Introduction

The following comments have been compiled by the professional personnel within R.W. Corkery & Co. Pty Limited (RWC) for consideration during the finalisation of the *Guidelines for economic assessment of mining and coal seam gas proposals* (Economic Assessment Guidelines). RWC has prepared numerous environmental impact assessments and provided environmental planning advice for our clients on numerous mining and quarrying proposals of varied size and significance. As a result, our experience covers detailed assessments of potential economic impacts and reduced, but no less appropriate, assessments for smaller proposals. The following provides general comments on the policy followed by specific comments on the use of data for the assessment.

It should be stated from the outset that RWC is strongly opposed to inappropriate provision of onerous and unnecessary assessment of proposals. In order to encompass all mining projects in NSW, the guidelines often provide a ‘one size fits all approach’ that does not take into account the realities of the mining industry in NSW. It is important that the guidelines are sufficiently flexible to apply to small limestone mines, moderate sized metalliferous mines and large coal mines or indeed not be applicable for certain proposed mines. The result should be that the guidelines provide satisfaction to the local community where proposals are contentious, while providing proponents with similar satisfaction that the assessment has been considered pragmatically.

1. Overview of the Economic Assessment Guidelines

   a) RWC supports the approach to formalising the assessment of potential economic impacts for mining and coal seam gas proposals. Economic impacts have in the past been a source of contention for both clients and the general community, as assumptions have often been questioned or refuted, usually without a suitable alternative available or offered.

   b) Quantifying the financial cost of environmental impacts is fraught with difficulty and uncertainty. Environmental economics is not a field known for the relative ease of agreement between involved parties. RWC recommends that any approach applied through these guidelines be applied consistently and be subject to regular evaluation and refinement.

   c) The inclusion of the various workbooks to accompany the guideline is also welcomed. The preparation of the various assessments that comprise an *Environmental Impact Statement* is often a costly exercise. RWC welcomes an approach that seeks to elicit relevant information without necessarily requiring costly public surveys and additional consultant involvement, especially where this may not necessarily benefit the assessment of the proposal. We also appreciate that detailed information may be vital to the assessment of contentious proposals with significant potential impacts.

   d) As was the case with the Integrated Mining Policy documents, the coverage of state significant extractive proposals is not clear in this policy document. Referring to “extractive industry” as “mining” is not appropriate and is not consistent with *the Environmental Planning and Assessment Act 1979*. It is also not clear as to what extent the requirements would be applied to mining proposals that are not State Significant proposals. As with many of the current guidelines, the content appears to be tailored to coal-related proposals. It should be clearly outlined if a cost benefit analysis and local effects analysis are required for extractive industry proposals or non-State significant mining proposals.
That the economic assessment requirements would be provided in the Secretary’s Environmental Assessment Requirements is clear from the Integrated Mining Policy guidelines. However, the Indicative Secretary’s Environmental Assessment Requirements document references the Economic Assessment Guidelines for information on the level of assessment required. As a result, our clients have no indication as to the level of assessment required for extractive or non-State significant proposals.

2. Availability and Accuracy of Data

Many smaller mines do not have access to data relating to local economic conditions. They may also not be in a position to provide accurate forecasts of production levels. Due to their small size, they are often more vulnerable to fluctuations in commodity pricing and the financial system. This makes the value of cost and benefit data often subject to significant change, something that may not be accounted for through sensitivity analysis. RWC requests that the parameters for the sensitivity analysis are carefully considered to incorporate the potential difficulties faced by smaller operators.

3. Validity of Data

The workbook for the Cost Benefit Analysis incorporates the quantitative costs associated with air quality, greenhouse gas emissions, visual amenity and traffic-related changes to the local environment that may result from a proposal. Remaining environmental impacts are considered through a qualitative based estimate of costs for each operating year. While RWC appreciates the difficulty in quantifying other impacts, this approach appears to apply strict assessments of some environmental impacts and best-guess estimates of others. The strict assessments may be subject to tunnel vision and best-guess estimates may be subject to challenge. It needs to be clear to officers assessing a proposal that these methods result in uncertain or unclear results that may be invalidated in 12 months, i.e. after operational controls prove that impacts can be mitigated to a greater extent than predicted or assessment methods are improved that indicate that impacts are more or less significant than were predicted.

4. Manipulation of Data

The calculation of costs and benefits associated with a net product surplus is open to manipulation. Any proponent may simplify costs and overstate benefits to produce a favourable result, while a party that opposes a proposal may do the opposite to justify an objection. RWC is concerned that our clients will spend valuable time and money providing estimates that are at best uncertain and at worst open to manipulation.

RWC recommends that the information provided through the CBA workbooks should be standardised, as much as is practical. Any costs or benefits that cannot be standardised should be included in the economic assessment report under ‘Other Estimated Costs or Benefits’. This approach would limit the workbook assessment to data that can be validated.
5. **Inclusion of Costs**

It is unclear to what extent the costs associated with a proposal might be included. The following are just some elements that represent substantial costs for a proposal.

- Project management costs.
- Costs associated with obtaining development consent, including defending ultimately unsuccessful appeals.
- Consultant fees associated with preparation of environmental assessments and management plans, environmental monitoring, compliance auditing, etc.
- Situations where alternatives to the proposal that may have ultimately represented potential savings or opportunities for higher profit are rejected based on environmental impacts. This would be relevant where an existing Project is extended as opposed to greenfield development.
- The lost opportunity costs associated with delays in the development approval process.
- Costs associated with reporting on compliance.

6. **Accounting for the Big Picture Benefits of Mines in Mining Communities**

Finally, it is noted that the economic benefit of some Projects is either clearly evident or the proposal is likely to have broad community support. This would particularly be the case for metalliferous mining operations in traditional mining communities in Western NSW. In addition, a mining operation may be sufficiently remote or the surrounding community sufficiently widely spread, that strict application of the Economic Assessment Guidelines would be inappropriate and inefficient. As a result, **RWC strongly recommends that the Economic Assessment Guidelines include provision to tailor requirements to particular projects or provision for instances where they may not apply**, depending on the circumstances of an individual proposal. To offer certainty, the use of a tailored approach would need to be outlined within the Preliminary Environmental Assessment and the acceptance of that approach confirmed as part of the SEARs.

As stated above, we recognise the need to provide consistency for the economic assessment of proposals. We trust that the above comments will be considered within the document. Without a fully flexible approach, potential mining ventures outside the coal regions will be jeopardised would be unfortunate (and unnecessary) for NSW.