

ATTACHMENT 1

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Port Augusta
CITY COUNCIL

18 April 2018

Bonnie Allan
Committee Secretary
Environment and Communications References Committee

Re: Submission -Inquiry into the rehabilitation of mining and resources projects and power station ash dams as it relates to Commonwealth responsibilities

Dear Ms Allan,

Thank you for your correspondence dated 4 April 2018 inviting written submissions to the above inquiry.

Port Augusta City Council appreciates the opportunity to make a submission, noting the inquiry's terms of reference in relation to:

- (a) the cost of outstanding rehabilitation obligations of currently operating projects;
- (b) the adequacy of existing regulatory, policy and institutional arrangements to ensure adequate and timely rehabilitation;
- (c) the adequacy and transparency of financial mechanisms, including assurances, bonds and funds, to ensure that mining and resources projects and power station ash dams are rehabilitated without placing a burden on public finances;
- (d) the effectiveness of current Australian rehabilitation practices in safeguarding human health and repairing and avoiding environmental damage;
- (e) the effectiveness of existing abandoned mines programs, with regard to repairing environmental damage and safeguarding human health;
- (ea) the effectiveness of existing and past power station ash dams with regard to repairing environmental damage and safeguarding human health;
- (f) whether any mining, resources or electricity generation companies have engaged in conduct designed to avoid fulfilling their rehabilitation obligations;
- (g) the potential social, economic and environmental impacts, including on matters of national environmental significance under the EPBC Act, of inadequate rehabilitation;
- (h) the potential social, economic and environmental benefits of adequate rehabilitation, including job opportunities in communities affected by job losses in the mining, resources and electricity generation sectors;
- (i) international examples of effective rehabilitation policy and practice;
- (j) proposals for reform of rehabilitation of mining and resources projects and power station ash dams; and
- (k) any other related matters.

1. History of Port Augusta Power Station

In 1954 the South Australian Government, under Premier Thomas Playford, commissioned construction and operation of a state-owned, coal-fired power station in Port Augusta ('Playford A')

The operation was fuelled by low-grade brown coal, mined and railed to Port Augusta from Leigh Creek, around 260km to the north.

The site was expanded with additional plants in 1963 ('Playford B') and again in 1985 ('Northern'). The power station was controlled by the state as the 'Electricity Trust of South Australia' (ETSA) until 1999 when it was privatised.

Private operation continued under various owners. Affiliation with Alinta Energy occurred in 2007 when former owners, Babcock & Brown Power, acquired Alinta. The name officially changed in 2010.

In 2012, the Playford power station was mothballed.

It was widely understood the lifespan of the Leigh Creek coal mine that supplied the power station was limited in both quantity and quality of coal reserves, with supply estimated to run out around 2030.

With the limited lifespan of the city's major employer in mind, and a global shift towards renewable energy, the Port Augusta community commenced a campaign in to transition the power station to solar thermal energy.

The objectives of the 'Repower Port Augusta' campaign were two-fold. Firstly, to instigate an early, orderly, well planned transition for the local economy, employees and contractors involved in the power station operation and supply chain. Secondly, to take advantage of the global growth in renewable energy and the competitive advantages that Port Augusta and the Upper Spencer Gulf offered this sector by way of abundant renewable resources, significant electricity infrastructure, a skilled workforce and supply chain and, importantly, a pro-active and supportive community.

In February 2015 - In response to local rumours and concerns about the ongoing operation of the power station - Alinta Energy advised the Port Augusta Council and community, in a public forum, there was no short-term plan to close the power station, noting its future operating life expectancy of 15 years.

A mere three months later, Alinta advised it would be closing the Port Augusta power station in 2018. The closure date was subsequently revised and brought forward on several occasions.

In May 2016, all operation of the power station ceased and in July 2016, large scale demolition works commenced. It is anticipated demolition will be completed mid-2018.

2. Government Response to Power Station Closure

Even with the early foresight and pro-active campaigning for economic transition by the Port Augusta community, the 12-month timeframe from Alinta's announcement to power station closure left the community, employers, contractors and Government unprepared.

Efforts by the local community and Council to engage both Commonwealth and State Governments to fast-track opportunities for economic and employment transition, coordinate Government responses and resources, and ensure a timely and thorough decommissioning and site remediation, proved frustrating and largely ineffective.

Despite the community's efforts to prepare a considered and evidence-based proposal for transforming the Port Augusta power station to solar thermal; and a broader economic transition strategy prepared by the three Spencer Gulf Citiesⁱ, a formal Government economic transition plan for Port Augusta and the broader Upper Spencer Gulf was - and has still not been - developed.

In immediate response to Alinta's announcement in 2015, the South Australian Government established a Taskforce of Adelaide-based bureaucrats with a key focus on managing the transition of state assets in Leigh Creek and power station employees with right of return to the public service following privatisation in 1999. No representatives from the Port Augusta Council or community were invited to participate in this Taskforce. No consideration of wider economic and employment impact or plans for site rehabilitation was forthcoming.

In order to seek clarity and engagement for the local community, the Port Augusta Council then established their own Alinta Advisory Committee in August 2015 to provide a forum to put issues to government, Alinta and other key stakeholders regarding the closure. The Council also wrote to Federal Member for Grey, Rowan Ramsey, in November 2015, to clarify his role and actions to support the region in light of the power station closure announcement.

On 19 August 2015 - three months after Alinta's announced closure - the South Australian Government announced a \$1 million USG and Outback Job Creation and Support Packageⁱⁱ comprising: \$258,000 for regional jobs creation Pt Augusta, \$258,000 to support Leigh Creek, \$258,000 to support Alinta supply chain workers and a further \$258,000 for regional jobs creation in neighbouring Whyalla, which was, by this time, suffering from the mining downturn.

