



## IMPACTS REPORT 2013





# Delivering risks

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Prepared by





## LETTER FROM THE COMMUNITY



Dear Whitehaven Shareholder,

As we speak, Whitehaven Coal is furthering plans for its 2000 hectare open-cut Maules Creek coal mine near Narrabri in north-west NSW. The project will see over 1600 hectares of unique bushland and farmland cleared, 700 hectares of which is classified as critically endangered, and home to two threatened species of plants and over thirty threatened animal species.

When fully operational, the mine would release approximately thirty million tonnes of CO<sub>2</sub> emissions per year – almost the annual emissions of New Zealand.<sup>ii</sup> If the cumulative annual emissions from Maules Creek and its neighbouring Tarrawonga and Boggabri mines were considered a nation, only fifty nations in the world would rank higher.<sup>iii</sup>

In addition to the environmental and social impacts, Maules Creek is beset with financial risks. Some 360km from the nearest port in Newcastle, it faces major infrastructure bottle-necks with multi-million dollar take or pay liabilities\* for rail and port access due from 2015, potentially well before production has commenced.<sup>iii</sup>

Additionally, Whitehaven faces an enormous capital outlay and an uncertain market as coal prices continue to drop in the wake of a global coal glut.<sup>iv</sup> With Whitehaven's share price now at its lowest level since 2009,<sup>v</sup> these are financial risks that the company simply can't afford.

Maules Creek is fast becoming the eye of a brewing storm of sustained public action to protect Australia's environment, communities and climate against the destructive effects of fossil fuel expansion and proposed environmental deregulation. Protect your pockets and get out of this risky investment while you still can.

Yours sincerely,  
The Community and Friends of Maules Creek

\* Whitehaven has signed a take-or-pay contract for access to ports in Newcastle. This means they must pay for use of the rail lines from 2015, regardless of whether production has commenced.<sup>v</sup>

## THE MAULES CREEK COMMUNITY

*By progressing Maules Creek mine, Whitehaven is setting the scene for a future of increasingly angry summers, degraded farmland and divided communities.*

The community of Maules Creek is situated at the foothills of Mt Kaputa in the Liverpool Plains, a region of prime agricultural land known as the food-bowl of NSW. The Laird family – whom the Leard State Forest was named after – has farmed the area for six generations, and believes the community has achieved a balance between farming and conservation.

The community will feel the impacts of Whitehaven Coal's Maules Creek Project, including an increase in dangerous coal dust, noise, increased traffic, a falling water table and the social and economic implications of large camps established for fly in/fly out workers. The community is already living in a state of uncertainty and suffering decline as mining companies buy up properties.

Locals have built a strong campaign to protect their livelihoods and environment, including a court challenge to the legality of former Federal Environment Minister Tony Burke's approval of the mine. Support for the community from around Australia continues to grow as the stark ramifications of Whitehaven Coal's plans become evident. Individuals and groups concerned about agricultural land, threatened species, water, health and climate are all stakeholders in this project with its far-reaching and potentially devastating impacts.



## HEALTH IMPACTS



The health impacts of coal dust are well documented and levels of coal dust in Newcastle and the Hunter Valley regularly exceed the World Health Organisation guidelines.<sup>1</sup> Long-term exposure causes increased levels of cardiovascular and respiratory disease while short-term exposure reduces lung function and increases respiratory symptoms.<sup>2</sup> In a submission on the proposed fourth coal terminal in Newcastle – for which coal expansion in the Liverpool Plains is a driving force – Doctors for the Environment Australia outlined their concern that the coal industry continues to expand while communities already breathe air that is harming their health.<sup>3</sup>

The expansion of coal mining into the Liverpool Plains would bring the dangers of coal dust to more communities, and compound the impacts on those throughout the Hunter region, where coal dust is already causing health problems.<sup>4</sup> The expansions and new mines would increase current coal production from the Leard State Forest five-fold, dumping an extra 18,000 tonnes of coal dust onto nearby communities each year.<sup>5</sup> As more uncovered coal trains travel across the state to Newcastle, communities along the train line will be exposed to increasing levels of coal dust. Some 25,000 children attend school within 500 metres of the train line, and studies show that 25.6% of 2-to-8 year-olds, and 39.8% of 9- to-15 year-olds living in the Hunter New England Health area have asthma – the highest rates in NSW.<sup>6</sup>

As awareness of the illnesses caused by coal dust grows, so does community opposition to new coal projects. At the frontline of coal expansion, 360km from the nearest port, the Maules Creek Project and Tarrawonga mine expansion depend on the opening of coal export infrastructure bottlenecks. The increased coal output from the expansions and new mine would require the construction of a 4th coal terminal in Newcastle, which looks unlikely to go ahead in the face of a strong community campaign and falling coal price. With take or pay liabilities for rail and port access due from 2015 – potentially well before production has even commenced<sup>7</sup> – an uncertain market as coal prices continue to drop,<sup>8</sup> and a share price now at its lowest since 2009<sup>9</sup>, resistance from communities protecting their health are just one of many risks for Whitehaven to consider.

