

**Submission to the
Carmichael Coal Mine and Rail Project
Supplementary Environmental
Impact Statement**

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Submission from
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Summary

The SEIS confirms the view of Doctors for the Environment Australia, previously expressed in response to the EIS, that the development should not be approved without further studies, particularly health and economic assessments; evidence is not presented that the project has benefit to the Australian community.

The concerns expressed previously regarding inadequacy of the Health Impact Assessment process have not been addressed.

Previous submissions by DEA on this project

DEA submission to the EIS

www.dea.org.au/images/uploads/submissions/Carmichael_Coal_Mine_and_Rail_Project_Submission_02-13.pdf

DEA submission to the ToR

www.dea.org.au/images/uploads/submissions/Carmichael_submission.pdf

General comment

The members of Doctors for the Environment Australia spend hundreds of voluntary hours of their expertise in the hope of protecting human health. We provide this input to many EIA processes around the nation because these should include health impact assessments which aim to protect human health. In the face of almost inevitable approval of the Carmichael development we feel it important to make some comment on the process for it is clear to us that if a small independent team of economic, environmental and health experts assessed the Carmichael development to determine the balance of positive and negative outcomes for the nation and the world, it might not be approved.

It should be recognised that governments have a potential conflict of interest in approving large development projects for they carry the temptation for immediate income to repair budget deficits, only to leave the health and environmental consequences to subsequent governments and generations. Only diligent assessment can alleviate these public concerns which now amount to widespread distrust in government process because of what is seen by many as obfuscation, manoeuvrability of environmental regulations and choice of methodology. In essence, the Carmichael assessment process failed at the ToR with the choice of criteria which exclude proper assessment.

It is sad that in this country which has together with Switzerland the highest per capita wealth in the world, we should still fail to qualify our philosophy of "Its the economy stupid" with "and the economy is totally dependent on the environment", this is written large in the demise of most civilisations. Yet in the face of the state of environment reports from around the nation which show a steady decline in environmental values, projects such as Carmichael continue to be approved.

We recognise that we are issuing these reports for posterity and the historians but we live in hope that there may be some minds in government who understand what we are saying.

The position of Doctors for the Environment Australia should not be misunderstood; we support many forms of mining as essential to the progress of humanity but it has to be accompanied by responsible regulation. In medical terms, we regard the current project as a drug with a multitude of side effects, some fatal. Yet there are alternative drugs which are free of side effects and are effective and sustainable.

Appropriate economic analysis of health outcomes

This process of stacking the cards in favour of the desired outcome is nowhere more apparent than in the economic analysis in the SEIS. In the DEA submission to the TOR we noted that the terms of reference ask the question –what are the implications if the project does not go ahead? This cannot be answered with the use of input/output analysis. The appropriate methodology of cost benefit analysis was not adopted for the EIS and the following reasons given in the SEIS.

"7.3.1 Use of Input/Output Analysis versus Cost-Benefit Analysis

Several comments were received regarding the use of cost-benefit analysis versus the use of input-output analysis in the EIS economic assessment.

In summary, the input-output method is an economic impact assessment method, whereas cost-benefit analysis is an economic evaluation method. The objective of the economic assessment required by the Project ToR is to identify the potential economic impacts of the project, including the direct and indirect impacts. The input-output methodology is one method of estimating such impacts as it focuses on economic activity impacts and enables direct and indirect contributions to output and employment to be estimated from inputs in the form of spending during both the construction and

operational periods. This method, therefore, is consistent with the outputs sought from the ToR.

In contrast, cost-benefit analysis estimates cost and benefits (monetised and non-monetised) of a project using discounted cash flow analysis. Unlike the input-output method, the outputs from a cost-benefit analysis would be the net present value (NPV), internal rate of return (IRR) and benefit-cost ratio (BCR). These indicators are decision making indicators to determine whether a project should go ahead or not go ahead (e.g. if NPV is greater than zero, then it is prudent to invest) and to prioritise investment options. **The cost-benefit analysis method essentially measures the net worth of a project, not its economic impacts.** Cost benefit analysis is data intensive, requires forecast of revenues and benefits, and is generally done internally before the proponents of a project decide to proceed or not proceed.”

As stated in the SEIS above the cost-benefit analysis method essentially measures the net worth of a project, not its economic impacts. The worth of the project is what the government should consider to enable it to make a decision based on all the outcomes (positive and negative) and their costs. This is made clear by Queensland’s Department of Infrastructure and Planning:

The primary method of economic evaluation of public sector policies and projects is cost-benefit analysis... Cost-benefit analysis generally assesses the impact of a project on the economic welfare of the community, and is therefore a key element in any public sector [economic] analysis (Qld DIP 2011, p18)¹.

The fundamental issue as stated in the EIS is:

6.4. “The potential of the Project to produce significant positive impacts on the local and State economies is substantial.”

DEA responded:

This assertion has not been substantiated. The costs of short and long term health, adverse social and environmental impacts have not been calculated. Therefore the true value to the community cannot be assessed.

We recommend the EIS be resubmitted with this information:

There should be an independent economic assessment of the project based on cost benefit analysis, supported by economic impact assessment. Economic impact assessment is not a substitute for cost

benefit analysis. "Independent" because there is clearly a conflict of interest in that a state government heavily in debt will receive income soon and the debt from health, social and environment impacts will be delayed or passed to others, the community needs to know the complete balance sheet. The use of cost benefit analysis by independent consultants would follow the practice of the Commonwealth, the Department of State Development, Infrastructure and Planning, and is recommended by the Business Council.

This has been ignored using spurious argument in 7.1.3 above--- that this was required by the ToR! The outcome was fixed before the EIS process was written.

Let us give one example related to the health assessment to enable the government to understand the nature of this error. Consider the next section of the report:

7.3.3 FIFO impacts on local economy

This section cross refers to the revised economic report, *SEIS Volume 4 Appendices E Revised Economic Assessment Report*. This fails to provide any proper economic assessment of the positives and negatives of FIFO. Proper economic analysis would introduce costs for the widespread health and social impacts of FIFO on worker, communities and the health services. Input/output analysis avoids this. These negative impacts are referred to on page 93 of Appendix D1 but where is their cost estimated? There is now an extensive medical literature on the harms of FIFO and these can be costed.

Appendix E repeats. "This method, (input /output analysis) therefore, is consistent with the outputs sought from the ToR. The ToR did not stipulate that other types of economic analysis such as a Cost Benefit Analysis be undertaken". In colloquial terms this is a "cop out" to avoid proper scrutiny.

Health Impact Assessment

We explained the needs of HIA's in our two earlier submissions. Above we have detailed the inadequacy of one health assessment –on FIFO.

These concerns extend to the other potential health impacts on

- Water usage from aquifers and ground sources and possible contamination there-of.
- Noise and dust on the corridors.

- Potential climate change impacts on Australia from green house emissions caused by this huge mine.

There is no case for us to spend our time on illustrating these health impacts and their costs because their proper consideration has been excluded by the erroneous decisions made in the ToR.

Reference

1. Qld DIP. (2011). Project Assurance Framework: Cost Benefit Analysis. Queensland Department of Infrastructure and Planning. Retrieved from <http://www.treasury.qld.gov.au/office/knowledge/docs/project-assurance-framework-guidelines/paf-cost-benefit-analysis.pdf>