Response to the DEEDI Survey Questions by Friends of Felton

10 September 2011

We are:

☐ A community member
☐ A business person
☒ Representing a community or other interest group
☐ A representative of the mining industry

Answer the questions below and submit either by email or post.

Email: yoursay.urbanexploration@deedi.qld.gov.au, or
Post: Department of Employment, Economic Development and Innovation
Mining and Petroleum Industry Policy
Attention Megan Webb
PO Box 15168
City East QLD 4000

1. Have you, your property or your community been affected by a resource company wanting to explore for coal or mineral resources in or close to a Queensland community? What have been the main impacts?

Response:

- The Felton Valley is a Category One stakeholder in the fight against unacceptable encroachment by destructive mining. The Felton community has been under threat since February 2008 when plans were announced, through an Initial Advice Statement, to establish a large coal mine and petro chemical plant in the Felton Valley. The plans were issued by Ambre Energy; they now refer to their proposed project as ambreCTL.

- The immediate effect of the ambreCTL proposal was formation of the Friends of Felton (FOF) organisation. FOF formed as soon as the Ambre proposal became public knowledge and we have been active in our opposition ever since. Three years ago Queensland’s politicians, bureaucrats and the public at large were largely ignorant of the priority rights bestowed on mining over established rural communities and farmland. Through its own research and campaigning, FOF has educated administrators and the public about the market failure that has hitherto allowed miners to enter and establish wherever they could afford the real estate.
To date FOF has spent an estimated $100,000 and countless hours on a campaign to defeat the Ambre Energy proposal. We are convinced that this proposal falls outside the bounds of social acceptability and the national interest; therefore it should not be granted an Environmental Authority to operate. More specifically, we argue that large scale coal mining in the Felton Valley would inflict unacceptable impacts on essential food production, the health and well-being of thousands of people, the reputation of the region, the natural environment, the rural economy and the choices of future generations. The proposed mining development would also act against the national and global community by inflicting massive externalities on the atmosphere (in the form of GHG emissions) and water resources (through new competition for limited and fixed water supplies and pollution of releases into the headwaters of the Murray Darling and groundwater aquifers). FOF contends that if only Australia had in place long term land-use planning mechanisms, the Felton Coal Project would never have been attempted in the first place. Without doubt, long term land-use planning mechanisms, if they existed, would not allow large scale coal mining to establish in a place like the Felton Valley.

Rural communities in particular and society in general are no longer prepared to accept the injustices implicit in the old ways of treating incumbent landholders. Nor will they accept the tired old arguments about secondary benefits as a good enough excuse to deny individuals and farming communities their basic rights. From now on the entry and establishment of mining must be based on priority consideration of the prevailing land use and demonstration of mutual benefit. It is obvious to us that the exploration industry cannot be trusted to act for the greater good; their primary responsibility is their shareholders and quick profits. A key manifestation of the resulting competition (between miners) is gaining access to explorations permits. For the sake of social and economic balance and harmony, State governments must restrict where, when and how miners are granted exploration rights.

The creation of secondary benefits is often based on the assumption that the building materials used to establish new mines will be sourced from local manufacturers – thereby giving rise to flow-on effects. But now we are told that most the building materials (especially steel) and all the machinery used in Queensland mines is imported. So what we have is a rampant mining industry keeping the dollar high through its exports, while reaping the benefit of cheap imports to avoid buying its inputs locally. This comment should not be interpreted as anti-mining vitriol – our aim is simply to point out the ease with which the magnitude or importance of secondary benefits can be exaggerated. Clearly there are implications for how the mining boom can be better managed to re-distribute its wealth more widely throughout the economy – by means other than taxation.

2. By declaring South East Queensland and most population centres (including a 2 km buffer) a ‘restricted area’, the State Government has increased its control over which land can be made available (and when) for coal and other mineral exploration. Do you agree with this course of action? Why is that?
Response:

- Yes – the key ingredient missing from resolving where miners can enter and establish is governance. While mining operations might be heavily regulated, the actual entry of mining is not. Miners have both natural and legislative advantages over farmers and communities when it comes to accessing land. This situation is currently leading to unbalanced and sub-optimal outcomes. It is the responsibility of government to address the implied market failure.