## ECOLOGICAL IMPACTS



The Leard State Forest is home to over thirty threatened species, many of which rely on the four endangered and critically endangered ecological communities within the forest.<sup>10</sup> The forest is an important sanctuary on the migration route between the Pilliga and Mt Kaputa and is the largest remnant of natural bushland left on the Liverpool Plains. Whitehaven's Maules Creek Project will clear 1664.8 ha of forest and woodland habitat for various threatened species including two threatened species of plant and over thirty threatened animal species.<sup>11</sup>

The Ecological Impact Assessment for the Maules Creek Project states that, despite the clearing of such a large area of habitat, "when the mitigation and offsetting package are considered, the Project will have a major ecological benefit in the long term" and that "the Project will provide major net increases in native forest and woodland under conservation."<sup>12</sup>

According to expert advice received by the Maules Creek Community Council, it is doubtful that rehabilitation will be able to return the forest to its pre-mining condition.<sup>13</sup> This means the 1664.8 ha of habitat set to be destroyed by Whitehaven needs to be subtracted from the equation; it cannot contribute to net increases in native forest and woodland under conservation as it won't be rehabilitated adequately to provide habitat.

The suitability of Whitehaven's offsets is currently under investigation by the Federal Government.<sup>14</sup> The offsets required are Grassy Woodland containing White Box Gum, a Critically Endangered Ecological Community that provides habitat for the Swift Parrot, Regent Honeyeater and Corben's Long-eared Bat. The offsets purchased and mapped as White Box Gum are a totally different vegetation type and contain no White Box Gum; they do not provide habitat for the threatened species or meet the definition of the Critically Endangered Ecological Community.<sup>15</sup> Rather than achieving conservation of ecosystems of the type they will be clearing, it appears that the main impact of Whitehaven's offsets will be to diminish the agricultural viability of the district and the fabric of the community.<sup>16</sup>



## CLIMATE CHANGE



The latest report from the Intergovernmental Panel on Climate Change establishes with certainty that dangerously high levels of carbon dioxide are causing climate change.<sup>17</sup> For Australia, the predicted 2-3 degrees Celsius increase in global temperatures means a longer and more intense bushfire season, prolonged drought, the southeast spread of tropical disease such as dengue fever, bleaching of over 60% of the Great Barrier Reef, a 90% decline in irrigated agriculture by 2100 and massive and widespread loss of species.<sup>18</sup>

The impact on greenhouse levels from the Maules Creek mine is not insignificant. When burnt, the coal from the Maules Creek mine will emit thirty million tonnes of CO<sub>2</sub> a year – only two million tonnes less than the whole of New Zealand.<sup>19</sup> If all three mining proposals in the Leard State Forest were to go ahead, including the Boggabri and Tarrawonga mine expansions and the Maules Creek Project, the cumulative emissions from burning the coal would be sixty million tonnes a year. If the three mines were considered as a nation, only fifty nations in the world would rank higher in annual greenhouse emissions.<sup>20</sup>

Even a consideration of the cumulative greenhouse emissions of all three mines is not an adequate reflection of the extent to which they will impact upon our ability to slow climate change. The infrastructure required for the Maules Creek Project and the disintegration of the surrounding rural community would pave the way for more coal mines in the area, and the increased output of coal would create demand for the construction of a fourth coal terminal in Newcastle – in turn creating demand for more mines throughout NSW.