A further \$225,000 was allocated by the South Australian Government towards skills recognition for Alinta supply chain workers and \$240,000 to deliver career and job services to Pt Augusta and the Far North.

In December 2015, the Federal Minister for Human Services announced support for retrenched Alinta workers through the 'Job Active' programme. This provided access to intensive employment services to help workers write a résumé, look for work in a designated 'Employment Region' (Adelaide or Port Augusta) and prepare for interviews. This programme was extended in May 2016ⁱⁱⁱ.

Unfortunately, this Federal support appeared to duplicate the services funded early by the State, with both Government programs on top of Alinta itself also providing affected employees with full entitlements plus three months redundancy and support services to assist their transition to alternative work.

In terms of broader economic transition support, the SA Regional Development Minister announced a \$2 million Upper Spencer Gulf and Outback Futures Program in November 2015.

Over a year later (on 9 February 2017), and largely in response to the neighbouring Whyalla steelworks going into administration rather than closure of the Port Augusta power station, the Australian Government announced a \$20 million Regional Jobs and Investment Package for the Upper Spencer Gulf (Port Pirie, Port Augusta, Whyalla) to provide competitive grants for local infrastructure, business innovation and skills and training.

Successful grants for the RJIP program were announced in April 2018, two years after the power station closed.

Whilst the allocation of both State (\$3m) and Federal (\$20m) economic transition funding was welcome, it appeared largely driven by the increasing woes of neighbouring Whyalla, rather than the situation in Port Augusta. Because of this, support seemed somewhat reactionary, ad-hoc, uncoordinated and ill-targeted. From the perspective of the Port Augusta community, it seemed like they were an afterthought.

In July 2017 the Port Augusta City Council wrote to Prime Minister Turnbull seeking clarification regarding, amongst a range of issues, the perceived inequity of financial and other supports to address impact of power station closure on the Upper Spencer Gulf (refer attachment 3).

Whilst extremely welcome, it should be noted that after five years of campaigning by the community, eventual 2017 Federal commitment to a \$110 million equity loan to secure solar thermal power generation in Port Augusta was the result of Independent Senator for South Australia Nick Xenophon's negotiation with the Prime Minister, rather than a pro-active approach by the Government themselves.

In contrast, \$100 million was provided by Federal Governments to support the transition of Northern Adelaide^{iv}, some five years ahead of the expected 1600 job losses (0.8% of the population) from Holden's closure in 2017.

The South Australian Government contributed \$60 million^v from 2013 and a further \$24 million in 2016^{vi} for new initiatives in northern Adelaide to drive economic and social transformation in the region as the result of the closure.

This is on top of the \$1.5 billion Automotive Transformation scheme and another \$50 million from 2014 to support diversification away from traditional automotive manufacturing.

Outside of structural adjustment for the automotive industry, a seven-year, \$291 million third-party funding guarantee for the Port Pirie Nyrstar smelter transformation was underwritten by the SA Government with the risk management supported by the Commonwealth's Export Finance and Insurance Corporation.

A \$49.2 million loan commitment was made by the Australian Government (promised in the lead up to the 2016 Federal election), with a further \$50 million towards the steelworks transition by the SA Government.

3. Support for Coal Power Station Communities - Lack of Consistency and Equity

The level of cynicism felt by the Port Augusta community has been heightened by the apparent inequity when considering the level of support received by other communities facing closure of local coal-fired power stations.

For example, the pending closure of the Hazelwood coal-fired power station triggered an immediate response by the Australian Government, including a \$43 million support package announced by the Federal Environment and Energy Minister, Josh Frydenberg, and matched by the Victorian Government for the Latrobe Valley; a coordinated Federal/State Government Taskforce to lead the economic transition; and a Ministerial Committee to oversee the Federal Government's response, chaired by no less than the Prime Minister.

In stark contrast, a meeting of Port Augusta Council representatives on 1 December 2016 with the Office of Federal Energy and Environment Minister, Hon Josh Frydenberg and a meeting with the Minister himself on 14 August 2017 seeking support for Port Augusta, both resulted in advice there would be no Federal assistance as this was 'a state issue'.

The Port Augusta community received similar advice through the media in October 2016 from the Federal Resources Minister, Senator Matt Canavan, who said '...he was aware of companies who were looking at whether the [Port Augusta] plant could reopen and that it would be 'a gross act of irresponsibility if the South Australian government did not explore the opportunity to reopen a power station.....'^{vii}.

More recently, reports that the Federal Energy Minister and Prime Minister have encouraged Alinta Energy to purchase AGL's ageing Liddell coal-fired power station in NSW have been met by the Port Augusta community with a mix of incredulation, anger and disbelief. On 8 April 2018, the media reported^{viii} that the Federal Energy Minister, Josh Frydenberg had personally lobbied board members of AGL Energy in an effort to force a sale. The Prime Minister, Malcolm Turnbull, is reported as having contacted the chairman of AGL the week prior.

The very same company – Alinta Energy - that Council understands has yet to fulfil their responsibilities for rehabilitation in Port Augusta - is now being openly supported to purchase another ageing coal-fired power station, by the very same Government that refused to support Port Augusta under the very same circumstance.

4. Port Augusta Power Station Site Remediation – A case study of what not to do

Port Augusta is one of the early communities in Australia to experience closure and remediation of a coal-fired power station.

In many ways, and as highlighted earlier, the resulting loss of jobs, income and disruption to the local economy was similar to the loss of any major employer and industry from a regional community.

Rehabilitation of the power station site however, was, and still is, a significant test-case that will set a precedent – for better or for worse - for other Australian communities as more coal-fired power stations are decommissioned^{ix}.

Experience to date clearly highlights the failure of central governments, compliance agencies and regulators to protect and support local communities and the environment and to ensure corporations are compelled to honour their legal and moral obligations.

