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John Hann, Chair

Professor Garry Willgoose and Professor Chris Fell AM

Panel members

Independent Planning Commission

<https://www.ipcn.nsw.gov.au/projects/2018/11/vickery-extension-project>

Submission re. proposed Vickery Extension Project

In February 2019 I prepared a review of the SIA regarding the Vickery Extension Project which had been prepared by elliotwhiteing. The concerns about the SIA, which I expressed in my review of that document, remain.

The aim of this submission is to draw your attention to three key social impact issues that are of concern regarding this project

Yours sincerely



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Submission: Social impacts: Vickery Extension Project

I make this submission as an expert on social impact assessment (SIA). I have been briefed by the Environmental Defenders Office acting on behalf of Lock the Gate.

In this submission I address three key SIA matters relating to this application:

- i Jobs
- ii Public health
- iii Mitigations

Jobs

The applicant says that a major social benefit of the proposed extension will be jobs for local people (elliottwhiteing SIA p.7).

In both their Environmental Impact Statement (EIS)¹ and their Submissions Report prepared in response to submissions, Whitehaven relies on experience in other projects. For example the Submissions Report says

Whitehaven's experience with workforce requirements for existing mining operations (e.g. Maules Creek Coal Mine) have been used as the basis for the employment estimations provided in the Project EIS.

Further detail regarding the Project workforce would be provided to Councils and other relevant stakeholders during the resourcing stage of the Project, to allow for adequate community infrastructure planning.²

Since local jobs are important social benefits of this proposal, postponing details on the project workforce means that these claims have the status of unsubstantiated assertions. This matters because the SIA claims there will be 500FTE construction personnel and 344-450 FTE operational personnel.

The SIA anticipates that at construction stage, some 50 jobs will go to local residents but at operational stage, 70% of an anticipated 344 to 450 employees (i.e. 241- 351) will be local hires.³ Various flow-on benefits are assumed, including encouraging young people to stay in the area, providing employment to people currently unemployed and increased trade for local businesses.⁴

¹ The Economic Assessment (EIS Appendix J) says, p12 'The Project would require a peak construction workforce of up to approximately 500 FTE jobs, and a peak operational workforce of approximately 450 FTE jobs. On average, the Project would employ an operational workforce of approximately 344 FTE jobs between 2020 and 2044.' However, the basis for this estimate is not provided. At p59 of Appendix J the authors note that in 2013 58% of Whitehaven employees working on mines in the local region, lived in the region (Narrabri, Liverpool Plains and Gunnedah LGAs), going on to assume (p60) that 70% of workers in the extension project would live in the local region. No basis is provided for this assumption.

² Whitehaven Coal 2019, Vickery Extension Project Submissions Report, August, p 169

³ elliottwhiteing SIA pp 100-103

⁴ elliottwhiteing SIA p7

As of 2016 (latest data) there are 254 unemployed persons in Narrabri LGA and 322 unemployed persons in Gunnedah LGA – a total of 576 unemployed persons. So an increase in local jobs could potentially benefit a lot of people.

However, I bring your attention to the following:

- 1 The Productivity Commission, the Australia Institute and the Australian Bureau of Statistics all report that employment in mining is contracting.

The Productivity Commission notes

Industries where employment is projected to contract the most (manufacturing, mining and agriculture, and forestry and fishing) make up a disproportionate share of many remote and regional economies. (Productivity Commission 2016, p 90).⁵

The Australia Institute, in several papers, casts doubt on the number of jobs delivered by coal mines.⁶

The Australian Bureau of Statistics *Labour Account Australia* documents the number of jobs in coal mining which have been declining steadily since 2014.⁷

And while the Department (DPIE) considers that *'the employment projections are reasonable and provide an adequate basis for the assessment of the merits of the project'*,⁸ the basis for this conclusion is not available.

- 2 One contributor to this likely decline in mining employment relates to the automation of the industry.

In August 2019, Whitehaven advised the Department that, in regard to the Vickery extension project, it *'has no current plans for the Project to include an automated fleet'*.⁹ But in the same month, in an interview with the Australian Financial Review, Whitehaven stated:

"The work that we are doing is all about optimising Vickery to ensure that we can bring that cost down. Success of an autonomous rollout at Maules Creek [mine] will be instrumental in lowering costs at Vickery given the proportion of its total costs that's going to be spent in moving dirt," he said on August 15.¹⁰

In May 2020, the Department's Final Assessment Report said

⁵ Productivity Commission 2016, Digital Disruption: what do governments need to do? Research Paper, June