- The rationale for restricting where mineral exploration can occur is simple. Why explore in areas where the chances of establishing a socially acceptable mine are essentially nil – at least for now? Exploration is the means to an end; if there’s no chance of it leading to mining activity it should not occur in the first place. The concept of restricted or no-go (exploration) areas is eminently sensible and logical and should have been invoke years ahead. Trying to defend exploration for the sake of the secondary benefits it might generate is voodoo economics. Unsuccessful or unproductive exploration is ultimately a waste of money – it generates no enduring benefit.

- On the other hand, no-go and restricted areas deliver certainty at many levels. First and foremost the concept delivers certainty to communities that should be shielded from mining activity in any event. Second it delivers certainty to miners; if no exploration restrictions apply to an area then it is reasonable to assume that mining activity might prove to be socially acceptable. Thirdly, restricted areas would deliver greater certainty to the State’s mining industry administrators. A traditional problem mine-industry administrators have struggled with is the political nuances surrounding how guidelines are interpreted and applied. Since its formation, FOF has argued the case for absolute controls over the entry of mining to remove the vagueness and indeterminateness of the regulatory fabric.

- Thus Friends of Felton agrees with the concept of no-go mining areas as implied by the introduction of ‘restricted areas’. It is simply unacceptable in a modern social democracy to have private developers subsuming the sovereign rights of individuals and communities. We hear stories of whole communities being uprooted in development-mad countries like China but we don’t expect it to happen here. How and why was New Hope Coal given the right to invade the township of Acland and wipe it off the face of the earth?

- The certainty implicit in the creation of no-go and restricted areas is good for both miners and communities. If exploration is not going to presage mining, why issue exploration rights which suggest that it might? Governments exist to plan ahead in the best interests of all citizens. A superficial reading of the past administration of minerals exploration in this state suggests the system was/is designed to encourage maximum resource development at any cost, including scaring witless the residents of affected communities.

- As a state and economy, Queensland does not need to develop new mines against the wishes of local communities. There are plenty of communities that want mining because of the perceived secondary benefits it might generate. Why not direct ‘traffic’ accordingly? It is insane to allow large-scale mining in areas already highly developed as the scope for generating needed or desirable secondary benefits in such areas is minimal. Judicious
planning would allow Queensland to reap the secondary benefits of its vast mineral reserves without sacrificing the quality of life of rural towns, community and indeed important food-producing areas. It can do this by exercising prudence over the issuance of minerals exploration permits.

- Since the mining industry is the ‘intruder’ it is only logical that the conditions surrounding where and how it enters new areas be controlled by government statute. This should be done using the ‘exploration permit’ system to limit where mining can attempt to establish. Hitherto there has been too much reliance on the Environmental Impact Statement to control mining activity. It should be abundantly clear to everyone by now that the EIS is a mechanism for facilitating development, not stopping or even moderating it. The notion that EISs are ‘scientific and objective’ and therefore empowered to become the divine determinant of where miners should be allowed to enter and establish, is absolute bunkum. EISs are prepared by the proponent’s consultant and include a so-called ‘mitigation strategy’ designed to ‘control’ the externalities and make them socially acceptable. Thus the EIS methodology is inherently biased and never sufficiently cognisant of what individual mine-neighbours are likely to find acceptable in terms of externalities levels.

- It’s likely the exploration industry will oppose the notion of absolute barriers to entry. But we see absolute restrictions as the only way to give existing rural communities certainty and peace of mind. If it was possible to extract minerals by some benign sleight of hand, without externalities, then our grounds for objection would be trivial. The externalities that would stem from Ambre Energy’s plans for the Felton Valley are particularly objectionable for three reasons: a) the sheer scale of what is proposed including a large open-cut mine and a petro-chemical plant; b) the high settlement density of the Felton Valley and inner Darling Downs generally; and c) the opportunity costs of substituting highly productive and sustainable agriculture for a fleeting adventure with dubious prospects of success. Ambre’s project would inflict massive externalities upon thousands of local people. These externalities would include toxic dust, industrial light, noise and vibration, pollution of surface water and threats to groundwater, irreparable destruction of cropping land and a picturesque landscape, road destruction and congestion and loss of economies and critical mass throughout the region’s rural economy. In addition to these eco-environmental externalities there would be severe impacts on the physical and mental health of the surrounding population. Ambre’s project would also result in massive releases of GHG that will only serve to undermine the federal government’s publically declared commitment to the global abatement effort.

