejection. I have to be clear from the outset, that I strongly prefer this projects comprehensive rejection. I have formed this view, not purely on its lack of community acceptance, amongst the members of the farming community, who I represent on occasions, but on the basis of this projects location, in close proximity to high-value agricultural land, that has been capitally-improved for high value irrigated agriculture. The other main reason I have formed the view this project should be rejected, is due to its exacerbating effects on climate change. An exacerbation of climate change, is the major threat posed by the project, and this is the projects major ‘externality’, an ‘externality that is notoriously difficult to quantify and mitigate. We should be clear from the outset that climate change is bad news for developing countries, it doesn’t help in the global goal of trying to work towards food security. The fact that China is itself a major beneficiary of food grown and produced in this country, and the fact that some of its population are sadly, living in poverty, is not aided by a project like this one, which will undoubtedly make the global food task even harder. I have recently read a report by the Special Rapporteur for the United Nations General Assembly, Mr Olivier De Schutter. His role is to bring to the United Nations General Assembly, examples and research from around the world of how emerging economies and others are coping with the very basic human need that exists, in the right to food. Governments of this country cannot properly respect human dignity and represent their constituency if they continue to undermine our food production, a social good that is gradually leading to human advancement. The human right to food, is recognised in several international instruments of law. In a meeting of the Committee on Economic, Social and Cultural Rights, (CESCR), of the UN, that was held in Geneva, in 1999, it was stated that “urgent and immediate steps may be needed to secure the fundamental right to freedom from hunger”.

 The Environmental Impact Statement (EIS), prepared by Hansen Bailey (2012), for Shenhua, went to a degree of detail on the mitigating plans and strategies to be employed to try and contain and control impacts on surface-water movements and ground-water flows, including some plans to attempt to mitigate the effects on underground water aquifers, including the minimum nine-hundred metre horizontal buffer to the highly productive Gunnedah Formation, and the undertaking Shenhua have made to allow a minimum one hundred and fifty metre buffer to the alluvial black soil plains of the Liverpool Plains. The dust impacts, the noise impacts, and the air-quality impacts, for residents who reside in Breeza and surrounds are quite considerable and aversive, as are the impacts on flora and fauna of the region. Greenhouse gas emissions, and climate change produced by a project of this scale and stature are notoriously difficult to accurately predict, so we can have little confidence that these impacts are able to be mitigated. I think we can safely say, that if you can’t capture and quantify the greenhouse gases released into the atmosphere from this project, then it’s very hard to attempt to mitigate the greenhouse gas effect of the project. In all scientific endeavour, including current scientific endeavour, it comes down to the methodologies employed and the accuracy of your data. This project can’t proceed quite obviously while ever there is missing data, data that doesn’t exist, that is a fair assessment of where the community feeling is, at present. Sometimes, in life, we need to argue and explain paradigms and decisions, without data, and this project might fall into this category, based on community sentiment and a lack of trust with this process of decision-making. For farmers, who are dealing daily with our climate daily, we feel pushed to try and take a stand where it is justifiable, we have just concluded two years of very sub-optimal climatic conditions, with half our annual rainfall, and a day when the temperature reached 47 degrees Celsius, in January of 2014, for us, this project represents a profit-deteriorating exercise. We are attempting to pay down debt by our production, and we are attempting to maintain a business model that is constructed in such a way where agricultural land value, makes up a sizeable portion of our total equity. We read the national accounts data when we can, and we understand the iron ore price, and its expectation to continue trading at around $60/tonne for most of 2015. Similarly, we understand the oil price and the LNG price, we are operating in similar international markets, where exposure to supply shocks in other parts of the world, can set the commodity price on an upward trajectory, and we experience production shocks like every other country when drought takes a stranglehold on our production.