⁶ Swann T and M Ogge 2016. The mining construction boom and regional jobs in Queensland, The Australia Institute, Discussion Paper September <https://www.tai.org.au/sites/default/files/P293%20Queensland%20Regional%20Jobs%20FINAL.2.pdf>; Quiggin J 2020, Getting off coal Economic and social policies to manage the phase-out of thermal coal in Australia, The Australia Institute, Discussion paper May p 8: <https://www.tai.org.au/sites/default/files/P881%20Getting%20Off%20Coal%20%5BWEB%5D.pdf>

⁷ Australian Bureau of Statistics, Labour Account Australia – data for total jobs in coal mining 1995 -2019: http://stat.data.abs.gov.au/Index.aspx?DatasetCode=ABS_LABOUR_ACCT#

⁸ DPIE 2020 Vickery Extension Project Assessment Report, para 598

⁹ Whitehaven Coal 2019, Vickery Extension Project Submissions Report, August p 170:

<https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSD-7480%2120190828T074214.514%20GMT>

¹⁰ <https://www.afr.com/companies/mining/price-slump-threatens-viability-of-coal-projects-20190909-p52pbq>

On the issue of automation, Whitehaven maintains that it has no plans to introduce an automated mining fleet into the Project. It acknowledges that it is undertaking automation trials at the Maules Creek mine involving some haul trucks only, however the productivity gains from this trial are still being assessed. Further, Whitehaven advises that the trial is limited to haul trucks and that all other mining fleet, CHPP operations, rail load out and other ancillary activities are not being considered for automation trials (para 595).¹¹

But in September 2019, Whitehaven's Annual Report advised its shareholders that it had introduced an autonomous haulage system at Maules Creek, and noted:

Vickery Economics...

The potential for the introduction of AHS capability at the mine, likely to be implemented post box cut mining (year 3) will significantly enhance the economics of the project by reducing life of mine operating costs by ~ \$4/t.¹²

Savings of \$4t (or \$250bn a year for 16 years) by installing autonomous haulage indicates that a lot of haulage jobs will not be available. This is likely significantly to impact employment opportunities for local residents.

And since Whitehaven has advised its shareholders that autonomous haulage is likely to be introduced at the approved Vickery mine it is reasonable to assume, with such significant savings to be achieved, that it will also be used in the Vickery extension.

Effectively, the company's annual report and media release indicate that jobs will not be available to the extent estimated or assumed in the EIS. Without local jobs, the proposed social benefit to the local community evaporates. In this context I note that delivery of targets to employ Aboriginal people are most likely to be among the first casualties of this reduction of jobs. Indigenous employment in mining tends to be skewed towards entry level positions¹³ where competition for jobs would be greatest given the education profile of the LGA.¹⁴ The Australian Government's Closing the Gap Report 2020¹⁵ notes that despite the setting of national targets, the gap between Indigenous and non-Indigenous employment has not changed markedly for more than a decade.

I am also concerned to note the Department's conclusion that

... even without the inclusion of employment benefits (and associated personal income taxes and Medicare payments to NSW) the Project would accrue a net

¹¹ DPIE 2020, Vickery Extension Project Assessment Report, May
<https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSD-7480%2120200520T062106.913%20GMT>

¹² Whitehaven Coal Annual General Meeting 2019 pp 13 and 19: <http://whitehaven.wpengine.com/wp-content/uploads/2019/12/AGM-2019-Chairman's-Address-and-Managing-Director's-Presentation.pdf>

¹³ Baker T 2006, Employment outcomes for Aboriginal people: an exploration of experiences and challenges in the Australian minerals industry, Centre for Social Responsibility in Mining, U Qld, October.

¹⁴ Aboriginal residents of Narrabri are more likely than non-Aboriginal residents not to have completed year 12 at school (22.8% compared with 37.6%) and experience higher unemployment rates (18.9% compared with 4.7%).

¹⁵ Australian Government Closing the Gap Report 2020: <https://ctgreport.niaa.gov.au/employment>

benefit of \$880 Million (incorporating the Approved Project) or \$360 Million incremental to the Approved Project. (DPIE 2020 para 597)

This conclusion underscores the distributional inequity of this proposal, namely that there would be financial benefits to the state but, in the absence of local jobs, not to the local communities.

Public health

The impacts of this project on public health in the region have not been adequately considered in any documentation - neither in the SIA by elliotwhiteing, nor in the applicant's Submissions Report, nor in the Department's Final Assessment Report.

