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Comments on the Terms of Reference for the Joint Select Committee on Northern Australia by Mackay Conservation Group

Terms of Reference

The Committee to consider policies for developing the parts of Australia which lie north of the Tropic of Capricorn, spanning Western Australia, Northern Territory and Queensland, and in doing so:

- examine the potential for development of the region's mineral, energy, agricultural, tourism, defence and other industries;
- provide recommendations to:
 - enhance trade and other investment links with the Asia-Pacific;
 - establish a conducive regulatory, taxation and economic environment;
 - address impediments to growth; and
 - set conditions for private investment and innovation;
- identify the critical economic and social infrastructure needed to support the long term growth of the region, and ways to support planning and investment in that infrastructure.

Mackay Conservation Group is a regional environmental NGO established in 1985 covering an area that extends from the top of the Whitsundays around Bowen south to Broomsound and west to Clermont. We also coordinate with neighbouring regional NGOs in North Queensland Conservation Council in Townsville, and Capricorn Conservation Council based in Rockhampton to cover issues affecting environmental sustainability in the Fitzroy and Burdekin River Basins. This also includes cooperation with the Cairns Far North Environmental Council on matters affecting the sustainability of the Great Barrier Reef and tropical rainforests along the GBR's terrestrial coast. This work often involves comments on government policies and plans and submissions on development proposals.

A healthy environment underpins a healthy sustainable economy and society.

Historically little attention was paid to evaluating the risks of many projects to “develop the north” and most failed with great loss of public and private monies. Investors including taxpayers need to know their investments are secure and not likely to be supporting unsustainable projects,

At present the Queensland government plans to fully support the development of mega coal mines in the Galilee Basin looks as though it will be another of those failures:

[Anglo American's withdrawal from Abbot Point] “further erodes confidence that the major mines being proposed in the Galilee basin can happen in the current price environment ... The ongoing weakness in the coal market makes it difficult for the returns to be adequate for the massive capital expense required to bring some of these peripheral basins like the Galilee into production,”

Matthew Trivett, a Brisbane-based analyst with Patersons Securities, told *Bloomberg*.¹

The Queensland government is proceeding with such development with Premier Newman stating Queensland is in the coal business, and anticipating a return to more profitable times in the next few years. But world opinion towards the use of polluting coal is turning. It is only a cheaper form of energy if its pollution and human health costs are not figured into its sales price. China is planning to curb its use of coal by 2020 following rising political unrest about the health effects of high coal pollution levels so there may be no more booms from there.

China's coal demand will peak in 2020 at 4.7 billion tonnes, according to Li Ruifeng, general manager of the Coal Industry Planning and Design Research Institute. Li predicted that demand will grow an average of 3.9 per cent until 2020 and then decrease by about 0.43 per cent thereafter. Demand in 2030 is projected to be 4.56 billion tonnes. Li advised coal producers to adjust investment strategies to cope with decreases in coal demand after 2020.(China Times)²

and

The China State Taxation Administration has proposed increasing tax rates on coal to between two and 10 per cent of sales value rather than the current range of between US\$0.32 to US\$1.30 per tonne. “The move will be good for resource and

¹ <http://www.bloomberg.com/news/2014-03-06/anglo-coal-port-exit-sees-indian-billionaires-last-men-standing.html>

² <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20140306000012&cid=1202>

energy-saving and our fight with pollution,” said Wang Jun, the chairman of the State Taxation Administration. (The Economic Times)³.

Will India be the source of the next coal export boom for Australia? This is by no means certain. There are many other countries that can sell coal to India⁴ and the Indian government is seeking to open up its vast swathe of coal fields mined by the state-owned Coal India to private bidders although with some problems.

Accusations of the misallocation of coal blocks, which is now known as Coalgate in India, has long plagued the Congress Party-led United Progressive Alliance government. When the government came to power in 2004, it announced that it would open up some of the vast swaths of India’s coal fields mined by the state-owned Coal India to private bidders.

