



Russell Vale Underground Expansion Project

Submission from the Illawarra Business Chamber to the
Independent Planning Commission

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14 October 2020

Position statement

The Illawarra Business Chamber (IBC) supports Wollongong Coal Limited (Wollongong Coal), the proponent of the Russell Vale Underground Expansion Project, as it follows due process to seek approval to recommence underground mining operations at the Russell Vale Colliery.¹

It is appropriate that the NSW Independent Planning Commission (IPC) will make an assessment as to the appropriateness of Wollongong Coal's application, as the consent authority for State Significant Development in NSW, in the near future. The IBC understands that an assessment of the Wollongong Coal proposal will be made on an impartial basis, within the bounds of an accepted and rigorous planning controls framework.

However we note that the length and complexity of the mining approvals process in NSW causes significant uncertainty within both the community and industry, which in this case had stretched out over the best part of a decade. The IBC considers that this process is unacceptably long, ultimately deterring investment and contributing to uncertainty across the steelmaking and manufacturing sectors.

The IPC's 'triple bottom line' approach to the assessment of State Significant Development's must equally consider the social, economic and environmental aspects of the project. If Wollongong Coal is able to satisfy the IPC in this regard then it will have a legitimate licence to operate.

Accordingly, the IBC notes that Wollongong Coal has responded to the NSW Department of Industry and Environment's (DPIE) request for a revised application that addresses concerns raised throughout the planning and approvals process and that the project is now considered approvable by DPIE, subject to strict conditions of consent.

Comments

Economic contribution

Mining is a critical contributor to the NSW economy. The ancillary benefits for other industries from mining are also significant. In light of this contribution, the IBC takes the strong view that the economic benefit of mining, to not only a project's immediate location but to the wider NSW economy, should be an active consideration in the assessment of proposed mining projects. The IBC therefore considers it critical that the economic impact of the Wollongong Coal proposal be considered by the IPC.

State economic contribution of the mining sector

The NSW Minerals Council (NSWMC) analysed the expenditure patterns of 28 exploration and mining companies to determine the economic contribution of the industry throughout NSW in 2017/18.² NSWMC quantified the annual economic and employment benefits of mining in the state as:

- \$23.4 billion in value added (contribution to Gross State Product - GSP), amounting to 3.9% of GSP, through \$10.7 billion in direct effects and \$12.7 billion in supply chain and consumption induced effects.
- \$9.9 billion in income (wages and salaries) paid to direct and indirect workers.
- \$1.8 billion in royalties to government to the state government contributing to public services including hospitals, roads, rail, schools and emergency services.

¹ Independent Planning Commission, *Russell Vale Underground Expansion Project*, <<https://www.ipcn.nsw.gov.au/projects/2020/08/russell-vale-underground-expansion-project>>, accessed 13 October 2020.

² NSW Minerals Council, *NSW Mining Industry Expenditure Impact Survey 2017/18*, February 2019.

- 132,192 full time equivalent jobs supported, or 3.4% of total employment across the state.

Local impact

The IBC notes the proponent's projected contributions to the state and local economies, as well as the potential additional economic opportunities into the future:

- Capital expenditure of approximately \$33.5 million over five years.
- Up to 22 jobs during construction and 205 full-time operational jobs.
- \$32.5 million in royalties, \$3.3 million in payroll tax, and \$36 million in corporate taxes attributable to NSW.
- Up to \$2 million in Council rates and land taxes.
- Net benefit of \$30.6 million to the Wollongong LGA, associated with local employment and local suppliers.³

Steel making and power generation

In Illawarra, the economic and employment benefits of mining are already significant. Alongside the four currently operating mines in the Southern Coalfields, BlueScope steelworks, exports from Port Kembla and the businesses that support them are integral to the Illawarra's economy and the state.

BlueScope's Port Kembla Steelworks and Springhill Works are reliant on ongoing and competitive supplies of coal for its continued viability. These operations alone support:

- 3,500 employees directly, supporting 5,400 indirect jobs.
- \$6.5 billion in regional economic output (24% of the Illawarra's total).
- \$1.6 billion of Gross Regional Product (11% of the Illawarra's total).
- \$800 million of household income (13% of total household income in the region).⁴

BlueScope's long-term operations rely on a reliable 'just-in-time' supply of coal from local sources. The existing uncertainty over local coal supplies, due to licensing conditions or restrictions on future extraction plans, has the potential to disrupt supply and the viability of the steelworks. For instance:

- Illawarra Metallurgical Coal (South32) have had restrictions pertaining to its Dendrobium Mine, which reduces the viability of investment into mining in Area 3C.
- Tahmoor Mine is seeking an extension that may be subject to some constraints.
- High gas levels at the Appin Mine resulted production suspensions that is likely to have a flow on to overall production.

Any sustained disruption to local sources of coal would have significant implications for BlueScope's operations locally in the Illawarra. Steelmaking is of critical importance to the Illawarra's economy and an important export and integral resources, used across the economy. The IBC notes that an assured supply from the Southern Coalfields is not a given. Given the uncertainty around continual supply, an additional stream as proposed by Wollongong Coal would be beneficial.

Environmental considerations

The IBC trusts that the IPC is the appropriate body through which to reconcile contrasting views on the environmental impact of mine design and operations, and water management and impacts. As a business chamber the IBC is not expert in environmental management issues, but relies instead on the expertise within the various government agencies charged with this responsibility.

³ Wollongong Coal, *Russell Vale Underground Expansion Revised Project – Project Information Sheet No. 2*, May 2019.

⁴ Australian Steel Products (BlueScope), *Submission to Independent Expert Panel for Mining in the Catchment*, 20 February 2019.

The IBC agrees that environmental concerns must be appropriately reconciled, consistent with the precedent of mines in other parts of the state, if mining is to proceed. Again, Wollongong Coal have provided a comprehensive response to DPIE's assessment in this regard.

Conclusion

There is a long history of coal mining across the Illawarra. The proximate availability of metallurgical coal is integral to the Illawarra economy, as the operations of mining companies and steelmakers have significant downstream benefits in terms of jobs and investment.

The Wollongong Coal proposal represents a significant economic opportunity for the region and the state, and while the local economy continues to diversify, the IBC wishes to highlight the ongoing value and importance of jobs in the mining sector.

While the mining industry does not represent a large portion of the Illawarra's workforce, its value creation through high wages and significant operational expenditure positions it as a cornerstone industry in the Illawarra and a key driver of the region's economic prosperity.

The rigor of this process cannot be understated, and the IBC is of the view that if Wollongong Coal is able to satisfy the IPC then it will have a legitimate licence to operate. The IBC thanks the IPC for its consideration.

About the Illawarra Business Chamber and Illawarra First

The IBC is the peak business organisation and the regional chamber that supports businesses and local chambers across the Illawarra-Shoalhaven, primarily, as well the South Coast and Capital regions, and is a division of Business NSW (formerly known as the NSW Business Chamber) – a founding member of the Australian Chamber of Commerce and Industry.

We develop policy, advocate to all levels of government on issues affecting businesses, undertake research to guide greater public and private sector investment in economic infrastructure, and support the development of workforce capacity and skills in our region.

Illawarra First is the top tier of IBC membership, harnessing best practice and thought leadership to progress key priorities including improving connectivity with Sydney, realising greater value from existing strategic infrastructure and leveraging competitive advantages to bolster economic growth. Its membership comprises a select group of leading businesses in the Illawarra, sharing a commitment to driving the development and prosperity of the Illawarra.