



Airly Coal Mine Modification 5

State Significant Development Modification Assessment Report (SSD-5581-Mod-5)

November 2023





Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

Published by NSW Department of Planning and Environment

dpie.nsw.gov.au

Modification 5 of Aairy Coal Mine (SSD-5581-Mod-5) Assessment Report

Published: November 2023

Cover image: <https://www.abc.net.au/news/2016-12-19/70-jobs-secured-as-controversial-airly-mine-extension-approved/8132482>

Copyright and disclaimer

© State of New South Wales through Department of Planning and Environment 2022. Information contained in this publication is based on knowledge and understanding at the time of writing, November 2023, and is subject to change. For more information, please visit

dpie.nsw.gov.au/copyright

Preface

This assessment report provides a record of the Department of Planning and Environment's (the Department) assessment and evaluation of Modification 5 (MOD 5) of the State significant development (SSD) application for the Airly Coal Mine lodged by Centennial Airly Pty Limited (Centennial). The report includes:

- an assessment of the modification against government policy and statutory requirements, including mandatory considerations;
- a demonstration of how matters raised by the community and other stakeholders have been considered;
- an explanation of any changes made to the modification during the assessment process;
- an assessment of the likely environmental, social and economic impacts of the modification;
- an evaluation which weighs up the likely impacts and benefits of the modification, having regard to the proposed mitigations, offsets, community views and expert advice; and provides a view on whether the impacts are on balance, acceptable; and
- an opinion on whether the modification is approvable or not, along with the reasons, to assist the Independent Planning Commission (the Commission) in making an informed decision about whether the approval for the project can be modified and any conditions that should be imposed.

Executive Summary

Centennial Airly Pty Ltd (Centennial) owns and operates the Airly Mine (Airly), which is an underground coal mine located approximately 25 kilometres north-west of Lithgow, in the Lithgow City local government area. The modification proposes to:

- employ an additional 35 full time equivalent workers; and
- update the rehabilitation management and performance conditions to align with NSW Resources Regulator's Rehabilitation Reforms.

The modification application was lodged under Section 4.55(1A) of the *Environmental Assessment and Planning Act 1979* (EP&A Act). The Department is satisfied that the proposed modification is within the scope of section 4.55(1A) of the EP&A Act and can be assessed and determined under this section.

In accordance with Section 4.5(a) of the EP&A Act and clause 8A of the *State Environmental Planning Policy (State and Regional Development) 2011* (the SRD SEPP), the Commission is the consent authority for the modification application as Centennial has reported political donations.

The Department exhibited the Modification Report from 8 until 21 September 2023. During the exhibition period, the Department received two public submissions objecting to the proposed modification, comments from Lithgow City Council and advice from five government agencies.

The key concerns relate to potential impacts of the additional employees to local infrastructure and the mine wastewater system.

Coal from Airly is transported to domestic markets which includes Vales Point, Eraring and Mt Piper Power Stations. Coal supply to Mt Piper Power Station is limited by a lack of rail access from the Hunter Valley coal supply chain. As a result, Mt Piper Power Station has relatively few coal supply options.

Mt Piper Power Station's main source of coal is the nearby Springvale mine which is approaching end of life in 2026 and in recent years has faced operational issues which has disrupted coal production. Centennial has managed these issues by supplying coal from Airly and Clarence mines.

Centennial has undertaken a detailed review of mining and production efficiencies at Airly and identified that a rostering rotation, which requires an additional 35 FTE workers above what is currently approved, is required.

The Department considers that the increase in the approved number of employees would enable Centennial to implement a more favourable rostering rotation and maintain forecast production rates

and coal supply. The additional employment in the region is also likely to result in positive economic benefits relating to additional household consumption and investment activities.

As well as operating under the development consent under the EP&A Act, Airly operates under an existing mining lease issued under the *Mining Act 1992* (Mining Act). Both the development consent and mining lease impose obligations on Centennial in relation to rehabilitation.

The Department considers that the proposed modifications to the rehabilitation reporting, and management conditions are appropriate, as the updates would ensure that the development consent reflects the current regulatory framework for mine rehabilitation in NSW.

The Resources Regulator has confirmed that the proposed changes align with the new framework.

The Department's assessment has concluded that the potential impacts of the modifications are similar in nature and scale to those of the existing operations and can be appropriately managed through existing and proposed conditions of consent.

As such, the Department considers the project is in the public interest and concludes that the project is approvable, subject to the recommended conditions.

Contents

Preface	i
1 Introduction	1
1.1 Background.....	1
1.2 Approvals History	1
2 Proposed modification	4
3 Strategic context	4
3.1 Power Generation	4
3.2 Mugii Murum-ban State Conservation Area.....	4
4 Statutory context	5
4.1 Scope of modification	5
4.2 Consent authority	5
4.3 Mandatory matters for consideration.....	5
4.4 Biodiversity development assessment report.....	6
4.5 Landowner Consent.....	6
4.6 Rehabilitation reforms.....	6
5 Engagement	6
5.1 Department’s engagement.....	6
5.2 Response to submissions.....	8
6 Assessment	8
6.1 Increase in employees.....	8
6.2 Rehabilitation conditions	8
6.3 Other impacts.....	9
7 Evaluation	12
Appendices	13
Appendix A – List of referenced documents.....	13
Appendix B – Statutory considerations.....	14

Appendix C – Instrument of Modification 14

Appendix D – Consolidated Development Consent 14

1 Introduction

1.1 Background

1. Centennial Airly Pty Ltd (Centennial) owns and operates the Airly Mine (Airly), which is an underground coal mine located approximately 25 kilometres (kms) north-west of Lithgow, in the Lithgow City local government area (LGA) (see **Figure 1** and **Figure 2**).