But instead of setting up an auction to award coal reserves, called blocks, to the highest bidder, the Coal Ministry awarded them to companies in a shadowy process.⁵

Adani and GVK are the two Indian owned companies seeking to develop the first major coal mines in the Galilee Coal Basin. They are struggling to find the billions of dollars needed for investment in these mine, rail and port projects.

Increasing coal exports will play a significant part in the decline of the Great Barrier Reef, and will prove to be a very uneconomical decision for Australia.⁶

... globally we only have 565 billion tonnes of carbon dioxide left to emit before we send atmospheric concentrations beyond 450 ppm CO₂, which will probably drive global temperatures at least 2C above the pre-industrial average.

This limit is broadly accepted by the international scientific community as the level beyond which the impacts of climate change become largely unmanageable and dangerous (the so-called “climate guardrail”).

...

The coal from Queensland’s Galilee Basin alone would release enough CO₂ to use up 6% of the 565 billion tonne guardrail.

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³ http://articles.economictimes.indiatimes.com/2014-03-10/news/48084028_1_china-coal-coal-tax-coal-producers

⁴ Christian Lelong, a Sydney-based commodity analyst with Goldman Sachs Group Inc. “If you’re a power company, and you’re wanting to secure sources of coal, there’s plenty of coal in the market.” <http://www.bloomberg.com/news/2014-03-06/anglo-coal-port-exit-sees-indian-billionaires-last-men-standing.html>

⁵ http://india.blogs.nytimes.com/2014/03/10/first-charges-filed-in-30-billion-coalscandal/?_pho=true&_type=blogs&_r=0

⁶ <https://theconversation.com/is-australia-shooting-itself-in-the-foot-with-reef-port-expansions-22992>

In a crowded export market, this doesn't bode well for companies and governments investing in the mines and infrastructure for shipping fossil fuels to the rest of the world. With the Australian government's preoccupation with rapid coastal development, dredging, and fossil-fuel exports, the impacts will accumulate.

Not only are we contributing to a declining water quality along the Queensland coastline, but we are rapidly escalating our capacity to supply fossil fuels to the rest of the world. At best this is a strange form of self-harm. But given that the writing is on the wall for fossil fuels, are we risking our economy and prosperity as well? Stranded assets and carbon bubbles come to mind.

...we appear to be shooting ourselves in the foot by exporting fossil fuels, which will ultimately drive the climate into a state where the Great Barrier Reef will be but just a memory.

Surely, we should be using the same infrastructure investments to build strong tourist and manufacturing sectors along with the renewable energy infrastructure that will ensure that the ecosystem that keeps giving to the Australian economy will do so in perpetuity.

But we are not. One has to ask, then, where is the logic or economics in all of this?

Ove Hoegh-Guldberg, Director, Global Change Institute, University of Queensland (the Conversation)⁷

To avoid the risk of “stranded assets” projects envisaged under this current plan to develop northern Australia must be able to pass a public interest test on their contributions to long term environmental, economic and social sustainability. That involves using the best science and existing cultural and environmental knowledge of the regions in northern Australia to understand what does work economically and what does not. It should be clearly demonstrated to the public how that knowledge is incorporated into decision-making processes.

Planning, policies and funded research must include robust, transparent public interest tests and communities must have adequate time, information and resources to review proposed projects. This does not happen at present often with poor results.

Short-term economically profitable projects should not displace projects and activities that produce lower profits but in the long-term are more profitable and sustainable for a region e.g. agriculture versus mining.

An approach based simply on property rights will not work. The current proposal by the Queensland government to severely limit the legal rights of sectors other than directly affected property owners and regional local governments to go to court to object to a development proposal will exclude full consideration of all factors affecting the best outcomes for the environment and society. That is not sustainable.

⁷ <https://theconversation.com/is-australia-shooting-itself-in-the-foot-with-reef-port-expansions-22992>

A systems-based approach based on an understanding of how the environmental systems of the regions of Northern Australia work and their resilience to human impacts will work. The current proposal by the Queensland government to limit the legal rights of sectors other than property owners and regional local governments directly affected by a project will not.