The majority of Australia's still-operating coal-fired power stations are estimated to be close to or past their useful life^x. Early, pro-active transition planning is required to ensure that workers and communities are not left in the same predicament as Port Augusta when companies announce, on short notice, that they will close a power station or mine.

5. Ash Dam Rehabilitation

It is not only the Port Augusta economy that suffered from a lack of transition planning.

Closure of mines and power stations also leave a large environmental footprint and the issue of site rehabilitation must be taken into consideration well ahead of time^{xi}.

The key site requiring reclamation in Port Augusta is a large (270 ha) coal ash dam.

Coal ash is a specific type of tailings produced as a by-product of the combustion of coal in power stations. Ash from coal power stations is typically disposed of in tailings dams (ash dams) in the form of wet slurries or as dry ash.

It has been well reported that people who live within 50km of a coal-fired power station face a risk of premature death^{xii}.

What is less well-known, at least outside of Port Augusta, is that coal power stations can continue to cause health impacts even after they have ceased operations.

Issues with dust control around ash dams are not uncommon, with many instances noted in other states and globally^{xiii}.

In the case of Port Augusta, continual wind-erosion of the ash dam, along with residual coal, has generated many dust events which have impacted the community, both before and after the closure of the power station.

During 60 years of operation, the Port Augusta power station has been subject to numerous dust control methods. This included use of sprinkler systems, paper mulch, controlled use and drift-net fencing. However, the predominant form of control for many years has been a seawater flooding technique. This comprised regular application of a slurry of ash and water to provide moisture on the surface of the storage area, allowing a salt crust to form on the ash surface and preventing dust being emitted in windy conditions.

Following the closure in May 2016, the active slurring operation ceased and the ash storage area dried out.

On the frequent windy days, for which Port Augusta is known, large plumes of dry ash were emitted from the site. When the prevailing wind blows from the south, ash plumes were blown over the residential areas of the township.

The first of these dust events was reported by the Council to the SA Environment Protection Authority in July 2016.

Initial attempts by the company at using seawater alone to control the dust were not successful as without the ash slurry, seawater alone failed to spread over the area adequately.

It should be noted that despite the known lifespan of the power station and its substantial environmental legacy issues, Flinders Power's closure plan was not actually approved by the South Australian EPA until October 2016, five months after it shut. Post-closure and dust management plans were not approved until November 2016.

Once approvals were granted, Flinders Power then used aerial application of chemical dust suppressants which had a guarantee to retain a surface seal for 12 months. As part of this control method, the company assured the community it was closely monitoring forecasts for high winds or severe events and would act upon these forecasts to minimise negative impacts to human health and the environment.

In late December 2016, severe storms dumped 60 mm of rain on the ash dam and compromised the chemical dust suppressant seal. Rapid desiccation of the ash dam followed the storms and led to a major dust event in Port Augusta in early January 2017.

Despite these weather events being forecast well in advance, Flinders Power appeared unprepared, with no dust suppressant or means for aerial re-application on standby and no warning to the community to prepare for potentially hazardous conditions.

The pollution events had a significant flow-on effect across the community. Health services were stretched to the limit and local pharmacies ran out of asthma medication. There is no doubt lives were put at risk.

As a result of this significant pollution event, the EPA issued Flinders Power with an Environment Protection Order and chemical dust suppressant was reapplied.

In March 2017, nearly one year after the closure, the Ash Dam rehabilitation plan was approved by the EPA. Top soil coverage of ash storage area commencing shortly thereafter and native vegetation seeding mid-year.

Unfortunately, high winds in December 2017 resulted in more dust events. Soil spreading over the site was undertaken again in February 2018, with re-seeding scheduled for the forthcoming planting season.

At the time of this submission – some two years following the power station closure - a long-term solution has yet to be found or implemented.

The resounding view of the Port Augusta community, as evidenced as recently as 12 April 2018 at the Flinders Power Community Reference Group meeting, is that remediation efforts have so far failed.

It is acknowledged that the Port Augusta ash dam presents a very challenging site for rehabilitation. The existing plan of spreading a very thin amount of soil on a hostile surface and hoping that plants will thrive and thereby prevent further erosion and dust incidents, appears tenuous. Furthermore, the extent of contamination of the soil, surface and groundwater at the site is not yet known.

We fully concur with the view^{xiv} that if further actions are not taken to improve the rehabilitation plan and ensure that it is fully funded, there is a high risk of negative impacts to human health and/or the environment in the future.

Dust Events



photo J. Banks



Photo: ABC



Photo: Energy Matters



Photo: The Advertiser

6. **Air Pollution from Site Deconstruction**

In addition to dust from the ash dam, dust from residual coal is also emitting from the site, particularly coinciding with the deconstruction of power station infrastructure. For example, in November 2016 coal dust emissions occurred as the result of a felled conveyor, with similar events occurring during felling of the power station stacks.



7. **Rehabilitation of Power Station Discharge Lake (Bird Lake)**

A further complication in closure of the power station site is the rehabilitation of 'Bird Lake', a natural, low lying coastal salt lake utilised for discharge of water from the power station over much of its sixty-year operation.

The site is located on Council-owned land, with an historical agreement for its use by the former state-owned ETSA in 1972 and an easement with Flinders Power in 2000.

Based on previous history, there was widespread concern in the Port Augusta community ahead of the closure that when the power station ceased discharge water pumping and the lake dried out, it would result in offensive odours and breeding of insects.

The highly visible location of the lakes directly adjacent to the Augusta Highway and in close proximity to residents represents a significant reputational risk to the town and its amenity.

The day following the power station closure announcement, Council representatives met with both the local Federal and State Members of Parliament to highlight these concerns.

