



Latrobe Valley Regional Rehabilitation Strategy

Victorian Farmers Federation Submission

January 2020

**VFF Water Council
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The Victorian Farmers Federation

The Victorian Farmers Federation (VFF) is the only recognised consistent voice on issues affecting rural Victoria and we welcome the opportunity to comment on the Latrobe Valley Regional Rehabilitation Strategy.

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our state's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF consists of a nine person Board of Directors, with seven elected members and two appointed directors, a member representative General Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based and regionally located staff.

Each VFF member is represented locally by one of the 200 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views on hundreds of industry and government forums.



David Jochinke
President

Summary of Recommendations:

Recommendation 1: The Regional Strategy clearly articulate water availability problems associated with a pit lake at Hazelwood and why they now believe this is possible given past positions in the Gippsland Sustainable Water Strategy.

Recommendation 2 : That DELWP assess what new knowledge is available and explore additional options to a pit lake.

Recommendation 3: A detailed cost benefit analysis of all options is included in the Regional Strategy.

Recommendation 4: That DELWP acknowledge the true value of water and its increased value in the future when considering rehabilitation options for the mines.

Recommendation 5: The Regional Strategy must explore regional impacts of a pit lake option.

Recommendation 6: Agriculture cannot experience higher water costs as a result of creating pit lakes and mine operators competing with farmers for water.

Recommendation 7: The Regional Strategy should not be adopted until the Mine Land Rehabilitation Authority has been established in July 2020.

Introduction:

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide comment on the Latrobe Valley Regional Rehabilitation Strategy.

The Hazelwood Coal Mine Fire in 2014 had a lasting impact on the Latrobe Valley Community. Ensuring a viable outcome is achieved following the mine's closure is critical to the long term prosperity for the region.

Pit Lakes:

A full pit lake for Hazelwood mine would require 640 gigalitres of water. This is a significant volume of water which will have a lasting impact on the regional community. The VFF questions the premise of the strategy by simply proposing pit lakes and not looking at other options.

The Regional Rehabilitation Strategy states:

“The Hazelwood Mine Fire Inquiry.....found that using water to create ‘pit lakes’ in the excavated coal mine voids is likely to be the most viable water to achieve long-term safe and stable rehabilitation of the mines. However the inquiry recognised that significant knowledge gaps existed in relation to this rehabilitation option¹. “ (Pg 3)

However, a careful examination of the Hazelwood Mine Fire Inquiry Report 2015-16 Volume IV – Mine Rehabilitation states:

“Given the evidence before the Board, it is not presently possible to provide a definitive evaluation of rehabilitation options, in particular the pit lake option....., (Pg 114)²

“Without reliable sources of water, the pit lake option will be unviable and unsustainable. The uncertainty in this area is a limitation of the option, particularly due to the volumes of water, the timeframes, and the potential for external factors to influence availability of water” (Pg 109)³

The VFF is concerned that recommendations of a pit lake are coloured by the Government's desire to avoid fire risks and therefore a pit lake is seen as the easiest solution. Other options have not been described or evaluated.

¹ https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/4715/7421/7074/LVRRS_Overview.pdf

² https://www.parliament.vic.gov.au/file_uploads/11172_HAZ_MFIReport-2015_16-Volume4_FA_LR_15B0_pQfGZRfC.pdf

³ https://www.parliament.vic.gov.au/file_uploads/11172_HAZ_MFIReport-2015_16-Volume4_FA_LR_15B0_pQfGZRfC.pdf

Availability of Water:

While the Strategy points to ‘pit lakes’ as the most viable option, without sufficient water, this rehabilitation option is simply not possible. Other options are not described or evaluated.

This document seems at odds with comments made in the Gippsland Sustainable Water Strategy in November 2011 which stated:

“current rehabilitation plans for open-cut coal mines involve flooding them to create artificial lakes. However, this is not considered to be an entirely viable option any longer because there is insufficient water to fill most of the mines⁴”. (Pg 132)

Given a decline in water availability since 2011, the VFF questions how the Department of Environment, Land Water and Planning (DELWP) believes there is sufficient water to fill the Hazelwood mine or the other mines when they cease operation.

Groundwater Availability:

When a groundwater licence is issued to take and use groundwater for ‘purposes associated with an open cut coal mine’, the licence may be issued for a period of up to 30 years, subject to any special conditions. In other cases, groundwater licences are limited to a period of up to 15 years, but can be renewed by the Water Minister under Section 58 of the Water Act.

The Strategy is unclear regarding groundwater availability and whether mines will be able to access groundwater beyond 30 years to fill the pit lakes.

If these groundwater licenses are extinguished, the viability of a pit lake option becomes even more dubious.

Recommendation 1: The Regional Strategy clearly articulate water availability problems associated with a pit lake at Hazelwood and why they now believe this is possible given past positions in the Gippsland Sustainable Water Strategy.

Other options:

The Regional Strategy explores pit lakes as the only option. The VFF believe further work is required to assess other options. The Hazelwood Mine Fire Inquiry Board concluded in 2016 that further options may develop over time.