 I gather from the website and other literature, the PAC have been putting into the public domain, that this is a Review of the project, to accompany the recent ‘Review Report’, which I have read, with interest. You could be forgiven for thinking that this has represented one of the most convoluted and protracted processes. A process that could have been made much simpler, on the proponent, and all stakeholders involved, had the Minister weighed up the merits of the project, together with the Commonwealth Environment Department, and the Commonwealth Minister for Agriculture, and the Commonwealth Environment Minister and the NSW Minister for Primary Industries. If the Planning Minister had categorically said “No, not this time, and not ever”, we would all be better off. This power of veto – that the Planning Minister in New South Wales should have at their discretion, is a power that is vested in Ministers of the Crown, because they are elected by the people to represent them, to weigh up the policy of the day, with the demands of international trade, with the full knowledge that free trade agreements are being signed to attempt to open-up new markets for Australian produce, but inherently, decisions such as this one, come down to a very basic premise, that Ministers are supposed to make decisions based on informed discussion and deliberation. Perhaps the prime minister of the Commonwealth should have the ultimate veto powers, of state significant developments and state significant infrastructure, since these can have very perverse long-term consequences on a group of people. It would seem to make sense that the prime minister could have those powers, in their own country, a country that they are supposed to be governing. Some people would say this is autocratic leadership, and a whole new form of federalism, well I would say, this wouldn’t be necessary, if more delegation of powers and devolution of powers, wasn’t leading to a situation like we have currently where each project is assessed in isolation, without a true appraisal of social impact. The Terms of Reference of the project need to be immediately amended, as do the terms of reference for other projects before the Planning Assessment Commission, such as the Warkworth Continuation Project. I note that the public hearing for that project, is being held in Singleton on Thursday 18th December. The ministerial Terms of Reference, should surely reflect current thinking, therefore impacts on climate change and food security should be amongst the terms of reference. Climate change and food security is one of our major considerations when forming policy, so it is rather incomplete for these two considerations not to be included into the Ministerial terms of reference.

 The former Minister for Planning, the Honourable Brad Hazzard, initiated the instrument of delegation, on 14th September, 2011, and it was signed and therefore inscribed into statute, on 28th September, 2011. The instrument of delegation gave the Planning Assessment Commission wide-ranging and broad determining powers, even though the Minister acts as the ultimate ‘Consent Authority’ for the project.

 If there is one goal that I bring to this public hearing today, it is to ensure projects like this are always weighed up against the social dimensions of the world in which we operate. Demand for social services like housing, pre-schools, health services, the context of increasing rental prices, and housing affordability more generally. These are real impacts, projects of this scale and stature have on local communities. These issues were not fully explored in the Cost Benefit Analysis that was undertaken by Shenhua, nor was the fact that pronounced de-valuation of agricultural land, and land more generally, around the project, will occur, immediately and within the vicinity of our broader region. When I think of the Cost Benefit Analysis and its associated acronym (CBA), I can’t help but think about the Commonwealth Bank of Australia and all the other lenders, and wonder what they are saying about this project. We have a farm-debt issue in this country at present, and it’s obvious that our quantum of farm debt is related to our valuation of land, the so-called equity to debt ratio, our source of borrowings, the banks, are placed in a more perilous situation if we allow more and more farms to become the new “Stranded Assets”. Barnaby Joyce highlighted recently that 15 % of gross farm receipts are being used to service debt, quite obviously the capital nature of agricultural land can’t take another hit, in terms of its capital value, without breaking more and more of the business models, in the process. The miners are experiencing this issue of stranded assets, writ large, at present, with the commodity prices for iron ore, oil, coal, LNG, all trending downwards. Some expansion plans have been abandoned, like Olympic Dam, others using mergers and acquisitions to attempt to make their assets pay, currently many projects are stubbornly refusing to pay, with some commodities being stockpiled in the process. Gina Rinehart seems to be of the opinion, you keep digging and wait for market conditions to improve.

 With the ensuing process, that we have entered into, voluntarily, the CCAG, paying out of its own funds research to be undertaken, including the Economists at Large report, which disputes the Gillespie Economics Report produced for Shenhua, because it highlights that the price of PCI, semi-soft coking coal, is not reaching the price stated in the Gillespie economics report, that is the figure of $130/tonne, is over-stated. The Economists at Large Report produced for CCAG, highlights how the royalties, the taxes, and potentially the Voluntary Planning Agreement are compromised if the predicted price for PCI fails to materialise. The $142/tonne price-point for semi-soft coking coal, predicted by the proponent, may not actually eventuate, Shenhua would do well to have an actuary, take a closer examination of the figures modelled so far. The Australia Institute Report of June 2014, supports this assumption. The figures used for the modelling in the Economic Impact Assessment, might be overtly over-stated, and it seems to question the basis of using Input-Output modelling as a method of assessment in the first place. If the price of PCI falls and the coal is sold into the thermal coal market, the royalties of the project are over-stated in the order of $82 million.

