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Megan Benson

22nd November 2013

Review of Port Waratah Coal Services Terminal 4 Project (MP10_0125)

Preferred Project Report November 2013

OBJECTION

Thank you for the opportunity to state my objection to the T4 Project proposed by PWCS.

I have read the response to submissions document. I found it to be superficial and misleading, merely acknowledging community concerns without transparent analysis of the issues that require equitable solutions.

In fact, I am appalled that such a biased, one-sided document has been produced.

PWCS states that T4's net production benefits will outweigh costs to the community and environment. This can only be stated because PWCS have chosen to ignore existing economically viable alternatives to their Project. (if it goes ahead).

The state of the present coal industry is unpredictable to say the least. The coal industry has stated on a number of occasions this year that it is in dire straits from cheaper global markets and China having to immediately reduce pollution and emissions from coal burning. Thousands of coal mining jobs in NSW have been lost as well as those from associated industries. The global market for coal exports is changing in response to climate change imperatives from Governments and the global abundance of the coal resource itself.

It is foolhardy for the government to support the expansion of the coal industry at this time given the collapse in and costs of Australian coal exports - evidenced in the Preferred Project Report by T4's reduced size and the fact that the Project will only be built when capacity demands exceed present infrastructure. To support T4 would risk a costly legacy of stranded infrastructure assets. The community would bear such costs.

This proposal comes with no guarantee of ever being required or ever being built.

Credible and respected institutions as well as world governments are presently gearing up for alternative energy sources and generation and coal is not part of the picture.

If PWCS really believe that coal will continue to fuel world energy demands as they claim, they are living in a fool's paradise. I believe the large coal mining consortiums that make up PWCS are able to carry the cost of low priced coal exports and will endeavour to do so regardless of the cost to the community. They have their shareholder's economic interests to answer to in the first instance. This can only occur however if the external costs continue to be borne by the community. This situation should not be tolerated any longer.

For PWCS to state that their coal network works within government guidelines, negates an expected level of corporate responsibility required to address the serious social and environmental impacts of their industry.

Health experts, environmental experts, social commentators and economists are on record opposing the T4 Project. T4's present and future economic liabilities include

Single use infrastructure, further regional environmental degradation to expand the industry to support T4 justification, increase in greenhouse gas emissions – global warming, reduced employment opportunity in alternative industries and lack of job security, jeopardising growth in existing economically sustainable regional industries, health impacts from noise and dust generated at all point sources of coal production and transportation.

The Proponent insults the intelligence of the community when they state that future generations will be better off with T4 because they will have a greater stock of goods and services at hand. My understanding is that goods and services connected to a redundant industry are nothing more than stranded assets.

PWCS cannot provide an assurance that the T4 Project is viable, BUT T4 can be a going concern if we invest in infrastructure that will bring the mining of coal forward in time. PWCS state that our future will be better off if we invest in their Project. This is nonsense displaying vested interest concern only.

The T4 Project does not meet the needs of the community or global export markets. It is not economically justified due to the costly social and environmental risks involved which will have to be carried by communities along the coal chain and at taxpayer expense. It will adversely affect and limit future operations of Newcastle Port.

T4 should not be supported by decision makers.

Yours faithfully,

Megan Benson.

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T4 Planning Assessment Commission Meeting

Port Waratah Terminal 4, Newcastle LGA

13 July 2015

The Department fails to reflect the "public interest". Their final report on T4 is not impartial, nor does it demonstrate fair, long term public benefit.

It speaks for Port Waratah Coal Services (PWCS) – who at the end of the day can walk away from the T4 proposal, saying it was permanently "untriggered", writing off their expenditure as a tax deductible cost.

Substantive evidence has been presented to show that demand justifying the construction of T4 rests on the expansion of regional coal mining and that the T4 project is an essential link in the coal chain, therefore sharing the costs and benefits of the industry.

But the Department irresponsibly refutes that argument.

The Department explains that "The project itself does not produce coal or directly use the coal being transferred". The Department states the project's role is simply "reactive" to the industry. (1)

It has been accepted that

- coal producers over-estimated their long-term contractual obligations to supply coal which originally resulted in the triggering for T4 (2) and
- that PWCS have not provided definitive evidence that demand for a 4th coal loader will ever be required.

The PAC noted this "uncertainty" (3), that there is no "immediate need" for T4, and "the timing and staging of the development could be better defined" (4).