- There is no critical need for Ambre Energy, and Queensland as a state, to trash the Felton Valley – the project could be located elsewhere with much lower social, economic and environmental costs. It is our belief that a Cost Benefit Analysis of the Ambre project, taking into account all social, economic and environmental impacts spanning a mere 100 years, would find it uneconomic. The main reason a social CBA would find ambreCTL uneconomic is the huge real and opportunity costs it would impose on food production (foregone) in the Felton Valley (over the 100-year period) and the high costs it would impose on the health and quality of life of neighbours.
We are not arguing against the possibility of secondary benefits or the fact that some Queensland towns owe their very existence to mining – Mt Isa for example. However, it is easy to make a distinction between towns established to service a local mining industry and mining being imposed on communities established to meet some prior need – in the case of Felton, intensive agriculture. Thus a rural community such as Felton would only suffer losses if a large open-cut coal mine and petro-chemical plant was plonked on top of the established community and economy. We are tempted to return to the example of Acland. What benefits did the good people of Acland reap when the miners rode into town? The externalities currently suffered by the Acland community’s remaining citizens have been well documented and will no-doubt be brought afresh to the government’s attention by other submissions.

3. **Are there any potential negative impacts from this strategy to Queensland communities and businesses (including local suppliers or regional economies) that concern you?**

**Response:**

- In a word, NO. Any ‘slowing’ of the current mining rush that stems from the proposed entry restrictions, could lead to benefits. The national economy is already suffering from a two-speed effect that is inflating the strength of our currency and making us, as a nation, over-reliant on one or two export markets for coal and gas. It is inevitable that the economies of China and India (the major markets for our resources) will oscillate and when this happens it will be critical for our domestic economy to have options. The crux of risk management (a major responsibility of macro-economic management) is diversification. The scope for diversification will be aided by measures that moderate growth in the mining industry and give other industries room to breathe. In our view, any government policies (whether accidental or intended) that fail to keep a prudent balance between agriculture, rural communities and mining will be roundly condemned within the next decade, if not sooner.

- Toowoomba, as a major service centre for much of inland Queensland, will benefit from the mining industry wherever it is located. Thus Mackay benefits greatly from the coalfields of Central Queensland but there are no coal mines located particularly close to Mackay. In the face of ‘mining industry encroachment’ Toowoomba should be the strongest supporter of entry restrictions – so that the Inner Darling Downs can remain a ‘nice place to live’. What is the point of land use planning if it’s not to preserve the key tenets of a healthy life? Currently, the Inner Darling Downs is broadly characterised by bucolic rural scenes, clean air and water and optimal settlement density and connectivity. What society, with planning tools at its disposal, would throw all this away because miners like to be ‘close to labour and existing infrastructure’? As mentioned elsewhere, the ‘existing infrastructure’ on the Inner Downs was not put in place to serve the needs of a future mining industry. Why not direct mining to areas where any secondary benefits it does generate will be truly valued and useful and any externalities generated are suffered by the least number of people not directly employed by the miner?
4. Local governments are currently required to consider existing mining tenures such as mining leases in their planning approvals. What improvements or other changes do you think could be made to this process to deliver better results for community and the resource industry?

Response:

- In 2007 the number of local governments in Queensland was reduced from 156 to 72. This effectively created regional-level governments with bigger budgets and bigger administrative burdens. The transition from rubbish, roads and rates to responsible regional representation has turned into a formidable challenge for many of the new councils. There is now an expectation throughout Queensland that local government will become much more involved in the negotiations surrounding such projects. It is perceived that local and regional governments are best placed to monitor report and defend the preferences of local communities. But to be effective in this role, elected councillors must control the ‘development agenda’ and not the hired help. The most effective councillors will take ownership of the ‘development agenda’ and do the following: a) consult regularly and effectively with their constituents; b) have a working knowledge of the legislation applying to land use planning; c) have a contemporary understanding of the issues surrounding climate change and GHG emissions; d) represent their constituent’s point of view before relevant state and federal government agencies; e) sign-off on ‘regional planning schemes’ that reflect the wishes of their constituency; and f) confine the role of council employees to efficient delivery of the policies formulated by elected councillors.

5. Do you have any ideas on ways in which resource company activities can co-exist with the spread of urban areas – getting the balance right for communities and the resource industry?