The issue was raised formally by the Council with the company during the Port Augusta Alinta Advisory Committee meeting held 28 October 2015^{xv}. When queried by the Council regarding timing of removing the water pumping infrastructure for Bird Lake, noting previous advice it would cease operation 31

March 2016, Alinta stated it anticipated that pumping and water flow would continue for the next two to three years.

With the closure date looming, Port Augusta Council again formally advised both Alinta and the South Australian Government in April 2016 of concerns that *'...cessation of water flow into Augusta Lakes will have a detrimental effect upon the environment and amenity of the area and seeks a guarantee that water flow will continue pending a resolution...'*

Following closure of the power station in May 2016, pumping ceased and the lake, as predicted, dried out, resulting in a substantial odour that impacted on residents and tourists alike.

The Port Augusta Council, with part funding from the South Australian Department of Premier and Cabinet, commissioned engineering firm, Tonkin Consulting, to report into how best to address Bird Lake rehabilitation.

The report was finalised in April 2017 and found that the odour was caused by the drying algal mats fringing the Bird Lake system. It recommended the most appropriate management solution was to apply clean fill on top of the relevant lake sections and revegetate the fill material for dust management and visual amenity. The Tonkin Consulting report estimated the cost of the recommended solution would be \$3.2 million^{xvi}.

On receipt of the report, the Council wrote to both the Federal Minister for Environment and Energy and the South Australian Minister for Sustainability, Environment and Conservation seeking their support and commitment to the urgent remediation of the lake.

A further report was commissioned by the Council in July 2017 to investigate stormwater discharges from adjoining businesses and road infrastructure into the Lakes, to ascertain this impact relative to discharge from the power station^{xvii}.

In December 2017, the EPA served notice advising that the Port Augusta Council (as the landowner), not Flinders Power (as the polluter), was responsible under the *Environment Protection Act 1993* for the prevention of environmental nuisance or harm in the form of unpleasant odours from Bird Lake.

This claim by the Environment Protection Authority remains the subject of ongoing legal dispute by the Port Augusta Council.

8. Closure of Port Augusta Power Station – Economic Impact

Port Augusta has faced the loss of some 300 jobs through the Alinta closures, but this is on top of another 1,500 lost from the Far North and Upper Spencer Gulf in recent years^{xviii} - an overall loss of around 4% of the region's population.

Acil Allen modelling of Alinta's socio-economic contribution to Port Augusta and Leigh Creek in early 2015 showed that Alinta's Flinders Operations accounted for 14%-16% of the Port Augusta economy and 97%-99% of the Leigh Creek economy (summing the direct, production and consumption effects). The Flinders Operations also had important social contributions. The modelling clearly confirms the significance of the jobs and other activity at the power stations and coal mine to the region, and to Port Augusta. The 300 jobs equating to around \$160m value of additional utilities activity.

Like its neighbouring Spencer Gulf Cities, Port Augusta has always been plagued by negative external perception that has hampered its ability to take full advantage of other economic opportunities such as tourism. There is no doubt that sixty years of coal dust and ash legacy has played a significant part in overshadowing the positive experiences and opportunities.

Securing the first solar thermal power station in Australia and now moving rapidly towards becoming a nationally significant renewable energy hub should provide the impetus for challenging long-held inimical perceptions.

Instead, in the opinion of the Council the failure of Alinta/Flinders Power to quickly, thoroughly and successfully remediate the power station site; and the failure of Government to enforce this, means the Port Augusta community is still suffering from negative headlines that do nothing but perpetuate long-held beliefs.

9. Flow-on Financial and Service Impact

In addition to the economic, environmental, health and image impacts, the flow-on financial and service capacity impacts from the power station closure have also been significant.

The closure of the Alinta Power Station and the cessation of the Indenture Agreement resulted in an immediate and ongoing loss of \$430k rates (2.8% of rates) to the Port Augusta Council in the 2016/17 financial year.

The loss of rate revenue from the power station was a significant blow to the financial capacity of the Council, which was already strained from increased rate defaults and non-payments, depressed housing market and reduction in valuations that reflected the job losses, low morale, decline in retail spending and shut-down of many small businesses and contractors, following the exit of one of the city's major industries.

As a result, and without any transitional financial support from other levels of Government, the Council had no option but to reduce expenditure or withdraw from a number of community services. The Council ceased operating aged care, reduced library and swimming pool opening hours and reduced operating costs across all services by \$2 million.

Furthermore, the Council has been unable to apply for many Government grants due to the inability to raise the required 'matching' funding. This meant key initiatives to improve the image and morale of Port Augusta had to be passed by, at a time when it was desperately needed. Grant applications for projects such as CBD rejuvenation, town entry statements, tourist information and signage and strategic road upgrades were simply not able to raise the required matching funds.

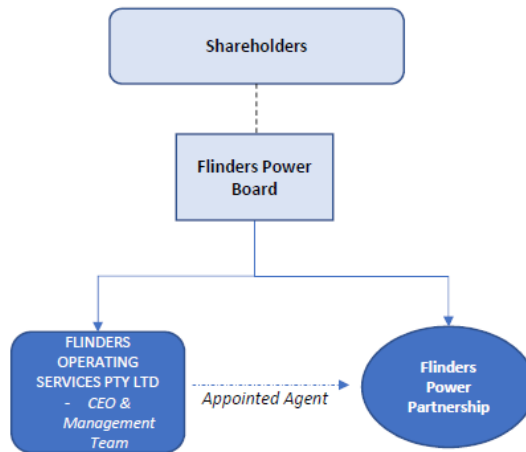
The reduction in services, service levels and infrastructure has had a direct impact on the community and has severely hampered ability to leverage its amenity, lifestyle and services for future economic investment.

10. Complex Corporate Structures

In trying to understand the corporate and legal structures associated with the entity responsible for remediation of the Port Augusta power station site, including the Ash Dam and Bird Lake, the Port Augusta Council formally wrote to Flinders Power on 5 December 2017.