Whilst denial and inaction on climate change receive plenty of media publicity, there is a growing acceptance of the facts, and a growing level of support for clean energy alternatives.<sup>21</sup>

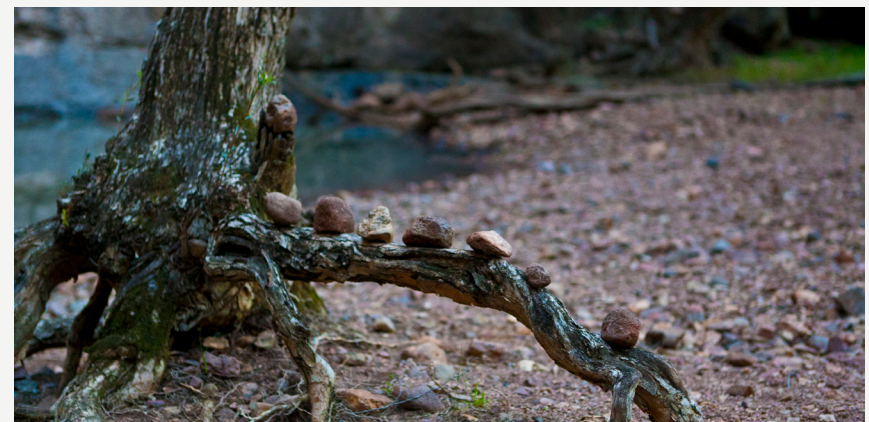
## AGRICULTURE



The Leard State Forest is surrounded by prime agricultural land.<sup>22</sup> Agriculture provides roughly half of the \$1 billion regional output from the Namoi catchment, yet there has been insufficient consideration given to allocation of water and resources to sustain a farming industry in this area if mining is expanded.<sup>23</sup>

Many of the farms that will be negatively affected by the mines will not be compensated, as they have not been mapped as severely affected. These farms will suffer the impacts of increased dust levels, noise pollution and changes to ground water and soil, as well as a stark visual change in the surrounding landscape. Consequently, the value of the land is likely to fall and the intergenerational continuation of farming to be compromised, as land owners find it harder to sell.<sup>24</sup>

Younger farmers will have to contend with the use of adjacent land for mining related activities – such as offsets and short-term accommodation – which undermine farming communities and push land prices out of reach.



## WATER



The Leard State Forest falls within the Namoi catchment, home to approximately 100,000 people. Part of the back creek catchment has been placed within the internal mine water management system. This will inhibit flow into Maules Creek and the Namoi River. While not considered a high volume deviation, this must not be underestimated in such a highly optimised river system.<sup>25</sup>

The Namoi catchment has one of the highest levels of development of groundwater resources, as agriculture depends heavily on groundwater supplies. The Boggabri, Maules Creek and Tarrawonga Coal mines would cause the water table to drop significantly, impacting groundwater dependent ecology.<sup>26</sup> Mining can also cause contamination of the groundwater through interaction with mine voids and deviation of 'baseflow', flow of groundwater to rivers. Despite the advice of the Ecological Impact Assessment for the Maules Creek Project to backfill the mine, it will be left as a final void, draining the water table for over 1000 years.<sup>27</sup>



## EMPLOYMENT



Whitehaven has been thrust into the media spotlight due to hasty decisions to lay off staff.

In March of this year, Whitehaven came under fire for cutting forty jobs from its Tarrawonga and Rocglen open-cut mines.<sup>28</sup> The CFMEU was contacted the morning that the workers were informed that they no longer had their jobs. These included thirty permanent positions and ten contractor roles.

Whitehaven blamed the job losses on falling coal prices and financial constraints on operations. The employees who lost their jobs were mainly local workers, and Whitehaven stated that there were no upcoming opportunities to be re-hired for Whitehaven's local projects.

Given that full consultation with the union and employees is required for dismissal, the CFMEU has launched an unfair dismissal case in the Fair Work Commission and filed an application in the Federal Magistrates Court on behalf of the workers.<sup>29</sup>

Despite the recent loss of employment for local families, Whitehaven's Managing Director, Paul Flynn, said in May this year that they will recruit fly-in-fly-out workers for the Maules Creek mine, particularly during the construction phase.<sup>30</sup>

*"FIFO is bad for communities, it's bad for families, it's bad for workers, it's bad for local economies. . ."*

**Graham Kelly, CFMEU<sup>31</sup>**



## FINANCIAL PERFORMANCE



This ASX chart<sup>32</sup> shows the price of Whitehaven Coal's primary security, not the share price as share prices are adjusted. The charts are adjusted to smooth out the effect of bonus issues, rights issues, special dividends, share splits, consolidations, capital reductions, or to link historical values that represent the company's primary equity security. The chart also assumes that all company issued options and convertible securities are converted into ordinary shares. Whitehaven recorded a net loss of \$82.2 million dollars, after tax, last financial year. The share price is sitting below \$2.00, below the \$3.50 price of 2009 and well below the 2011 peak at over \$6.00.



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*For the sake of your pocket and the planet,  
reconsider your Whitehaven Coal investments.*



[www.whitehavencoal.com.au](http://www.whitehavencoal.com.au) – worth the risk?