Response based on open cut coal mining and intensive farming:

- There is a false premise in this question. Urban areas in rural Queensland are relatively stable – it is the mining industry that is spreading like a plague and giving rise to conflict. Moreover, the miners are spreading into areas where they are not welcome; this is the whole point of the ‘rural protest’. As inferred previously, ‘getting the balance right’ will require government intervention. Since miners are motivated to locate wherever they find economic resources, with little regard what already exists in the way of a community, there is an obvious role for government in protecting existing rights. The government can deliver appropriate protection by several means but FOF has argued ever since our formation that there must be absolute barriers to the entry of mining. Strategic Cropping Land and now the urban restrictions are good examples of absolute barriers but no-one should be lulled into thinking that the ‘job is done’.

- Co-existence is a myth perpetuated by the mining industry. You will never hear farmers talking about co-existence if this means both industries operating simultaneously in the same paddock. At a time and place, the relationship between the two industries is
competitive – this is true by definition. If Ambre was to get its way, many Felton Valley farms would be totally sacrificed and some 2,000 hectares would be lost from agricultural production forever. Where is the co-existence in this scenario?

- Resource companies have no interest in the top soil; they are only interested in what lies beneath the surface. From a whole state perspective, the best location for the mining industry is way out the back where it will be forced to create new infrastructure and coincidentally leave existing infrastructure to serve the purposes for which it was originally put in place.

- It is conceivable that CSG mining and grazing enterprises could co-exist. The pre-conditions for such co-existence would include the following:
  - Total exclusion from SCL
  - Beneficial use of any ‘associated’ water pumped out (to allow gas extraction) to eliminate any risk of land contamination with toxic water
  - Payment of serious money for every well put on the grazier’s land
  - Prior scientific evidence that the CSG extraction will not have a significant detrimental impact on local groundwater – either in terms of quantity or quality
  - Zero externalities of any sort for neighbours not being mined for CSG.

- Since there is no comparability between any of these circumstances and what would happen at Felton (in the event that the Ambre Energy project went ahead) the claim of co-existence cannot be made and any assessment would be forced to consider the competitive and destructive nature of the relationship.

6. What do you believe is a reasonable distance between exploration (for coal and minerals) and residential developments?

Response:

- Explorers can’t see anything wrong with exploring ‘everywhere’. Indeed they have a strong incentive to explore ‘everywhere’ because that’s what they get paid for. And besides, so they say, what harm can it do: exploration is not the same thing as mining. Technically speaking, exploration and mining are different activities but the government (as arbitrator) should be wise enough to know they are closely linked. Miners typically see the granting of an exploration permit as the first step on their pathway to untold riches. With the permit in hand, they think all other obstacles are nothing more than irritants that can be overcome through bloody-minded perseverance. This is a dangerous mind-set from a social perspective and one that justifies the Government’s restrictions approach. In our opinion, if there are any doubts about the capacity of the regulatory system to stop a particular development in a particular area, then the simplest and best approach is an absolute barrier to entry, as proposed. Thus we support the concept of absolute restrictions – resulting in
no-go areas – and want to see it applied rigorous to all situations where a) there is not local support for intensive extractive development; and/or b) it is not possible for local residents to benefit directly from the development as proposed.

- From a technical perspective, separation distances should be based on interaction effects between particular mining activities and neighbours – whether the neighbours form a community or are a single household. In our view, individuals should be given the choice of whether or not they accept the presence of a mine, albeit within limits. We propose that any occupied household, not owned or leased by the mine itself, should be protected by the following separation distances:
  - A minimum of 10km for large open cut mines
  - A minimum of 5km for underground mines
  - A minimum of 2km for CSG wells exploration.

- As a general principle, exploration permits should not be issued in violation of socially acceptable separation distances between households and actual mining activities. New Hope’s mine at Acland provides a basis for determining acceptable separation distance once an open cut coal mine commences options. We have been reliably informed by neighbours that dust, noise, light, vibration and smells from the Acland mine have been experienced at ‘objectionable levels’ up to 10 km for the coal face. If this figure is applied to the site where Ambre proposes to mine, many households and people would be adversely affected. These metrics validates our objections to the Ambre proposal; clearly the plan should not be allowed to proceed on the grounds it would violate an acceptable pre-determined separation distance.

7. Do you think that communities and local governments should have greater involvement in the processes for the granting of new coal and mineral exploration tenements?

