

Warkworth Modification 6

Consent

Submission
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Introduction

The proponent, Coal and Allied, a subsidiary of Rio Tinto, seeks to modify the existing development consent No. DA 300-9-2002-I to expand the Warkworth mine's disturbance limit to facilitate the extraction of coal resources outside the current development consent boundary¹.

Project Justification

The proponent has sought to justify the granting of the consent modification on a number of grounds, including:

- That the extension “will allow for the current economic and social benefits of Warkworth mine to continue” until 2023, an additional two years beyond the current agreement.
- That the extension “will allow WML time to review options for the future of Warkworth mine whilst maintaining production and employment levels at, or as close as possible to, current levels.”
- That the extension will create “no significant adverse social, economic or environmental impacts.”²

Implicit in this justification is the assumption that refusing to consent to the proponent's revised proposal will jeopardise “current economic and social benefits” and “production and employment levels.” The proponent does not substantiate this premise beyond its implication. Therefore, there is no evidence that employment or production will suffer if the proposal is withdrawn or rejected. As such, the validity of the proponent's justification rests heavily on the premise that the impact of the expansion of existing project boundaries will have a positive benefit to cost ratio relative to its present incarnation.

It is important to note that the proponent has previously claimed that an extension would create thousands of jobs, a claim which was rejected by the NSW Land and Environment Court and which has not been repeated in this latest Development Application. The objectivity of the claims made by the proponent in this application should be weighed against the nature and extent of the exaggeration made by the applicant in the past.

Objections

Community opposition

The proponent has failed to secure the support of communities impacted by the operations of the Warkworth mine. Indeed, local community activists have been highly visible in their campaign to prevent the further encroachment of the Warkworth mine. The existence of substantial opposition indicates the failure of Coal and Allied to secure a social license to operate in an expanded capacity, and the approval of the consent modification is therefore likely to produce unanticipated negative social outcomes. Such a scenario has occurred in Moranbah and Oakey in Queensland, and Singleton and Muswellbrook in NSW, where coal extraction has been approved without local support and has negatively impacted on social cohesion. In these instances, the scope and scale of expansions are of secondary concern to

1 (EMGA Mitchell McLellan, 2013, p. 1)

2 (EMGA Mitchell McLellan, 2013, pp. 117, 118)

the principal concern of the failure of mining companies to engage in constructive, respectful dialogue with local and regional stakeholders.

The proponent seeks to justify the extension with reference to its scale, which has been substantially minimised relative to previous applications. Nevertheless, the manner in which this application (and its preceding applications) have been pursued has alienated many community groups. The potential negative social implications of approving the latest consent modification application by the proponent, therefore, extend beyond the scope assessed by the project's offered justification.

Adverse impacts

The proposed expansion of the project boundaries will require the clearing of 16 hectares of endangered ecological communities (EECs). These communities feature Central Hunter Ironbark, Spotted Gum, and Grey Box vegetation, Lobed Blue Grass, and 21 threatened fauna species³. To offset the destruction of these EECs, the proponent plans to designate 32 hectares of nearby land as a nominated offset area. The proponent suggests that because much of the offset area is similar to the area it proposes to clear, "it is considered unlikely that the proposed modification will result in a significant impact to threatened fauna species" and "no significant impact is expected to occur to threatened flora species as a result of the proposed modification⁴."

Nevertheless, the scenario for not proceeding with the proposed consent modification is not fully explored in the documentation provided by the proponent. The offer to protect the nominated offset area is not satisfactory to compensate for the clearing of 16 hectares of land, as the nominated offset area would not otherwise be threatened by the present operations of the Warkworth mine. Therefore, the benefits of the expansion on local flora and fauna within the offset area is neutral, as those naturally occurring within the 32 hectare expanse are not to be substantially impacted by any development of the mine under present conditions.

However, though the benefits of the proposal to the nominated offset area are neutral, the costs associated with its impacts are not. The nominated offset area contains no threatened flora species, no wetlands and no permanent streams. Any destruction of limited resources within the affected region will increase competition for available habitats, and will therefore negatively impact on the growth potential of the threatened species found within the EECs compared with the no-project scenario. NSW planning regulations elevate economic benefit to the status of principal concern, and as the proponent offers no substantiation of its position that the modification consent will benefit the state or the affected local community, non-economic considerations become more important.

Lack of assessment

The proponent has not included any evidence for positive economic benefits arising from the expansion of the boundaries of the development consent presently under consideration. The environmental assessment associated with the proponent's application does not include a cost benefit analysis, an economic impact assessment, an amended projection of royalty and tax revenues, or an estimation of the profits accruing from operations if the consent modification is approved.

Furthermore, the claim that the modification is necessary to maintain present employment levels is not supported by the anecdotal experience of other mining communities within

3 (EMGA Mitchell McLellan, 2013, p. 35)

4 (EMGA Mitchell McLellan, 2013, pp. 35, 36)

NSW, such as those affected by the Stratford and Duralie mines, which sought extensions to the conditions of their lease despite large-scale terminations of employment⁵.

The proponent does not guarantee that present employment levels will be maintained until 2023, nor does it suggest that any additional benefit will accrue from the modification of the consent beyond those already accruing. The assumption, therefore, that the modification will improve the level of economic benefit to NSW and to the Commonwealth (a condition which any modification must satisfy) is unverified. Certainly, there is sufficient cause for doubting the assumption that the expansion of present coal mining operations will improve the security of Coal and Allied's existing workforce, and the proponent does not attempt to address these doubts, leaving the economic benefit of the modification dubious.

Conclusion

The Australia Institute finds that the modification proposal submitted by Coal and Allied cannot be justified. The proponent has offered no evidence of any benefit to local or regional stakeholders, and has made no effort to project royalty and tax revenue arising from its proposal. If it is indeed the case that there is no economic benefit from the proposal beyond the continuation of existing operations, there is an onus on the proponent to demonstrate that operations cannot be maintained in their existing form. Failing to demonstrate this means that there is no indication that amending the project boundaries will improve overall welfare, and that the amendment will only incur additional negative impacts.

5 (Kirkwood, 2013)

References

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Kirkwood, I., 2013. *Yancoal cuts jobs, chases expansion*, Newcastle: Fairfax Media.