“The Board heard that there are many gaps in current knowledge of the technical issues related to mine rehabilitation, such as fire risk mitigation, mine stability, groundwater management, water availability, and water quality, at both a regional and mine-specific level. Therefore, while the Board acknowledges that the pit lake

⁴ https://www.water.vic.gov.au/_data/assets/pdf_file/0026/52883/DSE_GRWS_accessible_linked.pdf

option is currently the most viable rehabilitation option, considerable further investigation is required, as new knowledge could result in an alternative preferred option.” (Pg 114)⁵

The VFF believe DELWP must seriously assess what new knowledge has come to light before settling on the pit lake as the only option. Options which do not involve lakes and options with lakes of different sizes must be evaluated.

A detailed cost-benefit analysis then needs to be completed evaluating all of the options. The Hazelwood Mine Fire Inquiry Board also found that “research has not yet identified a safe rate to fill the pit lake” (Pg 90). The problems associated with a pit lake option must be examined in a detailed cost-benefit analysis.

Recommendation 2: That DELWP assess what new knowledge is available and explore additional options to a pit lake.

Recommendation 3: A detailed cost benefit analysis of all options is included in the Regional Strategy.

True Value of Water Acknowledged:

The Strategy does not touch on the value of water required to fill and maintain water levels in a pit lake.

Water is a valuable resource now and will be substantially more valuable in the future with increased scarcity because of climate change. However, the Strategy assume it has no value and therefore fails to consider the opportunity costs of allocating massive volumes of water to pit lakes.

The water currently used to supply the power stations relies on significant infrastructure, including Blue Rock Dam, Moondarra Dam, Lake Narracan and Yallourn Weir. These structures are valuable community assets and are costly to maintain. Yet the Strategy is silent on how these assets are managed in the future. How are they proposed to be funded in the future when they are no longer used to supply the power industry.

With the value of water increasing due to its limited availability there is no doubt that there will be an increasing demand for irrigation water in the Latrobe Valley and in the Macalister irrigation district yet these future demands appear to have been ignored by the Strategy. More broadly the availability of water in the Latrobe Valley is likely to be one of the Valleys major comparative economic strengths compared to other parts of Victoria.

The strategy is very short sighted. The benefit cost analysis needs to properly value the opportunity costs of using Victoria’s scarce water resources to fill holes.

⁵ https://www.parliament.vic.gov.au/file_uploads/11172_HAZ_MFIReport-2015_16-Volume4_FA_LR_15B0_pQfGZRfC.pdf

Recommendation 4: That DELWP acknowledge the true value of water and its increased value in the future when considering rehabilitation options for the mines.

Filling of Pit Lakes over time:

The Hazelwood Mine Fire Inquiry Board also found that “research has not yet identified a safe rate to fill the pit lake” (Pg 90). The DELWP Strategy states:

“if dry conditions experienced in Gippsland continue into the future and surface water is used to fill the mine voids to achieve a safe and stable landform, there is a risk of regional impacts if the mines are filled too quickly⁶” (Pg 6)

The VFF believe greater work is required to understand these regional impacts and the extent agriculture and regional communities will be impacted.

The VFF is concerned that if aquatic life are put into the lake and lake levels change, the fish may not survive.

Recommendation 5: The Regional Strategy must explore regional impacts of a pit lake option.

Rehabilitation Strategy Principles:

A thematic objective identified in the strategy states:

“the impacts on other consumptive water users, the environment, cultural and other values will be prevented or minimised, by conditions placed on the access to water for rehabilitation purposes”

The VFF do not believe that consumptive water users should be impacted by the Government’s decision to close this mine. An increased price of water due to mine operators seeking additional water for lake pits unfairly impacts agriculture.

Recommendation 6: Agriculture cannot experience higher water costs as a result of creating pit lakes and mine operators competing with farmers for water.

Mine Land Rehabilitation Authority:

With the Mine Land Rehabilitation Authority not due to be established until July 2020, the VFF question the timing of the strategy. The VFF believe the strategy should not be adopted until the Authority has been established.

Recommendation 7: The Regional Strategy should not be adopted until the Mine Land Rehabilitation Authority has been established in July 2020.

⁶ https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/4715/7421/7074/LVRRS_Overview.pdf

Cost of Rehabilitation:

The Hazelwood Mine Operators believe the cost of rehabilitating the mine is \$73.4 million. However, the Inquiry Board sought advice from an independent third party and they estimate rehabilitation of Hazelwood will cost between \$264 and \$357 million. (Pg 105)

The VFF is concerned this discrepancy will not result in a favourable outcome for the Latrobe Valley.

The VFF believe the Strategy must acknowledge the costs associated with mine rehabilitation and provide some clarity on how they will ensure the mine operator has sufficient resources to adequately address mine rehabilitation.

All of the ongoing costs of maintaining pit lakes including water supply need to be evaluated and responsibilities for funding these costs need to be identified.