Response:

- A properly functioning democracy will find ways to give established communities meaningful sovereignty over key determinants of life such as economic opportunities, personal safety and peace of mind. As explained above, there can be few things more threatening to personal safety and peace of mind in established rural communities than uninvited mineral exploration. Obviously some forms of exploration are more threatening than others. At Felton the nature of the threat is overwhelming. We ask: what could be more detrimental to our quality of life, economic futures, health and peace of mind than having a mammoth coal mine and petro-chemical embedded in the middle of the Valley? If a particular development proposal is considered by the target area (or community) as non-threatening then it’s more-than-likely that opposition to exploration and subsequent phases of development will be minimal. In practice there will always be an interaction between the development being proposed and the capacity of the local community to tolerate the associated externalities. In the case of the Ambre Energy proposal at Felton, the interaction
effect would be grossly negative and the community’s capacity to tolerate the externalities is non-existent.

- Local governments are ideally placed to hear, interpret and articulate the wishes of their constituents. But faithful representation of constituent’s viewpoint will only occur where the elected representatives are fully in control. Since the 2007 amalgamation of councils in Queensland, there has been a disturbing tendency for the senior staff of some larger councils to act like they are the ones deciding policy. This is unconscionable behaviour that violates the trust of local electorates; it must be stamped-out wherever it appears. Provided local governments function democratically, the potential for useful representation is obvious and this must be acknowledged by state government agencies when developing policy.

8. Do you have any other comments to make?

Response:

- To get the balance between incumbent settlement and mining ‘right’ the government needs a suite of tools. The issue, on this occasion, is whether restrictions and no-go areas are useful and appropriate tools to add to other initiatives such as Strategic Cropping Land. We note that both these initiatives have a similar logic. Thus protection of strategic cropping land and preservation of separation distances (to a critical density of settlement) both aim at keeping high impact mining activities out-of, or away from, the declared space. While we think this is appropriate (why should miners have open slather against incumbent preferences) there is always the need to formulate and apply a workable definition. We can only assist by stating and contrasting the relative positions.

- It is apparent that most politicians and bureaucrats in the country perceive mining as inherently ‘good’. This perception has led to assessment systems and methods that are biased and unfair and out of line with the way most Australians think this country should be treating its citizens, its heritage and its land. Without absolute controls, the mining industry has the potential to get too big. FOF believes there should be a major shift in attitude among politicians and bureaucrats about land use planning, and particularly the balance between agriculture and mining.

- The miners’ arguments are crude; they hold the view that things have worked well up to now so they should continue to have unfettered access to the entire resource body. To change the status quo, they say, would threaten their economic opportunities. We argue that giving miners unfettered access to the resource body results in various forms of market failure as follows:
  
  o The inability of individuals and even whole communities to protect themselves against mining externalities. Thus miners can afford to pay extra-market prices to secure the land they want. Once the mining starts, neighbours find themselves suffering externalities for which they get no compensation. This is classic market failure; it is the responsibility of government to minimise the burden of externalities
wherever they occur. In the case of closely settled areas it can do this through the imposition of separation distances as proposed.

- The miners think everything has worked fine til now. That’s only because affected people and communities have had no voice. Individuals are helpless against the economic might of mining companies and they are nothing but a nuisance to politicians. Bush lawyers promising to get landholders the ‘best payout,’ have only helped to disguise a larger problem. It’s apparent to us that the exploration industry doesn’t understand the political economy or trends in contemporary values and thinking. Nor has it caught up with the fact that miners usually come across as arrogant, uncaring and disrespectful in their dealings with incumbent landholders.

- Long term and integrated land use planning has the ability to maximise the secondary benefits stemming from mining while minimising the external costs it inflicts on rural communities. Thus establishing a mine in a remote area will result in new infrastructure and a net addition to secondary benefits. Moreover few people will be affected by any externalities generated. Establishing a mine in a closely settled area (such as the Felton Valley) would result in damage to the existing infrastructure, congestion, overt competition for workers and services and cost push inflation. In addition, the externalities generated would be felt by a relatively large number of people – in direct proportion to neighbouring farm size, etc. Without intervention, there is no way for the state to maximise the secondary benefits from mining; only if miners are directed into remoter areas is it possible for the state to claim useful indirect benefits due to mining activity. The concept of restricted areas is a step in the right direction; it should be en-acted immediately and taken to its logical conclusion.