Their response provided that the Flinders Power Partnership ('Flinders Power') leased the power station assets from the South Australian Government at the time of privatisation. Flinders Operating Services is the appointed agent for Flinders Power. Both are governed by the Flinders Power Board.

Flinders Power Governance



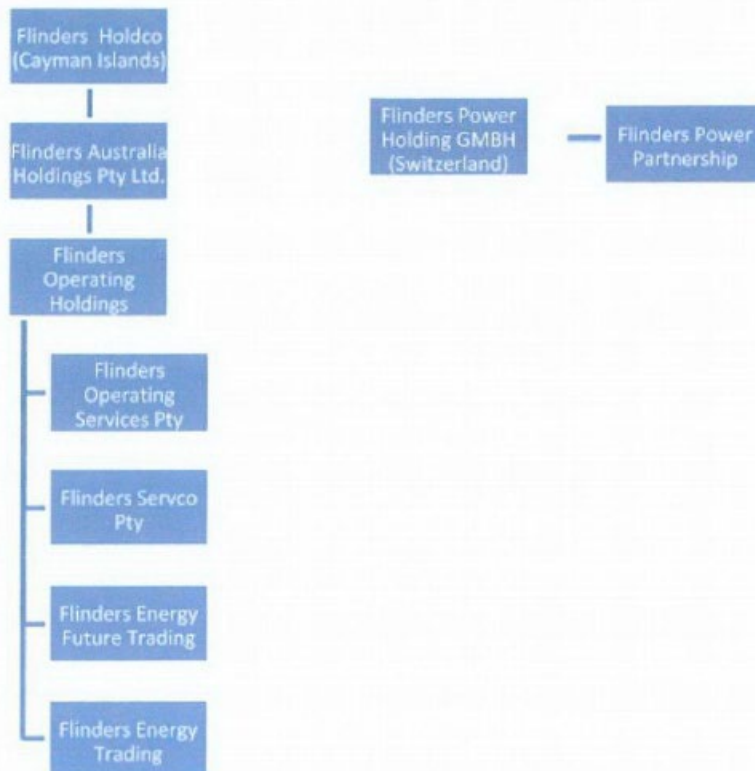
Notes:

1. Flinders Power Partnership leased the APS assets from the State Government at the time of privatisation in September 2000.
2. Flinders Operating Services is the appointed Agent for the Flinders Power Partnership.
3. Flinders Power Partnership is the owner of Registered Business Name "Flinders Power"
4. Correspondence should be forwarded to: *Company Secretary, Flinders Power, GPO Box 2535, Adelaide SA, 5001*

On further investigation however, it appears that this response did not identify a number of subsidiary and ancillary entities associated with Flinders Power, summarised as follows:

FLINDERS POWER

Corporate Structure:



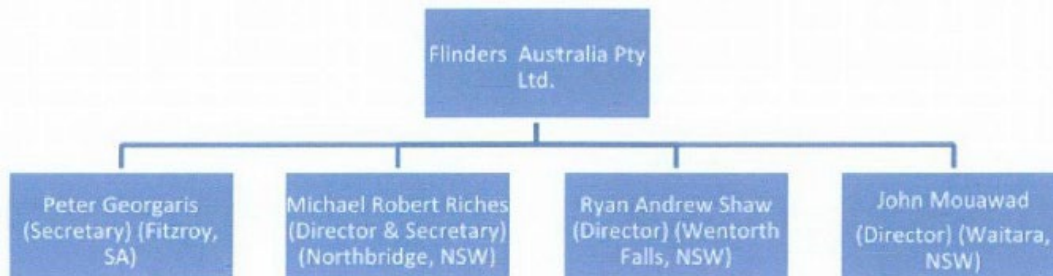
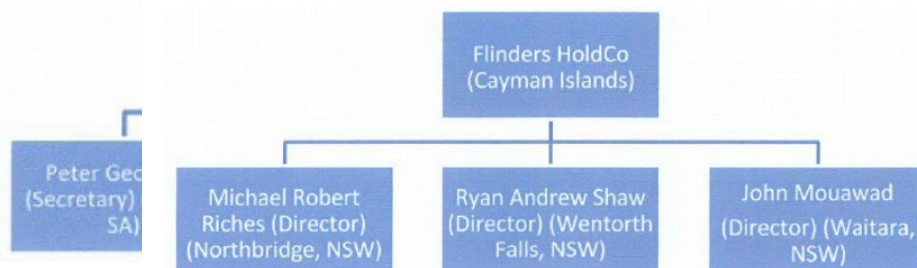
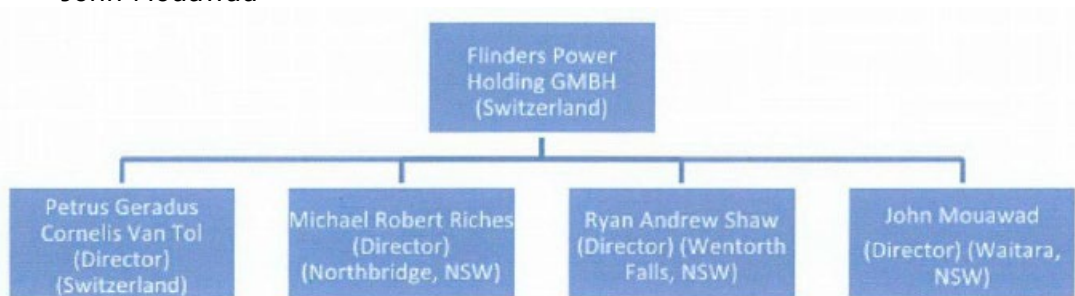
For example, in July 2016, Alinta Energy transferred all the assets and liabilities associated with the mine and Augusta Power Stations to Flinders Holdco, a company incorporated in the Cayman Islands in 2015 (formerly known as Alinta Energy Flinders Holdings)^{xix}.

