

## Submission to the NSW Independent Planning Commission regarding the proposed Russell Vale Underground Expansion Revised Project

Dr Hilary Green, 20 October 2020

The Russell Vale Underground Expansion Revised Project is located within the catchment of the beautiful Cataract Reservoir, which is [Heritage Listed](#), and provides drinking water for Sydney, and lies within the Metropolitan Special Area, a **restricted-access** area designated to protect Sydney's drinking-water catchments.

Thank you for the opportunity present a submission to the Public enquiry today. However, time ran out and I was not able to make all my points, which I will do here. I was able to hear many of the submissions to the Public enquiry into this project. There are two groups of people who have made spoken or written submissions to try to influence your decision and provide evidence to support their case.

Those that have been in favour of the project either have a direct association with the business of the mine and stand to benefit financially (or recoup their losses).

Most submissions have been from people opposing the project. Those that are **against** it are either local people who will experience a **significant increase** in noise pollution, air pollution, dust and a **significant decrease** in amenity. There is also a risk to the water supply, especially in drought. Last year, when the dam was only 26% full there was significant pollution caused by metallic sediments, deep in the dams' catchments, dissolving into the water.

Otherwise, those that are **against** it are people like me who have heeded the risk of irreversible damage to the natural environment, biodiversity, and aboriginal heritage. The increased greenhouse gas emissions will further add to Australia's appalling record in this area, showing again that we are not a global citizen when it comes to mitigating the effects of Climate Change. And lastly, Wollongong Coal has explicitly stated that the purpose of this proposal is to pave the way for a much larger expansion of mining around Cataract Reservoir and to its west<sup>1</sup>. This planned expansion could be much more destructive and must be stopped. Furthermore, Wollongong Coal (WCL), the proponent of this project is hugely in debt, is owned by an Indian company of dubious reputation, and this company will buy **all** the coal produced by this mine. WCL has not paid any tax since 2013.

The claims to increased employment and economic gains from this project should be scrutinised.

### Jobs

The unemployment rate in the Illawarra region is currently at 8%, while in the rest of it is Australia it is 6.9%. The Illawarra Mercury stated there were 13,200 people unemployed in the Illawarra in June of this year. Therefore, the number of employable people in the Illawarra region is around 165,000. One of the main reasons given for the mine to proceed is because it will provide employment opportunities for the people of the Illawarra region. Wollongong Coal claims that the Revised

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<sup>1</sup> \*RUSSELL VALE UEP, Revised Mine Plan: Presentation to CCC 06 June 2017, p. 7

Underground Expansion Project (UEP) would require an operational workforce of around 205 employees and contractors during the 5-year operation, as well as an additional short-term construction workforce of 22 employees. Also, WCL claims that up to 800 indirect jobs could result from this project. If we assume that all these, say 1100, jobs will exist and be filled by people from the Illawarra Region, then there will remain 12,100 unemployed people. The unemployment rate will reduce from 8% to 7.3%, a reduction of less than 1%. This unemployment rate would still be far too high. The Russell Vale UEP will not provide the solution to the problem of high unemployment in this area. In any case, the small benefit will only last 5 years.

The claim of an extra 800 indirect jobs resulting from the approval of the mine, assumes that no other projects could generate jobs in this area.

[Wollongong council](#)<sup>2</sup> has committed to acting on the climate emergency. Wollongong council has adopted emissions reduction targets of net zero by 2030 for Council operations, and net zero by 2050 for the whole community. This project is at odds with the councils' aim of working together to reduce emissions.

Last year OECD Secretary-General Angel Gurría said governments must face up to mounting anger, particularly among youth, on climate inaction<sup>3</sup>. "We have repeatedly called upon governments to put national agendas and short termism aside and honour their climate commitments ... to put a meaningful price on carbon, to phase out state support for fossil fuels, and to stop burning coal."

By continuing to approve new coal mines in Australia, we are showing that we are neither responsible nor considerate global citizens. We need to transition to a new economy. In May, 2020, for example, the Guardian published an article "Green steel industry could secure jobs future for Australia's coalmining heartland"<sup>4</sup>

### Economic Benefits

If the expansion is not approved and does not go ahead, it will cost Wollongong Coal \$215 million to rehabilitate the Russell Vale mine, the miner says - money which the company says it does not have.<sup>5</sup> WCL declared a loss of \$379 for the previous financial year and listed liabilities at [more than \\$1 billion](#), (\$1,089,243,000)The NSW Government holds a \$7.5 million rehabilitation bond from Wollongong Coal for Russell Vale. This would likely become a burden for taxpayers in NSW.

The Revised Preferred Project Report (RPPR) includes an Economic Impact Assessment which estimates that direct benefits of the Revised UEP to NSW would be \$117 million in net present value (NPV) *terms*. The project is also expected to generate total indirect benefits to NSW of \$57 million (NPV). This Information is from an Economic Impact Assessment of the Russell Vale Colliery in July 2019 by Cadence Economics.<sup>6</sup>

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<sup>2</sup> [https://wollongong.nsw.gov.au/\\_data/assets/pdf\\_file/0019/109423/Climate-Emergency-Update-Edition-2-July-2020.pdf](https://wollongong.nsw.gov.au/_data/assets/pdf_file/0019/109423/Climate-Emergency-Update-Edition-2-July-2020.pdf)