How well are future markets for potential products from the regions of Northern Australia actually known and understood? It cannot simply be assumed that economic and population growth in Asia will translate into increased demand for commodities from Australia. Look well before you leap.

The emphasis on the development of sectors focusing on export commodities such as agriculture and mining will continue the growth of our boom bust economy. Tourism growth due to a lower dollar value during times of bust cannot be relied alone on to reduce adverse economic impacts during such times. What other alternatives exist that will avoid the country being locked into a boom bust economy dependent on growth in underdeveloped countries to produce Australia's booms? That is not a long-term sustainable path.

The cultural heritage and environmental values of parts of Northern Australia are unique and enormous and need to be protected from development, and not just for their tourism values. The savanna systems are relatively undisturbed from human impacts compared to other countries and must be well managed to conserve their ecosystem and high productivity values. Proposed projects near such places need to be smaller scale pilot projects until it is known if their impacts can be managed.

Often it is community interest and participation in monitoring and reporting that protects an area from adverse development impacts; Northern Australia has a very low population, so how will monitoring and reporting on impacts be handled? It cannot be left solely to the company or companies undertaking the development/s and staff in under-resourced government departments undertaking rare audit visits to remote locations. What is the role of remote-sensing and other technologies in such cases?

An independent realistic assessment of the infrastructure costs for development is also necessary. As Northern Australia is predominantly in a monsoon climate it is also subject to frequent high infrastructure replacement costs e.g. roads, rail lines, bridges from flooding. These monsoonal floods are becoming more widespread. Rainfall is increasing in intensity. Infrastructure maintenance costs will rise.

The climate is changing and this will affect what can be grown and what cannot; the volumes of seasonal water supplies that are available after environmental needs are met, and the increased risk of longer droughts and more widespread flooding.

Expect more erosion as longer more severe droughts and broadscale agriculture and mega mines denude landscapes of protective vegetation cover. Planning and policies must be designed to minimise human impacts in floodplains. This includes adequate buffers for development along waterways. The lack of natural vegetation buffers for sugar cane and grazing in the Great Barrier Reef catchments has

contributed to the fivefold increase in sediment runoff volumes since European settlement.

A major concern is that comprehensive baseline biodiversity monitoring information is lacking for much of the area defined as Northern Australia by the Committee. Compounding this concern is the proposal by the Queensland government to develop regional plans that will include protection for environmentally significant areas and connecting ecological corridors, but will leave the definition and locations of such areas to each local government entity.

Much of Northern Australia has an arid to semi-arid climate with highly variable seasonal and annual rainfall. Eminent Australia ecologist Hugh Possingham has advised that in order to sufficiently record the range of biodiversity within a region subject to highly variable rainfall, seasonal biodiversity surveys should be conducted for at least ten years. That means forty surveys undertaken over a decade. Priority areas for such surveys could be along waterways and the coast which act as ecological travel corridors for many species. This includes including migratory species listed under the EPBC Act for which at present little information is available on their movements, especially in inland regions. This is a concern because migratory species that travel inland are widely dispersed. As such their inland habitats are not protected under the EPBC Act which only covers areas with significantly high populations of a migratory species.

Land owners could assist with the identification of flora and fauna on their properties if an easy to use online key and database was available. I am told that this could be done for an initial start-up cost of \$200,000 and final cost of ~\$500,000. This would be available to all and help build the baseline dataset for biodiversity that is so badly needed for all sectors of the community including agriculture, mining, infrastructure developments, planning departments and eco-tourism.

The need for better protection of habitats of migratory species was outlined in the Hawke review of the EPBC Act. The economic development of Northern Australia proposal will include broadscale agricultural development and mines that are much larger than current mines. For example most mines in the Northern Bowen Coal Basin have historically ranged between 3-8 million tonnes per annum (Mtpa) of coal exports. Coal mines proposed for the Galilee Coal Basin, farther inland and parallel to the Bowen Coal Basin are planned to range from 20-60 Mtpa.