 The community has also lobbied for and paid out of tax-payer funds, the Namoi Catchment Water Study, by Schlumberger, to be undertaken. This Planning Assessment Commission process, should be treated as an investigation, a constant search for clues, clues that might help explain “The Why?” of the project. This project fails in every way, to meet the demands of climate change, the demands placed on us for new ways of thinking about food production, whether you live in Beijing or Mullaley, the global food task and poverty alleviation and development, always happens in stages, and they are logical stages. Human advancement has been marked by these same stages throughout history, and it is important that we keep that top of mind, in these kinds of deliberations. The process is securing better food first, nutrient-dense and higher protein food secured first, for a population, then it follows that infrastructure and housing will follow next, then medicines and then social improvements, like electricity and more consumer-led growth in an economy, as the services sector accounts for a greater portion of economic growth. I feel like with this project, some people, the proponent, might be trying to skip stages, stages of human progress and human advancement, which are intrinsically-linked to a project like this.

 Farmers didn’t invent this process, this was created during the remnants of Mr Hazzard’s time in office, when he signed the ‘instrument of delegation’. The fact is, this mine, and the rhetoric that has accompanied the development of the mine plan, including the statements that this mine is not “on the black soil plains of the Liverpool Plains”, is rather irrelevant. If you are a farmer, like Andrew Pursehouse in Breeza, or a smaller farmer, in Mullaley or in Quirindi, that is involved in dryland, broadacre cropping, so-called ‘rain-fed agriculture’ of food crops and fibre, regardless of the nature of your particular kind of agriculture, you could be a cattle producer just outside Curlewis, or in Dalby, in Queensland, this mine will affect you. This mine exacerbates climate change, which means if you are a cattle producer the droughts are going to get longer, the CSIRO predicted years ago, that climate change could mean for the Eastern States, up to a 20% reduction in rainfall over time. This mine will affect us locally because the property price will be permanently changed, just as the final void leaves a scar on the landscape that is a permanent fixture, or legacy issue of mining.

 The fact that we have just concluded this year’s winter harvest, and we have secured a higher price for our tonnages of wheat and barley, tells me that there is demand for soft commodities. These commodities should be viewed equally when discussing commodity prices of oil, of LNG, of PCI coal or Thermal coal. The planet doesn’t run well without food, and this leads me to the extrapolation of the data on particulate matter, and its effects on the growing, the life-cycle of plants, who are in close proximity to open-cut coal mining pits. The photosynthesis of the plant is interrupted by being showered by coal dust, the plant doesn’t make energy because the pigments in the plant leaf, can’t trap light because they are covered in grey and black dust. If the full spectrum of light can’t reach the plants energy-making units, it would seem plausible to suggest that its growth might be stunted or it might shut-down, i.e. stop growing, just like in drought-conditions. I found the section on particulate matter exceedances quite interesting, however I still hold the subjective view that this project should not proceed.

 Farmers know well what flooding looks like, and inundation of black soils with heavy rain. One part of climate science is the aspect that precipitation events get more extreme, more torrential rain will accompany storm systems, and we have all seen first-hand what saturated soil looks like, the water sits in sheets across the landscape, because the soil is saturated, it has reached its maximum infiltration. I feel no confidence that this issue of ‘flood inundation’ has been well-managed or well-articulated in the EIS, or well-researched and referenced, in the Response to Submissions document, or in the ‘Review Report’. In fact New South Wales Office of Water (NOW), might as well change their name as far as I am concerned, the statements that “the impacts will be adaptively managed over the course of the mines life” and water impacts should be able to be “contained” have completely failed to address the issue or adequately discuss, exactly what happens to a large accumulation of water in an open-cut pit, following a heavy precipitation event/a ‘one in a hundred year’ flooding event. The statement in the Review Report that Dr Franz Kalf’s modelling undertaken on behalf of the NSW Government, has indicated that the ‘associated draw-down of aquifers associated with the project would be in-line with the New South Wales Government’s Aquifer Interference Policy (AIP)’. That is to say, there would be predicted to be ‘less than two metres of drawdown in aquifers around the project’, and that contingency measures such as ‘aquifer re-injection would be effective in addressing groundwater de-pressurization of privately-owned bores’, near the project. This statement is very telling, the policy is obviously wrong, in the first place. That other land-holders property rights, their privately-owned bores can be treated with such contempt and that the NSW Government can pretend that they will ‘make-good’ with aquifer reinjection, is a farce. This issue of making-good with compensation and the small amount of money that is paid as a bond to the NSW Mining Subsidence Board under the terms of the Mining Subsidence Act (1991), is not adequate compensation, or preparation for the many legal enquiries I fear will result from this project, if it is allowed to proceed. This issue of protecting governments and individuals from potentially large losses, is the social mandate that is given to governments.

