

WAIKATO COAL: OUT OF THE SWAMP?

Speech notes of an address given by Keith Johnston, Coalition for Open Government at the ECO Conference, 4 August 1984.

Breakpoint:

- We are at a breakpoint: A new government can recognise that there are problems with the Waikato coal development and set out to solve them. That was not the case with the previous Government. Because they were problems of their making they were not prepared to acknowledge them.

△ Government plan a fourfold expansion in Waikato state coal production over ten years. This expansion puts tremendous pressure on many groups in the Waikato, the environment, and State Coal officials.

- At issue is the scale and speed of the expansion - and how much say the affected groups will have in the how, when and if decisions about mining

- COG's basic point is that only by reducing the scale and the speed of the expansion, which are national energy policy decisions, can the people in the region regain any control over decisions.

- So far, the attitudes of the new Government have been encouraging.

Structure:

Describe the Waikato coal development.

Problems

What to do.

Current Situation:

- Situation we are in is the result of some back-to-front planning meeting a difficult geology.

- Back-to-front-planning - massive commitments made to supply coal and then we tried to work out how to mine the coal.

- Difficult geology - found mining was going to be more difficult than expected

How did we get into this?

- Commitment made to supply the coal in two steps.

- Late 1970's decided to use less gas and thus more coal for electricity generation - gas for oil, coal for gas. Additional coal required over ten years 1.6m.t.

- End of 1981 decision to expand NZ Steel. 800,000t. of coal required.

- Electricity is the biggest new demand.

- But, NZ Steel is the earliest new demand. Big increase in demand early on - like having ten cousins arrive unexpectedly at 5.30. You can throw extra spuds in the pot but you may not have enough spuds.

- All the mining proposals have a major impact. When faced with a problem at one mine it is not just a matter of mining somewhere else. Some mine proposals may be more acceptable than others but we must take a regional view.

Our Concerns:

- Rush to meet this demand means hasty development of new mines.
- No time to consider the interests of many groups that are involved - Maori, miners, farmers, and environment.
- If there is a particular aspect that they are not happy about there is little opportunity to change plans.
- Other concern is that, in the rush, rising costs will be passed on to the taxpayer rather than the coal users, in particular NZ Steel.
- Already well behind on a tight timetable. In Nov. 1982 the timetable said that Ohinewai pre-stripping would begin at the start of 1984.

Look Back at NZ Steel Commitment:

- The most difficult and inflexible commitment - that to NZ Steel was made for electoral reasons just before the 1981 election. When it was made there was already information that coal supply for NZ Steel would be much more difficult than expected, but the officials dealing with the NZ Steel proposal may not have been aware.
- These difficulties became public in the following year but in spite of this the Government signed a binding 50 year commitment to supply coal to the steel mill.
- We may have to live with the steel mill, it is largely built, but that is no argument for forcing coal mine developments on people who have had no say in the matter.
- Local people have the right to effective consultation - means more than just being told.

What to do Now?

1. Reduce demand for Waikato coal
2. Make the coal user pay
3. Take a regional view of the mine development

Reduce demand

- Some potential for NZ Steel to be more flexible and use different coals.
- The most flexible user is NZ Electricity.
- A number of opportunities for using different coals or, in some cases, more gas in power stations. Two examples.
- Can we at last make a commitment to a programme of electricity efficiency and conservation. Couldn't sell conservation and an electricity surplus at the same time.
- A matter of equity with the gas stream. Is it worth proceeding with the gas liquids plant, and if not, perhaps some of the gas could be used for electricity generation, irony in this.

Make the Coal User Pay

- Complicated system of averaging. NZ Steel negotiating this year. They wrongly think that the coal cost assessments for ~~Qinewai~~ are conservative. Important that we make sure that they pay the cost.

Regional Inquiry

- No public regional view taken. Commission for the Environment have produced an assessment. Still unpublished. Public only involved on a mine-by-mine basis. Water rights and EIR's. No chance to influence the overall picture and become involved in decisions about when, if, and how mines should proceed.

Keith Johnston
Coalition for Open Government, August 4, 1984.

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