Whilst, as reported, responsibility for decommissioning and rehabilitating the power station sites, including the ash dam, lies with the Flinders Power Partnership (Flinders Power), this appears to be a partnership of three subsidiaries of Flinders Holdco.

Flinders Power Holding GmbH is incorporated in Switzerland, has a 50 percent stake in the partnership and is ultimately liable for all obligations of that partnership. Flinders Labuan No. 1 and Flinders Labuan No. 2 are incorporated in Malaysia and each have a 25 percent stake in the partnership.

It is unclear how the rest of the corporate structure relates to this partnership, however the boards of all these companies appears to comprise the same three directors:

- Michael Robert Riches
- Ryan Andrew Shaw
- John Mouawad



It is the Council's recommendation that governments should use available legal measures to ensure the private sector corporate entities are prevented from creatively utilising existing lawful means to establish involved and complex corporate structures, including outside the Australian jurisdiction, for purposes that may be considered to have at the least the potential to avoid real or potential liabilities consequent upon the cessation of business operations – as reinforced by the Moody's resorted statement in clause 11.

11. Long Term Monitoring and Compliance

Throughout the ongoing dust events, the Port Augusta community repeatedly expressed concerns about the lack of communication from authorities and limited access to data about air quality. It is understood the company's air monitors were only operating one in every six days and some of them not working at all when the dust was at its worst.

Although the EPA ensured that Flinders Power improved the monitoring network, unfortunately, additional air quality monitoring was only installed after the application of the dust suppressant. This means adequate historical and baseline data cannot be used to demonstrate the extent of pollution events and the effectiveness of control methods spanning the long and drawn out closure and remediation process.

It is understood a Post-Completion Monitoring and Maintenance Plan has been developed that outlines the monitoring required for the next ten years.

It is reported^{xx} that as part of the reorganization, Alinta Power Cat Pty Ltd transferred AUD 135.7 million to the Flinders Group, to allow Flinders Power to "fulfil obligations in relation to the closure [of the mine and Augusta Power Stations], on a solvent, stand-alone basis."

At the time, the restructuring was viewed by the ratings agency Moody's as "*positive based on our understanding that it will insulate [Alinta Energy] from unforeseen liabilities associated with the closure.*"

While this may have been a positive step for Alinta Energy's shareholders, it can hardly be seen as such from the perspective of Port Augusta's residents.

According to the 2017 Financial Statements of Flinders Power Holding GmbH, the Partnership will be dissolved and the companies liquidated "as soon as the reorganization measures related to the cease of activities and closure of the operations of the Leigh Creek coal mine township and rail line and the Augusta Power Stations have been completed."

This leaves the Port Augusta community with little confidence that any future contamination and ongoing site monitoring will be undertaken.

Furthermore, it is understood there is no bond or financial assurance mechanism under the *Environment Protection Act 1993* to cover the Port Augusta ash dam rehabilitation should Flinders Power renege on its responsibilities.

The issue of financial liability for rehabilitation and bonds is one of concern across Australia.

Under mining legislation, rehabilitation bonds are a requirement in every state to ensure that the government can cover the costs of rehabilitation if the operator does not fulfil its obligations. In the case of power stations, typically no bond exists at all.

While other financial assurances can be imposed through a State's environmental protection laws, this does not appear to be a practice adopted in South Australia, New South Wales, Victoria or Queensland.

Based on the complex governance structures and the apparent lack of Government assurances, it is somewhat unclear who will conduct and pay for ongoing monitoring and any future rehabilitation works that may be required.

Unless this matter is resolved quickly and thoroughly, it is highly likely the Port Augusta community will continue to face health, economic and environmental issues well into the future.

The Port Augusta power station provided economic benefit to the state and the nation throughout its six decades of operation.

It is a sad indictment indeed that Governments and corporations can so easily turn their backs and leave one community to bear the legacy and impact, potentially for generations yet to come.

Again, thank you for the opportunity to provide a submission. Both the Mayor and myself would be very willing to present to the Committee and look forward to confirmation of hearing dates. In the meantime, please don't hesitate to contact me should you require further information or clarification on any issues raised.

Yours sincerely

JOHN BANKS
CHIEF EXECUTIVE OFFICER

4 April 2018

Mr Sam Johnson
Mayor
Port Augusta City Council
PO Box 1704
Port Augusta SA 5700

By email: admin@portaugusta.sa.gov.au

Dear Mr Johnson

Inquiry into the rehabilitation of mining and resources projects and power station ash dams as it relates to Commonwealth responsibilities

I draw your attention to the above parliamentary inquiry and invite you to make a written submission.

On 8 February 2017, the Senate referred the inquiry to the Environment and Communications References Committee for inquiry and report by August 2017. The Senate subsequently granted the committee extensions of time to report, with the committee now due to report on **22 August 2018**.

On 27 March 2018, the Senate agreed to amend the terms of reference for this inquiry to incorporate issues relating to the rehabilitation of power station ash dams, and related matters. The committee's full terms of reference are set out below.

The committee has resolved to call for submissions addressing the updated terms of reference and has set **18 April 2018** as the closing date for new submissions. The Committee invites you to provide a written submission addressing the terms of reference.

The Committee prefers to receive submissions online as an attached document through the Committee's website via www.aph.gov.au/Parliamentary_Business/Committees/OnlineSubmission. Alternatively, submissions may be emailed as an attached document to ec.sen@aph.gov.au or mailed to the address below.

Submissions become Committee documents and are made public only after a decision by the Committee. Publication of submissions includes publication on the Committee's website and making them available to other interested parties, including the media. Please indicate if you wish the Committee to consider keeping your submission, or part thereof, confidential.