<sup>3</sup> <https://www.oecd.org/environment/citing-public-anger-and-youth-activism-oecd-secretary-general-urges-governments-to-heed-calls-for-climate-action.htm>

<sup>4</sup> <https://www.theguardian.com/business/2020/may/11/green-steel-industry-could-secure-jobs-future-for-australias-coalmining-heartland>

<sup>5</sup> <https://www.illawarramercury.com.au/story/6381943/miner-claims-215m-rehab-bill-after-a-loss-of-379-million/>

<sup>6</sup> [http://epbcnotices.environment.gov.au/\\_entity/annotation/edc0b17d-07d6-ea11-a87e-005056842ad1/a71d58ad-4cba-48b6-8dab-f3091fc31cd5?t=1599436800371](http://epbcnotices.environment.gov.au/_entity/annotation/edc0b17d-07d6-ea11-a87e-005056842ad1/a71d58ad-4cba-48b6-8dab-f3091fc31cd5?t=1599436800371), p 32,33

Table 13<sup>7</sup> in this report details the economic benefits of the UEP against that of the Baseline scenario. Direct benefits of the Project are estimated to be \$116.9 million in NPV terms. This includes Net producer surplus attributed to NSW \$39.7m, Royalties, payroll tax and Council rates 38.7m and Company income tax apportioned to NSW. The UEP is also expected to generate total indirect benefits of \$57.4 million in NPV terms, comprised of \$43.6 million of worker benefits and \$13.8 million of supplier benefits. The information in this report does not consider that Wollongong Coal is in debt of \$1,089,243,000.

This report states that the UEP is expected to generate modest incremental **indirect costs** on the NSW community of about **\$19,158**, which is the cost of water licenses and greenhouse gas attributable to NSW. In September 2020, the Clean Energy Regulator paid an average of \$15.74 per tonne of abatement to buy emissions reduction as part of their 11th Emissions Reduction Fund auction. Using this price as a guide, it would cost about \$24m to abate the 1,523,000 t CO<sub>2</sub>-e of Scope 1 and 2 emissions that this project will generate in NSW over 5 years. A more reasonable price to attribute to the cost of greenhouse gas emissions would be \$35 per tonne, which represents the weighted average of all OECD countries<sup>8</sup>.

Jindal Steel and Power Limited (JSPL) have recently acquired a majority controlling stake and management control of Wollongong Coal. JSPL is publicly listed on Indian Stock Exchange is an international Steel and Power company with operating steel capacity of about 7 MTPA and power generation capacity of about 2500MW. Most of Wollongong Coal's production will be sold to JSPL. By selling to the parent company, WCL is unlikely to get the best price and therefore the people of NSW are likely to be short-changed on even the meagre royalties.

Wollongong Coal has been loaned \$588.421 million by other subsidiary companies of JSPL, and these have provided this financial support for up to 31<sup>st</sup> January, 2022<sup>9</sup>.

As Wollongong Coal pay no company tax, they will likely contribute nothing towards the cost of abatement.

WCL's debt far outweighs the assets of the company. No doubt WCL is under pressure to retrieve a lot of coal from under the water catchment area so they can at least repay some debt to JSPL. Unfortunately, the price of coal on the world market is falling and is expected to continue to fall.<sup>10</sup>

There will be no economic benefits arising from the project. Whether the Russell Vale UEP proceeds or not, there will be large sums of money to be paid, and the bill will likely be subsidized by the NSW taxpayer!

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<sup>7</sup> [http://epbcnotices.environment.gov.au/\\_entity/annotation/edc0b17d-07d6-ea11-a87e-005056842ad1/a71d58ad-4cba-48b6-8dab-f3091fc31cd5?t=1599436800371](http://epbcnotices.environment.gov.au/_entity/annotation/edc0b17d-07d6-ea11-a87e-005056842ad1/a71d58ad-4cba-48b6-8dab-f3091fc31cd5?t=1599436800371), p 32,33

<sup>8</sup> <https://www.oecd.org/tax/taxes-on-polluting-fuels-are-too-low-to-encourage-a-shift-to-low-carbon-alternatives.htm>

<sup>9</sup> *WCL-Financial-statement-31.03.2020.pdf*

<sup>10</sup> <https://tradingeconomics.com/commodity/coal#:~:text=Coal%20is%20expected%20to%20trade,49.87%20in%2012%20months%20time>

## Negative Impacts

In my submission I will not include all the negative impacts cited by those who oppose this project. Several people provided details of the distress caused by noise and air pollution, and that coal dust permeates the air that flows so close to the community. The scientific evidence of the damage to the environment, water and biodiversity has been well documented as has the impact on aboriginal heritage sites. There have been many impassioned pleas from frustrated and angry citizens who cannot understand why our governments in Australia are not responding to the Climate Emergency that is evolving. I am one of these people. I know that this affects the mental health of those, young and old, who demand our governments to step up to the challenge of addressing climate change. We do not have a voice.

As members of the Independent Planning Commission your decision can go either way. The New South Wales Government has recommended that the Independent Planning Commission approves the expansion of Wollongong Coal's Russell Vale mine. I believe the act of making a recommendation to you is not consistent with your important role of arriving at your decision independently.

In this submission I have tried to show that this project will not deliver the positive outcomes anticipated by those that favour the approval of the project. It will do little to alleviate the unemployment problems in the Illawarra region and profits will not be realized for the NSW economy. The weight of allowing the project, and the risks of enormous negative outcomes, to proceed lies on your shoulders.