

Planning Assessment Commission Review  
Moolarben Stage 2 and Stage 1 Modification 3  
Wednesday 26 February 2014

Mudgee District Environment Group (MDEG), based in the Mid-Western Region local government area in NSW, is working for the conservation of our natural heritage and a sustainable future for our children.

While MDEG welcomes the opportunity to present key issues and objections to the proposed Moolarben Stage 2 expansion, we would like to express concern over the current planning process.

The information relating to the Stage 2 proposal was publicly released on Wednesday 5 February, exactly three weeks ago. The information posted on the PAC website consisted only of the Director General of Department of Planning and Infrastructure Environmental Assessment Report and recommended conditions of approval.

On the Department of Planning's website were also posted 21 appendices adding up to 148.7 MG of technical information.

On Friday 7 February the DG report on Moolarben Stage 1 modification 9 was also posted on the PAC website with recommended conditions. Department of Planning website had another 7 appendices

Then the community started to receive notification of a PAC review hearing, today, on Stage 2 and a PAC meeting, tomorrow, on Stage 1 Modification 9.

Same commissioners, same mine, two separate processes, large volumes of information, less than three weeks for the community to absorb the Department of Planning response and justification for recommending approval of both proposals.

I doubt that anyone can argue that this is a fair and balanced process that seriously takes the community's issues and concerns into account or gives the community any capacity to respond to the quantity of information.

The DG report on Stage 2 states that the PAC was contacted on 6 December 2013 to carry out an independent review of the project. If the community had had access to the various technical and addendum reports at that time, we would have had a chance to properly review the reliability of the information provided.

MDEG trusts that the PAC will demonstrate its independence by commissioning further independent reviews of the information provided by the Department of Planning because there are a number of quite serious impacts with the Stage 2 proposal that have not been adequately addressed.

### **Economics:**

The key justification, as always, for these large destructive projects is the short term job creation and royalties to the state. The economic reports never identify the value of the income that goes offshore.

I would like to point out to the Commissioners and all the mine workers who have attended today's hearing that the current Moolarben Stage 1 project, as approved, has another 14 years of operation to 2028. So no-one's job is at immediate risk. But there has been no effort on Yancoal's part to commence the workings for the approved 14 longwall panels in Stage 1.

The underlying justification for both Stage 2 expansion and the Stage 1 modification 9 that will be considered tomorrow is that the price of coal is continuing to fall and it is cheaper to extract by opencut mining methods than underground.

The coal industry's response to cheaper coal prices, caused by a global glut, is to continue to dig out more faster in an attempt to keep the profit margins up. This behavior is economically irrational.

This push to extract more coal faster is supported by the NSW Government at the expense of a considered and careful planning process that takes all areas of impact into account.

The Moolarben Stage 2 proposal provides no economic security for the workforce for a number of reasons.

One is the lack of assured access to the rail line.

The DG's report on page 60 notes that the railway line currently has sufficient capacity to cope with the project's rail traffic, but would need to be upgraded over the next few years to accommodate the rail traffic associated with the growth of mining in the area. It is noted that the ARTC has already developed plans for these upgrades and is progressively implementing them.

However, if these plans are not fully implemented, and there is subsequently a shortage of rail capacity for Moolarben Coal, then the Department indicates that the scale of operations would need to be adjusted to match the available supply.

There is the additional coal from the Ulan expansion and recently approved Wilpinjong modification plus the possibility of the Cobbora coal proposal with 20 Mtpa, the Bylong mine with another 5 to 6 Mtpa and Wilpinjong with further expansion in the pipeline, all planning to send coal down the Hunter rail network.

The Sandy Hollow railway line has significant constraints and it is highly doubtful that all this additional coal can go to the east. The only other way to get the Moolarben coal

anywhere is for it to be transported through Mudgee. This may be a possibility because the DGs report has identified that the coal may go to domestic power stations.

However, the upgrade of the Mudgee line is a major expense that has not been identified in any transparent planning or investment process.

Another problem for the Stage 2 production capacity is the water supply issue.

The DG's report on page 44 identifies that the water balance from modeling indicates there will be a water deficit for the majority of the mine years.

The Department has recommended that Moolarben Coal be required to ensure it has sufficient water for all stages of the project, and if necessary adjust the scale of operations on site to match its available water supply.

The Stage 2 proposal is to mine coal until the year 2037. Climate change impacts by that time will have likely caused extended intensified droughts. There is no assurance that the mine will be able to operate to predicted capacity if water supply disappears and dust management becomes increasingly difficult.

The third major impediment to employment security and public benefit from the mine operations through royalties and regional economic stimulus is if the price of coal continues to fall and world demand slows.

In relation to the predicted socio-economic benefits from the Stage 2 proposal, the Department recognises on page 65 of the assessment report that there are limits to the accuracy of any input/output based economic models and that any results generated by these models should be treated with caution or subject to a robust sensitivity analysis.

The report also identifies that there will be ongoing pressure on housing, infrastructure and services in the Mudgee area and that existing businesses in the region may be impacted by the mine expansion.

The Department then abrogates all planning responsibilities by stating that the majority of additional demands can be addressed by either the State Government through the normal budgetary process, by Council with some assistance from the Moolarben voluntary payment agreement or by the private sector.