PWCS has stated that there presently is sufficient capacity demand to service two "record years" of coal exports. (5) (6)

The Department's seemingly unconditional support of the T4 Project presents a high level of economic and environmental public risk. (7) The Department has negligently failed to factor in the global resistance to the expansion of the seaborne coal industry. (8) (9)

Thermal coal exported from Newcastle was fetching more than US\$130 per tonne in early 2011 when the project was “triggered”, but early this year was selling for US\$61.65 per tonne (10).

Questions arise –

- how low can the price for export coal fall before coal miners slow production?, and
- how will this affect PWCS’ ability to commit to the environmental obligations that form the basis of their cost/benefit scenario?

Such information would be in the public interest.

The coal industry continues to reduce its workforce, and restructure to cover production and transportation costs in the face of a continued “price glut” and oversupply of export coal (11) (12).

In light of this “uncertainty”, the PAC recommended a 5 year rather than 10 year approval period that would allow for the administration of PAC’s recommended current planning and environmental conditions – including that specific measures demonstrated success prior to construction.

Time and again, NSW residents have witnessed environmental problems resulting from major projects managed in retrospect, rather than mitigated at operational level.

There should be no reservation in accepting PAC’s recommendations specifically dealing with timelines for dealing with contamination and biodiversity issues and applying most recent standards and policies to the Project.

A 5 year approval period would ensure that the project was not out of step with contemporary policies. In terms of the “public interest” these recommendations are welcomed.

However, the Department concurred with the proponent’s advice - recommending a 10 year lapse date, incongruously noting the possibility that the project could remain on hold for years before PWCS decided to commence construction (13).

The Department is worried that some of PAC's recommendations will pose "significant" business risks to the proponent making it "difficult" for the proponent to meet obligations under their Capacity Framework Arrangement (14).

It can be agreed that maybe one day, if the facts and figures add up, a 4th coal terminal may be required at Newcastle Port, but by the same token, a 4th coal terminal may never be required.

The Department would do well to remember that tax payers have invested heavily in this project proposal as well as PWCS (15). The community carries the risks and consequences of any failure by the proponent, even if the project doesn't eventuate.

If the Department's recommendations are allowed to override the PAC's recommendations, it will seem the agreements made between The Department and PWCS are prioritized over those made between the government and its constituents.

Megan Benson, [REDACTED]

References:

1. p12 Department's Response **Final Secretary's Environmental Assessment Report Greenhouse Gas Policies**
2. Proponent's Justification p11 **PAC Review Report 2014**
3. 5 Conclusion **PAC Review Report 2014** p65
4. pii quoting Centre for International Economics (CIE) **PAC Review Report 2014**
5. ***\$5bil Newcastle T4 coal terminal gets PAC thumbs up*** ABC 16 Dec 2014
6. ***State's nod for fourth coal loader***, Newcastle Herald June 9 2015 (Matthew Kelly)
7. 3.2 Department's Position **PAC Review Report 2014** *"It would result in increased throughput of coal to global markets and therefore increased revenue for NSW"*

8. **Australia Funds Coal Development While Export Market Sags, Tim Buckley Institute for Energy Economics and Financial Analysis June 12 2015** (with ref to India import of Australian coal) *"In November, Goyal announced plans to end thermal coal imports in two to three years"*.
9. **Anglo American coal rejected by China's new testing regime: sources, Philip Wen Sydney Morning Herald July 4 2015** *"Australian producers believe the trend is motivated by a desire to protect struggling Chinese coal miners, rather than protect the environment, and ICIS China energy analyst Deng Shun agreed"*.
10. **Australian coal industry edges towards the abyss as Rio Tinto, Glencore, Vale announce cuts, SMH Business Day Feb 27 2015 Peter Ker**
11. **The 2015 Energy Outlook Series: Coal, Australian Mining, Vicky Validakis**
12. **Glencore demands regulation of Newcastle port after shipping charges raised SMH May 14 2015** *Recently, Glencore requested that the government oversee the reduction of operating costs at Newcastle Port on the basis that the 40% increase in shipping charges have created "considerable uncertainty" to the operation and commercial viability of coal mines in the Hunter Valley.*
13. p10 3. Consideration of PAC's Recommendations, Department's Response **Final Secretary's Environmental Assessment Report**
14. Recommendation 4 – Department's Response **Final Secretary's Environmental Assessment Report p. 3**
15. p9. Department's Response **Final Secretary's Environmental Assessment Report** *"significant time and cost have been invested in getting to this point"*

