

Submission on supplementary information to the environmental impact statement—China First Project

Submissions close at 5pm on Monday 6 May 2013

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Section of report	Describe the issue	Suggested solution
Section 14, of response to submissions - Economics	<p>Lack of cost benefit analysis or calculation of net benefits. Economists at Large and AEC Group agree on the point that the analysis prepared by AEC group “is an economic impact assessment, not an economic welfare assessment” and that the EIS does not therefore “identify whether the project provides a net benefit to the state” (Response to submissions Table 4). In other words, we do not know if this project is in the best interests of the state – or the local community, Australia, or the world.</p> <p>Basing economic assessment of a major project such as the China First project on impact assessment, rather than assessing it’s net benefits through cost benefit analysis is inappropriate and against Queensland planning guidelines, and the recommendations of all treasuries, as pointed out in our submission:</p>	To understand if the China First project is in the interests of the Queensland and local communities it is essential that economic analysis be based on thorough cost-benefit analysis, including consideration of social and environmental, in accordance with the Department of Infrastructure and Planning guidelines before further consideration is given to this project.

Complete, print and sign this form and send it to one of the following:

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Privacy: The Coordinator-General is authorised to collect personal information under sections 24 and 29 of the *State Development and Public Works Organisation Act 1971* (SDPWO Act). Your personal information will be used for the purpose of considering your submission, assessing the supplementary information, completing the EIS process and the performance of functions under the SDPWO Act and other legislation relevant to the proposed project. Your personal information will be disclosed to the project proponent and other government agencies that are involved in the proposed project, and is also subject to disclosure under the *Right to Information Act 2009*. Your personal information will not otherwise be disclosed, unless disclosure is authorised or required by law, or is permitted under the *Information Privacy Act 2009*.

Note: Under section 1570 of the SDPWO Act, it is an offence to give the Coordinator-General a document that contains information known to be false or misleading.

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	<p><i>The primary method of economic evaluation of public sector policies and projects is cost- benefit analysis. (Qld DIP 2011,p18)</i></p> <p><i>Model based economic impact assessment is not a substitute for a thorough economic analysis of a policy. The appropriate method for analysing policy alternatives is benefit cost analysis (BCA). (NSW Treasury 2009, p4)</i></p> <p>It is by no means certain that major coal projects represent an improvement in state welfare. This was recently highlighted in the NSW Land and Environment Court, where, in overturning approval of the Warkworth Coal Extension Project, Chief Judge Preston found:</p> <p><i>I am not satisfied that the economic analyses provided on behalf of Warkworth support the conclusion urged by both Warkworth and the Minister, namely that the economic benefits of the Project outweigh the environmental, social and other costs.(Preston, 2013)</i></p> <p>Without thorough cost benefit analysis it is impossible to accurately understand the economic benefits of the project and how they weigh against the environmental, social and other costs.</p>	
Section 14, of response to submissions - Economics	<p>Lack of cost benefit analysis – environmental impacts</p> <p>Economists at Large and AEC Group agree that their economic impact assessment does identify some positive and negative economic impacts, but the nature of this type of assessment ignores the economic value of environmental goods and services. In particular, this project may involve impacts on environmental assets of great local, national and global significance:</p> <ul style="list-style-type: none"> • Bimblebox Nature Refugee, is an area of high quality remnant vegetation, the existence and ecological function of which have considerable economic value. No attempt is made to estimate this value in AEC Group’s analysis. In assessing NSW coal project impacts proponents have made estimates of these values, incorporating values of up to \$1m per hectare (Gillespie Economics, 2009). Even at a fraction of this value, it is clear that the destruction of Bimblebox represents a major economic loss to the 	<p>To understand if the China First project is in the interests of the Queensland and local communities it is essential that economic analysis be based on thorough cost-benefit analysis, including consideration of social and environmental, in accordance with the Department of Infrastructure and Planning guidelines before further consideration is given to this project.</p>

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	<p>local community and the state, potentially outweighing any immediate financial gain.</p> <ul style="list-style-type: none"> • The project would involve increasing shipping in the Great Barrier Reef Marine Park, the economic value of which has been well studied, if imperfectly understood. See for example (Oxford Economics, 2009; Rolfe & Windle, 2010). Small changes in the health of the reef, as little as 1%, are shown to have economic value of hundreds of millions of dollars. The impacts of the project on these economic values are not incorporated into AEC Group's analysis due to the nature of economic impact assessment. • The project will increase world supplies of thermal coal, reducing prices from a "no project" scenario. This will result in a marginal increase in the amount of coal burned in the world and of greenhouse gasses emitted. Estimates for the value of damage caused by emissions vary widely, but using the Australian carbon price of \$23/tonne, it is clear that the project would be responsible for marginal increases in emissions worth hundreds of millions of dollars. This cost would be included in cost benefit analysis, which must be conducted to assess the net benefits of the project. 	
	<p>References:</p> <p>Gillespie Economics. (2009). <i>BULLI SEAM OPERATIONS APPENDIX L SOCIO-ECONOMIC ASSESSMENT</i>. Prepared for Illawarra Coal Holdings Pty Limited.</p> <p>NSW Treasury. (2009). Employment Support Estimates - Methodological Framework. <i>Secretary</i>. Office of Financial Management: Research and Information Paper.</p> <p>Oxford Economics. (2009). <i>Valuing the effects of Great Barrier Reef bleaching</i>. Report for The Great Barrier Reef Foundation. Retrieved from http://www.oxfordeconomics.com/samples/gbrfoxford.pdf</p> <p>Preston, B. (2013). <i>Judgement on Bulga Milbrodale Progress Association Inc v Minister for Planning and Infrastructure and Warkworth Mining Limited</i>. Judgement in the Land and Environment Court, New South Wales. Retrieved from</p>	

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	<p>http://www.edo.org.au/edonsw/site/pdf/casesum/Warkworth_judgment.pdf</p> <p>Qld DIP. (2011). Project Assurance Framework: Cost Benefit Analysis. <i>Analysis</i>. 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</p> <p>Rolfe, J., & Windle, J. (2010). <i>Assessing national values to protect the health of the Great Barrier Reef</i>. Environmental Economics Research Hub, Research Report No. 72. Retrieved from http://www.cqu.edu.au/__data/assets/pdf_file/0006/21975/EERH_RR-72-national-values.pdf</p>	

If there is insufficient space in the table above, please attach additional pages.



Signature: (A submission by more than one person must be signed by *each* submitter.)