People living in the region near the mining complex have experienced the ongoing debacle of major increased traffic flows and a three year bun fight between the Council and the three mines over who had responsibility to upgrade the Mudgee-Ulan road.

Each new mine proposal identified that there would not be a major impact of increased traffic flow. But the cumulative impact has been highly significant and the Department of Planning, in its rush to approve more coal mines, abrogated its responsibility to effectively plan for increased pressure on regional roads.

The local community and ratepayers have had to bear the brunt until finally, at great expense to Council staff time, the NSW Government put some funding towards road improvements. This has not been a happy experience for the local community and the

proposed expansion of the Moolarben mine complex is going to produce more of the same types of problems.

MDEG wishes to object to the merit of the Moolarben Stage 2 proposal on the following key environmental impacts that will cause permanent, irreversible damage:

### **1. Water Source Impacts**

There is some level of doubt about the impacts of the extended Moolarben mine on the groundwater systems in the region when combined with the cumulative impact of the Ulan and Wipinjong mines.

It has been concluded that the groundwater model needs to be updated and verified over time as mining occurs. There is no clear indication of what should be done if the monitoring and validation process shows that the model underestimated the groundwater impacts.

The lower section of Murragamba and Eastern Creeks will be diverted onto mine spoil, important springs will be destroyed and base flows to the Wilpinjong Creek will be diverted to the mine.

Surface run off into the mine, that provides base flows during rainfall, does not need to be licenced. The groundwater drawdown and associated loss of base flows does need to be licenced. There are not enough surface licences in the system so Moolarben is proposing to convert groundwater licences to surface water licences. The environmental impact of this and compliance with the water sharing plan needs very careful consideration.

The combined predicted loss of base flows to Wilpinjong Creek (up to 67.9 ML/year)<sup>1</sup> and predicted loss of surface flows (69 ML/year)<sup>2</sup> has not been clearly identified as a cumulative loss of up to 136.9 ML/year. This is a significant loss of annual flow to the Wollar Creek water source. The calculation of this figure depends on the accuracy of the groundwater model.

The Department's report goes to considerable length to point out that the groundwater drawdown will not impact on the significant regional groundwater dependent ecosystem at The Drip. However, there has been next to no on ground investigation of the water sources to The Drip.

The cumulative groundwater drawdown predicted for all mines includes a 5m or more drop in the lower Permian aquifer over a 13km radius and the mid to upper Permian for 8-9 kms to the north and east. This area includes The Drip. The connectivity between aquifers in the area is virtually unknown. These predicted drawdown figures also rely on the accuracy of the groundwater model.

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<sup>1</sup> Director General's Report p45

<sup>2</sup> Director General's Report p46

The northern borefield, that will supply an unspecified volume of water to the Moolarben mining complex, particularly in drier years, has the capacity to impact on the water source to The Drip.

The recommended condition in Schedule 3 condition 23 under Water Management Performance Measures includes '*No more than negligible impact on the water supply to the Drip*'<sup>3</sup>. What does this mean, how is this to be measured, how can this condition be adequately regulated?

MDEG has been calling for an independent regional water study on the Upper Goulburn River for the last 15 years. The NSW Government would prefer to make decisions in a vacuum of knowledge. There has been a significant number of reviews, revisions and remakes of the water management issues for Moolarben Stage 2 and there is still a large element of doubt about the long-term impacts.

The conclusions reached by the Department indicate that the permanent sacrifice of the headwaters of Goulburn River system, its associated groundwater, surface water and tributaries is considered to be justifiable.

The community that lives closest to the river and depend on its flows do not agree that this justification has been made within the principles of ecologically sustainable development.

## **2. Biodiversity Impacts**

The proposed biodiversity offset strategy is entirely inadequate, does not include offsets for a large number of impacted vegetation communities and includes properties in completely different bioregions and river catchment areas.

The Bobadeen property, proposed to increase the area for restoration of critically endangered ecological communities as an offset, lies within EL 6288, is not safe from future mining impacts and has had six exploration drill holes across the block. How can there be assurance that this offset will be in any way successful?

## **3. Human health impacts**

The proposed conditions of approval provide for a 24 hr average of 150 ug/m<sup>3</sup> of PM<sub>10</sub> dust particles to be emitted from cumulative sources as a trigger for short term property acquisition. This is a dangerous level of dust for human health impacts.

The noise model has not included low frequency noise as required by the Industrial Noise Policy.

Ongoing loss of population due to loss of amenity and increased health effects has a detrimental impact on social function in the region.

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<sup>3</sup> Recommended Conditions of Approval p14

#### **4. Greenhouse Gas Emissions**

The project will be responsible for 23.7 Mtpa CO<sub>2</sub> equivalent. The Department incorrectly reports this figure as a life of mine volume.

The cumulative volume of CO<sub>2</sub> equivalent from the three mining operations has not been reported. Moolarben Stage 2 will bring the annual approved volume of coal from the region to approx 52 Mtpa.

If the Moolarben coal is burnt in NSW domestic power stations then the Scope 3 emissions (99% of total) will be contributing to state emissions.

#### **Conclusion**

MDEG concludes that the Department of Planning is prepared to recommend the approval of the Moolarben Stage 2 with the understanding that it will result in further impacts on the community, unknown impacts on the Goulburn River system, significant loss of high conservation value biodiversity while increasing global greenhouse gas emissions.

This project cannot be considered an ecologically sustainable development and should not be approved.