Any person or organisation making a submission must not release it without the approval of the Committee. Submissions are covered by parliamentary privilege; however, the unauthorised release of a submission is not protected.

Information relating to Senate committee inquiries, including notes to assist in the preparation of submissions for a committee, can be located on the internet at http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Making_a_submission.

The Committee will consider all submissions, and may invite individuals and organisations to give evidence at a public hearing. Should you require further information, please contact the Committee Secretariat on (02) 6277 3585.

Yours sincerely

Bonnie Allan
Committee Secretary

TERMS OF REFERENCE

The rehabilitation of mining and resources projects and power station ash dams as it relates to Commonwealth responsibilities, for example under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), with regard to:

- (a) the cost of outstanding rehabilitation obligations of currently operating projects;
- (b) the adequacy of existing regulatory, policy and institutional arrangements to ensure adequate and timely rehabilitation;
- (c) the adequacy and transparency of financial mechanisms, including assurances, bonds and funds, to ensure that mining and resources projects and power station ash dams are rehabilitated without placing a burden on public finances;
- (d) the effectiveness of current Australian rehabilitation practices in safeguarding human health and repairing and avoiding environmental damage;
- (e) the effectiveness of existing abandoned mines programs, with regard to repairing environmental damage and safeguarding human health;
- (ea) the effectiveness of existing and past power station ash dams with regard to repairing environmental damage and safeguarding human health;
- (f) whether any mining, resources or electricity generation companies have engaged in conduct designed to avoid fulfilling their rehabilitation obligations;
- (g) the potential social, economic and environmental impacts, including on matters of national environmental significance under the EPBC Act, of inadequate rehabilitation;
- (h) the potential social, economic and environmental benefits of adequate rehabilitation, including job opportunities in communities affected by job losses in the mining, resources and electricity generation sectors;
- (i) international examples of effective rehabilitation policy and practice;
- (j) proposals for reform of rehabilitation of mining and resources projects and power station ash dams; and
- (k) any other related matters.



**TIMELINE OF PORT AUGUSTA CITY COUNCIL'S (PACC) KEY STRATEGIES AND ACTIONS:
REMEDICATION OF AUGUSTA LAKES ODOUR AND POWER STATION ASH DAM FLY ASH DISPERSAL**

Date	Strategy/Action
CURRENT since announcement of closure of power station	On-going discussions with the South Australian government (Department of State Development and Environmental Protection Authority) and Flinders Power regarding commitment to, and proposed timetable for, the remediation of Augusta Lakes.
July 2017	PACC commissions Tonkin Consulting to report on stormwater discharges into Augusta Lakes from Tonkin Consulting (see attached #1).
July 2017	PACC writes to Prime Minister Turnbull seeking clarification regarding, amongst a range of issues, the perceived inequity of financial and other supports to address impact of power station closure on the Upper Spencer Gulf.
July 2017	PACC writes to Premier Weatherall seeking clarification regarding, amongst a range of issues, the perceived inequity of financial and other supports to address impact of power station closure on the Upper Spencer Gulf.
June 2017	CEO-level participation in the Flinders Power Augusta Power Stations Community Reference Group (see attached draft Terms of Reference and minutes of previous meeting held on 29 June 2017 #2).
May 2017	PACC writes to Ian Hunter, South Australian Minister for Sustainability, Environment and Conservation (cc'd Department of State Development) to request feedback on Augusta Lakes Management Options Report and for the South Australian government to undertake urgent remediation.
May 2017	<p>In the May 2017 Council meeting, PACC resolves to:</p> <ul style="list-style-type: none"> • Write to the South Australian Government requesting a response to the Bird Lake Management Options – Assessment Report prepared by Tonkin Consulting; • Seek the assistance of the Environmental Protection Authority and the South Australian Government in the implementation of the Augusta Lakes (Bird Lake) Stakeholder Engagement Plan; • Write to the South Australian and Australian Governments requesting the urgent remediation of the Augusta Lakes (Bird Lake) following the closure of the Port Augusta Power Stations; • Seek the assistance of the South Australian Government and Alinta to ascertain the lowest cost solution.
May 2017	PACC writes to the Federal Minister for Environment and Energy regarding the Federal government's commitment to the urgent remediation of Augusta Lakes.
May 2017	PACC writes to the South Australian Minister for Sustainability, Environment and Conservation regarding the Federal government's commitment to the urgent remediation of Augusta Lakes.
April 2017	<ul style="list-style-type: none"> • PACC receives Bird Lake Management Option Assessment Report (Tonkin Consulting). Report sent to State Government (see attached #3); • PACC CEO holds discussions regarding Council's community engagement plan (see attached #4).
January 2017	Significant fly ash event over Port Augusta.
December 2016	PACC attempts to meet with Federal Environment Minister Frydenberg regarding fly ash over Port Augusta. Advised this is a state issue.
Late August 2016	PACC CEO meets with senior Environmental Protection Authority staff to discuss solutions to ash dam dust impacts triggering Environmental Protection Authority assessment, community information session and temporary mitigation strategy.
August 2016	PACC advises Environmental Protection Authority of fly ash event over Port Augusta.
August 2016	PACC commissions an assessment of future management options of Augusta Lakes.
July 2016	PACC advises Environmental Protection Authority of fly ash event over Port Augusta.