Public health is an established body of knowledge which is available, peer reviewed, directly relevant to social impact assessment, evidentiary and defensible. Indeed it is concerned with the same aims as land use planning:

... the conditions in which people are born, grow, live, work and age, collectively termed the social determinants of health.¹⁶

The social determinants of (public) health are fundamentally concerned with the operation of distributional equity, which is also a primary issue in SIA.¹⁷ There is no justification for excluding public health from a merit consideration of a mining project nor its social impacts.

The public health profile of Narrabri and Gunnedah is described in the elliotwhiteing SIA in terms of the rates of three chronic diseases,¹⁸ three health risk factors,¹⁹ two mental health indicators,²⁰ and four types of crime.²¹ The basis for selecting these items is not stated. After providing the selected data, the SIA notes Whitehaven's health initiatives for its employees and in some instances for their families, the limited availability of mental health services in Narrabri, a Crime Prevention Plan of Gunnedah Council and Narrabri Council's Community Strategic Plan – that is, it lists some services and two council plans.

My concern relates to the health data omitted and the absence of an analysis of the current state of public health in the region – the public health baseline on which this proposed project would impact.

¹⁶ WHO for Europe Public health services: https://www.who.int/social_determinants/sdh_definition/en/

¹⁷ Bamba C, Gibson M, Snowden A, Wright K, whitehead M & Petticrew M, 2010, Tackling the wider social determinants of health and health inequalities: evidence from systematic reviews, J Epidemiology and Community Health 64,4 284e291. doi:10.1136/jech.2008.082743 ; Wilkinson RJ and Pickett K, 2010, The Spirit Level: why more equal societies almost always do better, London Penguin

¹⁸ High blood pressure, asthma and psychological distress

¹⁹ Current smokers, risky alcohol consumption and overweight

²⁰ High rates of psychological distress and admissions for mental health related conditions

²¹ Theft, Assault, domestic assault and sexual offences.

The following information was brought to the attention of the Department in February 2020²² however, it was not included in the Department's Vickery Extension Project Final Assessment Report for the IPC.

The public health profile of Narrabri and Gunnedah LGAs is poor compared with NSW as a whole.

- Both Narrabri and Gunnedah LGAs have higher rates of circulatory disease hospitalisations and deaths as compared with NSW as a whole.
- Narrabri LGA has higher rates of smoking attributable hospitalisations and deaths than NSW. Gunnedah has higher rates of asthma attributable hospitalisations.
- Narrabri and Gunnedah LGAs have significantly higher rates of Type 2 diabetes hospitalisations, influenza and pneumonia hospitalisations and chronic obstructive pulmonary disease (associated with long term breathing problems and low air quality), than NSW averages.
- Rates of intentional self-harm are higher for both men and women in Narrabri and Gunnedah compared with NSW.
- Rates of high body mass attributable deaths are higher in Narrabri and in Gunnedah than for NSW as a whole, although the difference has narrowed since 2013.
- Rates of maternal smoking are much higher in Narrabri and in Gunnedah than NSW as a whole and rates of first antenatal visit before 20 weeks of pregnancy are lower in Narrabri than for NSW as a whole.
- Narrabri LGA is in the highest quintile for excessive alcohol consumption, premature mortality by suicide and self-inflicted injuries relative to other NSW Local Government Areas. This is in addition to high rates of mental health and mood affective disorders being diagnosed in hospitals.²³
- According to the NSW Bureau of Crime Statistics and Research, both Narrabri and Gunnedah LGAs experience significantly higher rates of domestic assault than the state average, and have done consistently for the past 5 years.
- In the twelve months to September 2019, apprehended violence orders were granted a rate of 151.7 per 100 000 population in Narrabri more than twice the rate for NSW as a whole (62.6 per 100 000 population)²⁴. AVOs were granted at the rate of 271.6 per 100 000 population in Gunnedah LGA.

²² Telephone briefing with Stephen O'Donoghue, Director, Resource Assessments and Philip Nevill, Senior Environmental Assessment Officer, Resource Assessments, DPIE on 26 February 2020.

²³ PHIDU Social Health Atlas 2018

²⁴ https://www.bocsar.nsw.gov.au/Pages/bocsar_pages/Apprehended-Violence-Orders-.aspx

- Breaches of Apprehended violence order have increased in Narrabri LGA by 10.4% over the last 5 years and declined by 3.5% in Gunnedah in the same period. However, both rates are significantly above the state average.

While a few of these data were included in the SIA, that document did not draw out the implications of the poor public health profile of the area. Rather, the SIA appears to have taken the view that what matters is the discrete health impacts of air and water quality, the availability of health services, the effects of traffic accidents and mental health risks due to anxiety about the project. That is, the SIA assesses a list of items individually. Each is considered to be not serious or will improve in response to more jobs in the area and Whitehaven's Donations and Sponsorship program.