 The Revised Biodiversity Offsets, with the purchase of additional ecological communiites, for protection in perpetuity, including the farming properties, ‘Glendowda’, ‘Mount Erin’ and ‘Currajong’ in the Tambar Springs district, are not “like-for-like” offsets. As is the case in so many mining projects that are waiting for approval by the PAC, like the Warkworth Continuation Project, the ecological communities that get protected and therefore ‘enhanced’, contain different timber species in different numbers, and they have different ground-dwelling and other marsupials and mammals, that live in their vegetation of origin. Shenhua purchasing these three distinct farming properties, family-farming properties a generation ago, completely changes the social fabric of the Tambar Springs community. I know a neighbour, who adjoins this particular Shenhua property and when they were enquiring, what to do, in the event of a bushfire, they were instructed “Just dial Triple Zero”. This is very descriptive of the lack of cooperation, the splintering of a community that previously comprised family farms, running alongside each other, and the lack of knowledge of bushfire management practices more generally, by any representative of Shenhua.

 In the Secretary’s Environmental Assessment Report and the Development Consent, which states the PAC approves this mine, subject to some conditions listed in the schedules. One of those listed conditions is the clause related to protecting public infrastructure. Unless the applicant and the applicable Authority agree otherwise, the applicant must pay the full costs associated with the repair or relocating of public infrastructure. I am wondering whether roads comes into this schedule of conditions, since the Voluntary Planning Agreements that have been entered into with Liverpool Plains Shire Council and Gunnedah Shire Council, fail to detail, how by road movements or vehicle monitoring, the compensation for roads damage and road repair will work. Under the terms of the Voluntary Planning Agreement, (VPA), Gunnedah Shire Council is entitled to $0.06/tonne, or $18 million, over the course of the mine’s life of thirty years, similarly the State is entitled to $1.5 billion in state royalties and the Commonwealth, $19 billion over 30 years in federal taxes.

 Dr Colin Mackie of Australasian Groundwater and Environmental Consultants (AGE), was employed to corroborate the modelling of groundwater from the original EIS, and Dr Franz Kalf, of Kalf and Associates Pty Ltd, the NSW Governments chosen hydro-geologist, consulted with Colin Mackie of Mackie Environmental Research (MER). They both seem to raise questions relating to the modelling method employed to study the projected drawdown of aquifers and using the VG parameters for models related to a regional level of impact. The cell-sizes was raised at meetings involving the Caroona Coal project, I remember Noel Merrick highlighting that if the cell-size becomes too large, the results become less and less relevant.

 Pursuant to Section 23D of the Environmental Planning and Assessment Act (1979), and Clauses 268 R and 268V of the Environmental Planning and Assessment Regulation (2000), “all environmental impacts need to be considered when weighing up a project”, climate change and the greenhouse gas effect are major externalities of this project, and they should be represented in the Ministerial Terms of Reference quite obviously. Something along the lines of “That all environmental impacts be considered by the Planning Assessment Commission, including those that relate to greenhouse gas emissions, climate change and food security”.

 We know the recent ‘divestment’ phenomenon associated with coal shares, is happening because the investment community is voting with their feet, and leading on the ground. The Australian National University (ANU), and others have decided that these investments represent un-sound investments. It is highly likely that many of these investments will not be sound investments.

 Foregone investment in a region is occurring in our region, as potential investors in other sectors of our economy delay making decisions, due to the nature of this project and other projects playing-out in the media daily. Tourism is one sector shown to have inhibited investment by this and other similar projects, and it was well-articulated by the members of the Putty Community Association, in their submission to the NSW Government’s Upper Hunter Strategic Regional Land-use Plan. Farmers who live and work in the “Gunnedah Basin”, as it is now called, by the mining industry, have put-off making some capital outlays, due to the nature of this uncertainty in governance of this state. While ever there is this uncertainty, it will be hindering our state’s forward-planning, our collective future.

 In conclusion, I would like to thank and praise the work of CCAG and SOS Liverpool Plains, as they have shown determination and strength and I think their work will be remembered with kindness and thanks by many people in future.

 References – NSW Legislation – Environmental Planning and Assessment Act (1979)

Environmental Planning and Assessment Amendment (Mining and Petroleum Development) Regulation 2014

State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) Amendment (Resource Significance) 2013

Interim Protocols for site verification and mapping of biophysical Strategic Agricultural Land – David McKenzie for the NSW Government (April, 2013)

EIS – Hansen Bailey (2012)

Economic Impact Assessment – Gillespie Economics

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A.J. Ringrose-Voase et.al (with special thanks to John Kneipp and Peter Hayman)

Farming Systems in the Northern Cropping Region of New South Wales–Fiona Scott et.al (2004)

The Australia Institute – Report on proposed Watermark Coal Project (June 2014)

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