May 2016	<p>PACC engages with the Environmental Protection Authority which in turn advises:</p> <ul style="list-style-type: none"> • Environmental Protection Authority does not support Alinta's proposal to transfer a portion of the Fly Ash dam to Council; • As a result of the above, Alinta will be required to rehabilitate the entire Fly Ash dam (Estimated cost 10M); • Environmental Protection Authority will assist Council both in-kind & financially with the procurement of a report in respect to the status and options for the Augusta Lake; • A brief for a report in respect to the Augusta Lakes is to be supplied to the CEO Port Augusta City Council ASAP; • Environmental Protection Authority will also provide in-kind & financial support for a Community Engagement process in respect to the Augusta Lakes.
May 2016	<p>In a Council Meeting PACC resolves to: Conduct a community information sharing and consultation process regarding the future of the Port Augusta Lakes and that this commences as soon as possible.</p>
May 2016	Closure of power station.
April 2016	Final coal train from Leigh Creek to Port Augusta.
April 2016 - <u>ONGOING</u>	<p>PACC:</p> <ul style="list-style-type: none"> • Writes to Department of State Development advising South Australian government of PACC's April 2016 resolutions; • Leads negotiations regarding costs to commission Augusta Lakes management report.
April 2016	<p>In a Special Council Meeting PACC resolves to:</p> <ul style="list-style-type: none"> • Advise Alinta Energy and the South Australian government that cessation of water flow into Augusta Lakes will have a detrimental effect upon the environment and amenity of the area and seeks a guarantee that water flow will continue pending a resolution; • Engage an appropriate qualified Environmental Engineering Consultancy to report upon the management options for the land commonly known as Port Augusta Lakes; • Request a financial contribution from the South Australian government and Alinta Energy towards to provision of expert advice in respect to the future management of Augusta Lakes; • Advise Alinta Energy that it will respond to the Proposed Seawater Pumping Concept dated 4 April 2016 following the receipt and consideration of further advice.
November 2015	PACC writes to Federal Member for Grey to clarify his role and actions to support the Upper Spencer Gulf region in view of power station closure announcement.
October 2015	Port Augusta Alinta Advisory Committee meeting held on 28 October 2015.
August 2015	PACC establishes the Port Augusta Alinta Advisory Committee (see attached Terms of Reference #5) to put issues to government, Alinta Energy and other key stakeholders regarding the closure of the Port Augusta power station.
June 2015	Announcement of closure of Port Augusta power station.

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File Name: F15/488
Record No: AR17/27881

18 July 2017

Hon Malcolm Turnbull MP
Prime Minister
PO Box 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

INEQUITIES IN FINANCIAL SUPPORT FROM CLOSURE OF AUGUSTA & HAZELWOOD POWER STATIONS

As you may be aware the Port Augusta City Council has raised its concerns in relation to the inequities in financial support provided by the State and Federal Governments as a result of the closure of the Augusta and Hazelwood Power Stations. In this regard, Council has resolved as follows:

1. Writes to the State and Federal Governments expressing its total disappointment in relation to the inequities not only from the support provided to the northern suburbs of Adelaide, but now also the closure of Hazelwood to what has been provided to the Upper Spencer Gulf (USG). Such disappointment and discontent is experienced by not just the Port Augusta community in common with the entire Upper Spencer Gulf and outback communities.
2. Seeks a detailed explanation from the Federal and State Governments asking for their rationale, backed by detailed facts, as to how the comparisons between Hazelwood and the Northern Suburbs are fair compared to Port Augusta and the Upper Spencer Gulf.
3. Seeks details of the \$3m committed by the State Government, as to how funds have been disbursed and measurable outcomes delivered to the region.
4. Seeks details from the Federal Government for their \$1m Job Accelerator Fund and the outcomes this has achieved including how the funds were disbursed.
5. Seeks a written response from the Federal Government in relation to the announced \$20m investment fund as announced during the election campaign, with specific reference as to how it will accommodate the exceptional economic circumstances of the region and its current inability to contribute funding to the grant program.

Port Augusta City Council considers that the commitment by the Federal Government to our community was far less than that contributed to the Hazelwood community and it would be appreciated if advice could be provided in response to Items 1, 2, 4 and 5 above.

Yours faithfully

MRS LEE HERON
ACTING CHIEF EXECUTIVE OFFICER



PRIME MINISTER

Reference: MC17-062323

4 SEP 2017

Mrs Lee Heron
Acting Chief Executive Officer
Port Augusta City Council
PO Box 1704
PORT AUGUSTA SA 5700

Dear Mrs Heron

Thank you for your letter dated 18 July 2017 regarding the closure of the Port Augusta Power Station. My Government understands the impact the closure has had, and continues to have, on the community. It is facing a major disruption and transition.

We committed \$1.3 million to provide all eligible workers, and their partners in Leigh Creek, with access to intensive employment support with *jobactive*. This assistance is identical to that provided to retrenched Hazelwood workers. An employment facilitator was also appointed to the Whyalla and Port Augusta region until August 2018 to work with retrenched workers to connect them with training and job opportunities and other Government services.

The Government has committed \$220 million to the Regional Jobs and Investment Packages to help regions diversify their economies, stimulate long-term economic growth and deliver sustainable employment. The Upper Spencer Gulf is one of ten regions that will receive funding under this program. Each package will be locally led to enable each region to determine local priorities and growth industries to drive economic growth in their region and create jobs. I would encourage you to review the program guidelines which provide information on co-funding, including the exceptional circumstances co-funding exemption.

Finally, we remain committed to seeing a solar thermal project delivered in Port Augusta. As announced in the Budget we will make up to \$110 million available for an equity investment, if required.

Yours sincerely

MALCOLM TURNBULL

Parliament House CANBERRA ACT 2600
Telephone (02) 6277 7700
www.pm.gov.au

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- ^{xii} Ibid.
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- ^{xv} Alinta Advisory Committee; Minutes of confidential Port Augusta Alinta Advisory Committee meeting held on Tuesday 28 October 2015
- ^{xvi} Tonkin Consulting; 2017; Bird Lake Management Options Assessment Report
- ^{xvii} Tonkin Consulting; 2017; Bird Lake Management Options Stormwater Investigation
- ^{xviii} Regional Development Australia Far North; Strategic Plan 2015
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