This project is, however, proposed for a region in which the public health profile is clearly one of relative health disadvantage. This disadvantage concerns the residents of the region, not the employees of the mining company. The region is not just an employment bowl, it contains families, children and Indigenous people – long standing residents of the area whose interests and wellbeing are directly relevant in a consideration of the public interest.

Many of the people experiencing health disadvantage are not going to benefit from the small number of jobs that the project may make available locally, they are not going to benefit from the applicant's health services for employees, they will continue to have very limited access to mental health services in the region and to experience the social distress evidenced in current and recent crime rates.

The project will not have a benign effect on this public health baseline because the presence in the area of people who do have jobs and access to mining company health services will be a continuing reminder of relative disadvantage and exclusion of large segments of the population.²⁵

The distributional inequity of this project means that the proposed financial benefits to the state will be achieved at the social cost of adding to the burden of disadvantage already evident in the public health profile of the region.

Mitigations

Finally I am concerned that it may be suggested that these problems will be mitigated by the action proposed by Whitehaven Coal in the Elliotwhiteing SIA. Against this suggestion I point out:

- 78% of the proposed mitigations are actions to inform, consult, meet with, notify, work with, or engage – see Table 1 below. In this sense they are not tangible and may not deliver any effective response to the social costs of this project. For example, the proposed action to encourage local hires is not the same as achieving local hires.

²⁵ These exclusions will disproportionately affect the Aboriginal population (12% of both Narrabri and Gunnedah LGAs and the currently un- and under-employed.

- None of the actions are proposed to continue beyond the life of the project. However, the social costs of this project will continue beyond the life of the project for many years to come.

Table 1: Overview of proposed mitigations

Category as described in the SIA	Mitigation	Number of actions	Number of actions to inform, consult, meet with, notify, work with or engage
Stakeholder engagement and community participation actions:	Consultation on EIS findings: make aware / meet / contact	5	5
	Construction communication and engagement program: dialogue/site tours. information	4	4
	Operations and communication and engagement program: inform/liaise/notify/monitor	5	5
	Dedicated contact points: publicise	1	1
	Complaints procedure	3	1
	Cooperation on cumulative impacts: participate & inform	2	2
	Support community cohesion and development: engage/encourage/support	6	5
Neighbour amenity and quality of life actions:	Neighbour engagement on EIS findings	4	3
	Neighbour engagement program	3	3
	Property specific management plans	2	1
	Property specific complaint and enquiry line	1	
	Improvements to landscape and amenity values (e.g. tree screening)	1	1
Community infrastructure and wellbeing actions:	Construction workforce: engage/consult	3	3
	Operational workforce: engage/communicate	2	2
	Support local community infrastructure (sponsorships, donations and VPAs)	1	
	Support educational and childcare services (via VPAs)	1	
	Support local community development initiatives (meetings and engagement)	3	3
	Environmental health education and promotion	2	2
	Participate in forums with operators & DPE	1	1
Housing and workforce management actions:	Encourage local hires	1	1
	Operational recruitment strategy – focus on local and diverse hires	3	2
	Labour supply and training	2	1
	Non-local accommodation	3	3
	Settlement and integration	3	3
	Workforce and community cohesion	3	2
	Monitor cumulative impacts	2	1
Local business opportunities and actions:	Local content strategy	2	1
	Local supplier database	2	
	Support local enterprise	1	
	Total	72	56 (77.7%)

Source: from proposed management strategies in the elliotwhiteing SIA

Conclusion

The social benefits proposed by the applicant for the Vickery Extension Project do not withstand close inspection as these benefits rely on the availability of jobs for local people. Whitehaven have advised their shareholders that substantial savings can be made by automation and this is 'likely to be implemented' at the approved Vickery project at year 3. It is not reasonable to suppose that the company was misleading its shareholders. It would also not be reasonable to suppose that automation in the approved project would not be extended to the extension project. Without local jobs, the case for a social benefit to the local community evaporates.

The public health profile of the local area does not compare favourably with NSW as a whole. The project will not have a benign effect on public health because its presence will be a continuing reminder of relative disadvantage and exclusion of large segments of the local population. In addition, people who are not employees of the mine will not have access to mining company health services.

In social impact terms, this project provides a picture of distributional inequity. The applicant proposes 72 management strategies to address social costs of the project. More than three quarters of these fall into the general category of consult, encourage and inform. In my opinion there is no management strategy proposed that addresses the likely social costs of this project in a tangible and durably effective manner,