

**Submission  
No 40**

## **INQUIRY INTO GENTRADER TRANSACTIONS**

**Organisation:** Midwestern Regional Community Action Group MWCAN  
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13<sup>th</sup> January 2010

**To the Director: NSW General Purpose Standing Committee no 1.**

**Submission to the Parliamentary Committee re**

## **Electricity Privatisation (Gentrader Transaction) Inquiry**

On behalf of the Mid Western Community Action Group (MWCAN)

We are a community group who oppose the sell-off of the NSW power industry and wish to make the following points:

- 1. Included in the sale of the electricity system is a commitment to coal mining to take place in Cobbora NSW for a term of 17 years. Cobbora is near Mudgee in central NSW.**
- 2. Coal mining at Cobbora for power stations including Mount Piper at Wallerawang will have enormous and detrimental impact on the town of Mudgee including:**
  - Trains will dissect the town. Mudgee has three level crossings.
  - It is expected that all of the coal will pass through the town of Mudgee.
  - the trains will pass within 50 metres of hospital, medical centre and high school.
  - Health issues - as coal trains are not covered and will travel through housing areas and close by the hospital and schools
  - Water loss to mining and potential conflict for water in the future.
  - Noise and vibration pollution
  - A reduction of good agricultural land
  - Cumulative effects of coal mining in the region of Mudgee of which this will be the fourth, with others planned.
  - Cumulative loss of property values affected locally with 195 houses directly affected and losing just 20 % of value causing a private community loss in the order of \$11 million.
  - tourism is worth upwards of \$280m per year to the town of Mudgee and this will change with the landscape.
- 3. Coal mining at Cobbora will be to the detriment of the NSW taxpayer, and the notion of the supply of 'cheap' coal is flawed for the following reasons:**

- Cost of the Cobbora coal mine to NSW taxpayers of estimated approximately \$2 billion. This money is effectively being handed to the private sector.
- The cost of repairing the out of use rail system from Cobbora to Wallerawang to accommodate the proposed heavy coal traffic has not been taken into account.
- The cost of allowing for new infrastructure such as an additional rail overpass on the highway through Mudgee has not been taken into account.
- The State Government has decided to be the coal miner- being unable to negotiate a mining deal with any company in the lead up to this proposal. It is clearly not an activity they have experience in.
- The coal proposal is inherently uneconomic with the government proposing supply of the coal to the power stations for 17 years at \$32 per tonne. (A price quoted as valid in 2002<sup>1</sup>). Well below the current market price which is reported as being from \$44 to \$75 per tonne.
- What will happen to this 'price' of coal when the Federal Govt introduces a carbon tax, reported as being in the order of \$35 per tonne. Additional cost to the taxpayer.
- The coal is said to be 'poor quality' which means it is not export quality, the excess cannot be sold overseas to make up for the 'supported' price at home, and the coal will perform poorly.
- Additional pollution in the region due to commitment to outdated coal fired power station
- Mining coal at Cobbora cannot make a profit- only a loss. A loss to the taxpayers of the state.

#### **4. The government is acting in this matter with apprehended self interested bias.**

- No DA has been approved for the development
- The Midwestern Regional Council is not consulted even though the local water supply, the health of the community and the cost of infrastructure will be badly affected.
- No base water data has been supplied to the local council.
- The water required for the coal mine is to be secured by a transfer of water licence from the Macquarie River near Warren, to the water system near Mudgee. Not illegal, certainly immoral.
- No public consultation process has been carried out.
- When directors of the state-owned generators resigned the minister should not have had the power to replace them with known co-operatives.

#### **5. Coal mining and the subsidised support of the coal fired power stations leads the community with the wrong messages for the future**

- By sponsoring coal fired power a commitment to renewable and sustainable energy is not indicated.

<sup>1</sup> Investmin- NSW Minerals update 2002

- The future contribution to climate change will be much more difficult and expensive if the private sector has control of the generator outputs
- The power industry creates 40% (60 million tonnes CO<sub>2</sub> per year) of this state's greenhouse gas emissions, and power stations like Mount Piper, are among the worst offenders.
- NSW taxpayers will be supporting a polluting industry
- The \$2 billion dollars could be spent on supplying 200,000 homes with solar power.

## 6. Coal mining is bad for health.

- The rate of premature deaths (before the age of 75) in the mining town of Lithgow, west of the Blue Mountains is almost a third greater than the state average and has led to calls for the Environment Protection Agency to have a full-time office in the town of Lithgow to monitor pollution.<sup>2</sup> Similar effects can be expected in Mudgee and district
- Exposure to coal dust particulates is harmful to our health even at levels that are less than the current government guidelines. At present the mining industry is required to self monitor and is only required to measure the larger particles. The finer particles are most dangerous because they can penetrate deeper into our lungs and enter the bloodstream.
- For example Dr Tuan Au in Singleton has begun a longitudinal study of children in Singleton region affected by the coal mining of the Hunter Region and has found that their lung function is less than 80% of the predictive value.

### In summary

We are opposed to the currently proposed sell off of NSW power industry because the sale of the electricity system includes an unsustainable commitment to Coal Mining at Cobbora in the Mudgee region, by the NSW government heavily subsidising the mining of poor quality coal for use in the proposed privately owned coal fired power stations of NSW.

This will have enormous and detrimental impact on the town of Mudgee including future health issues, noise and air pollution.

Coal mining at Cobbora will also be to the detriment of the NSW taxpayer, as the notion of the supply of 'cheap' coal is flawed, and will be heavily subsidised by the NSW taxpayers, sending the wrong message to the community about the need for sustainable power systems.

Barbara Hickson  
Vice president MWCAN  
On behalf of MWCAN

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<sup>2</sup> SMH 12 Jan 2011