These mines will be back to back along the flood plains of the Belyando River and its tributaries. This river flows into the Burdekin Dam and then to the Great Barrier Reef Marine Park. These mines will include river diversions one or more kilometers in length. That means extensive impacts to existing riparian vegetation along these waterways and associated flora and fauna and increased erosion downstream as once the surface vegetation is removed from these largely granitic derived soils they erode very easily.

As these rivers experience high flows only in good wet seasons, extensive development would mean much more capture and storage of these flows. That presents a high risk of disruption of the regional ecology of these river basins and the

Great Barrier Reef. Present resources are insufficient to provide adequate administration and oversight of pollution standards if the scale of envisaged development proceeds.

How limited is the capacity for water resource development and reliable availability of sustainable surface and groundwater water supplies?

Because local governments lack the knowledge and resources at present to undertake the responsibility of seasonal biodiversity monitoring within their regions, this need will have to be addressed in any plan for the sustainable management of development in Northern Australia.

It is not enough to set aside areas of high conservation from development. The goal must be to ensure environmental protection that ensures the long-term sustainability of remaining natural resources and resilient landscapes in the face of climate change.

Plans also need to be in place where possible to restore degraded landscapes.

There needs to be a system for independent scientific and cost/benefit evaluation of the sustainability of projects both over the short and long-term. Permanent mining voids in the landscape are no longer acceptable. Neither is the dumping of mining wastewaters into our waterways where they will slowly work their way up wildlife and agricultural food chains and eventually the marine food chains of the Great Barrier Reef.

Coal mining brings with it the need for greater sized shipping in greater numbers. This means much deeper and more frequent dredging of the GBR ports. For example currently Panamax ships of <200,000 tonnes are the largest ships in Reef waters. If the Galilee Coal Basin is opened to the mega mines coal ships will increase to the Chinamax size of 400,000 tonnes. They will also have deeper draughts and that means deeper dredging and more damage to the marine waters of the GBR as well as increased risks of shipping damage to the GBR.

The Strategic Ports Plan for the GBR done by the Queensland government is insufficient to manage impacts of the largest coal mining export terminals in the world and the associated shipping.

THE Queensland Government's coastal zone strategic assessment of the Great Barrier Reef did not pay enough attention to dredging and port developments, an independent review has found.

The independent report, by consultants SKM for the federal Environment Department, also found Queensland's current draft future management plans will likely fail to halt the decline of the reef.

It singled out the deteriorating southern parts of the reef, areas including Gladstone Harbour and Abbot Point, and "limited attention" paid to concerns surrounding dredging and coastal development.

An FoI request to the Great Barrier Reef Marine Park Authority showed that GBRMPA staff clearly did not support the dumping of 3 million cubic metres of dredge spoil in the GBR Marine Park waters offshore from Abbot Point. In Mackay we face the dumping of 13 million cubic metres in the GBR marine park outside of port boundaries if 60 Mtpa capacity of coal terminals are built at Dudgeon Point within the Hay Point coal port lands. Dr. Jon Brodie water quality expert at James Cook University involved in the Reef Water Quality Plan supported by the Commonwealth and Queensland government has stated that the dredge spoil dumping offset required by Greg Hunt, the federal environment minister, will not work within the time frame required, as well as being prohibitively expensive. The Australian Productivity Commission in a Nov 2013 report to COAG *Major Project Development Assessment Processes* raised the need for valid offsets to be affordable and achievable in given time frames.⁸

In ten years the Reef Water Quality program has only managed to reduce sediment runoff into the GBR by 320,000 tonnes. The Abbot Point dredge spoil offset would be ~ 1.8 million tonnes, to be completed in three years.

The SKM report covered concerns about a lack of specific management targets, initiatives, or resources put towards managing the Great Barrier Reef. We also want to see these concerns addressed in any plan for the economic development of Northern Australia.

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⁸ http://www.pc.gov.au/data/assets/pdf_file/0015/130353/major-projects.pdf