1.2 Approvals History

2. Development consent (DA 162/91) for mining at Airly was first granted in 1993 following a Commission of Inquiry. Centennial acquired the mine in 1997.
3. The consent approved coal extraction via bord and pillar methods and construction of surface facilities including a coal handling plant, rail spur and balloon loop to the Wallerawang-Gwabegar railway line. The mine has had two care and maintenance periods in 2002 to 2009 and 2013 to 2014.
4. On 15 December 2016, development consent was granted by the then Planning Assessment Commission for the Airly Mine Extension Project (SSD 5581). The development consent allowed:
 - extraction of 1.8 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal by partial extraction mining methods, until 31 January 2037;
 - transportation of coal by rail to domestic and export markets; and
 - operation of supporting infrastructure, including a pit top, ventilation shafts, a coal stockpile, water management infrastructure and offices.
5. As detailed in **Table 1**, four applications have subsequently been lodged to modify the consent within the scope of section 4.55(1A) of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

Table 1 | Summary of modifications

Modification	Description	Decision-maker	Approval Date
MOD 1	Allowance for pillar splitting and quartering in areas near cliff lines	Department	30 August 2018
MOD 2	Importation of up to 170 megalitres (ML) of water per year via rail from the Charbon Colliery	Department	30 July 2019
MOD 3	Increase of ROM production rate from 1.8 Mtpa to 3.0 Mtpa and increase workforce from 155 to 200 personnel	Department	Withdrawn
MOD 4	Allowance for elevated subsidence >125 millimetres (mm) for panels below Mount Genowlan	Department	Withdrawn

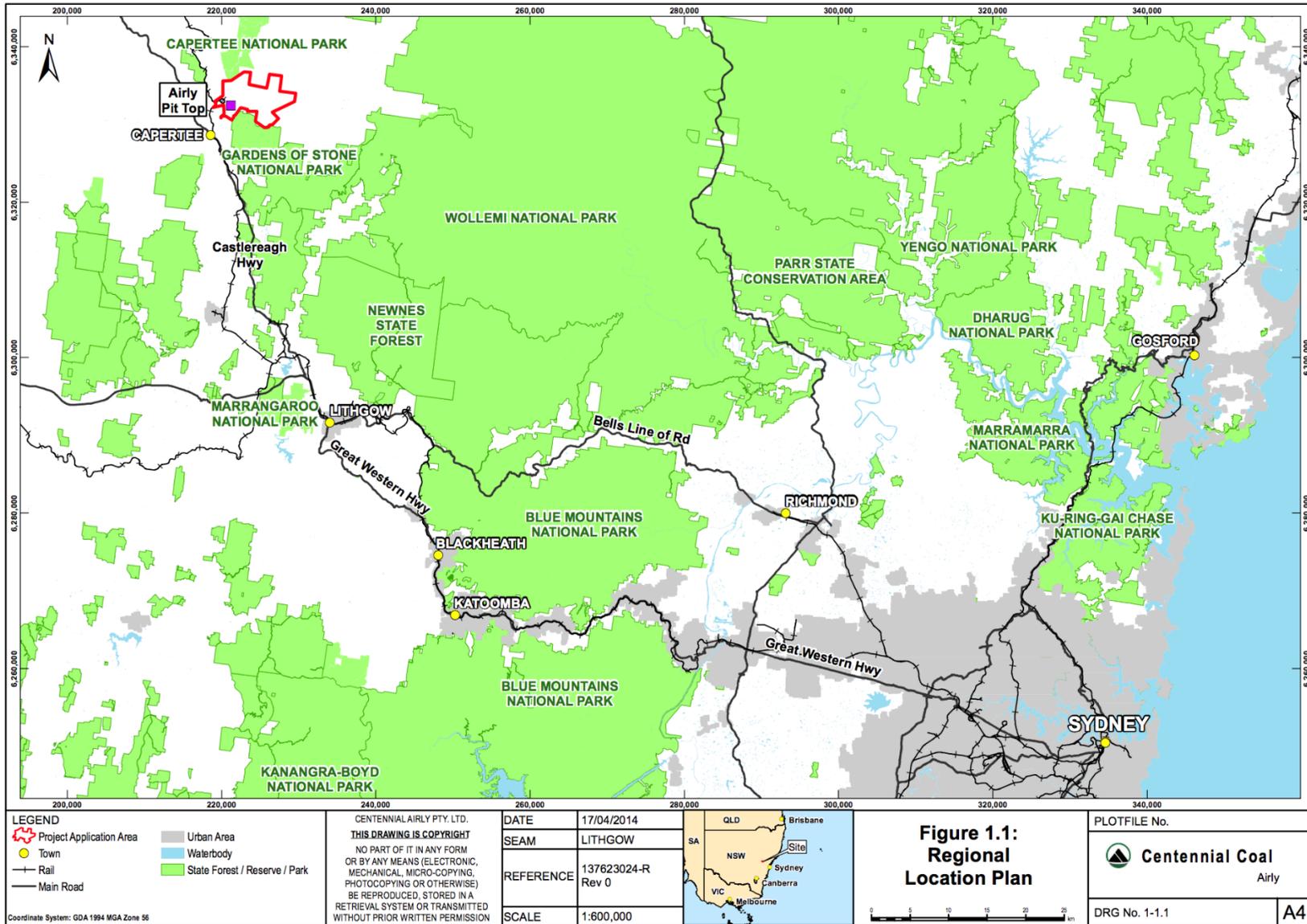


Figure 1 | Regional location map

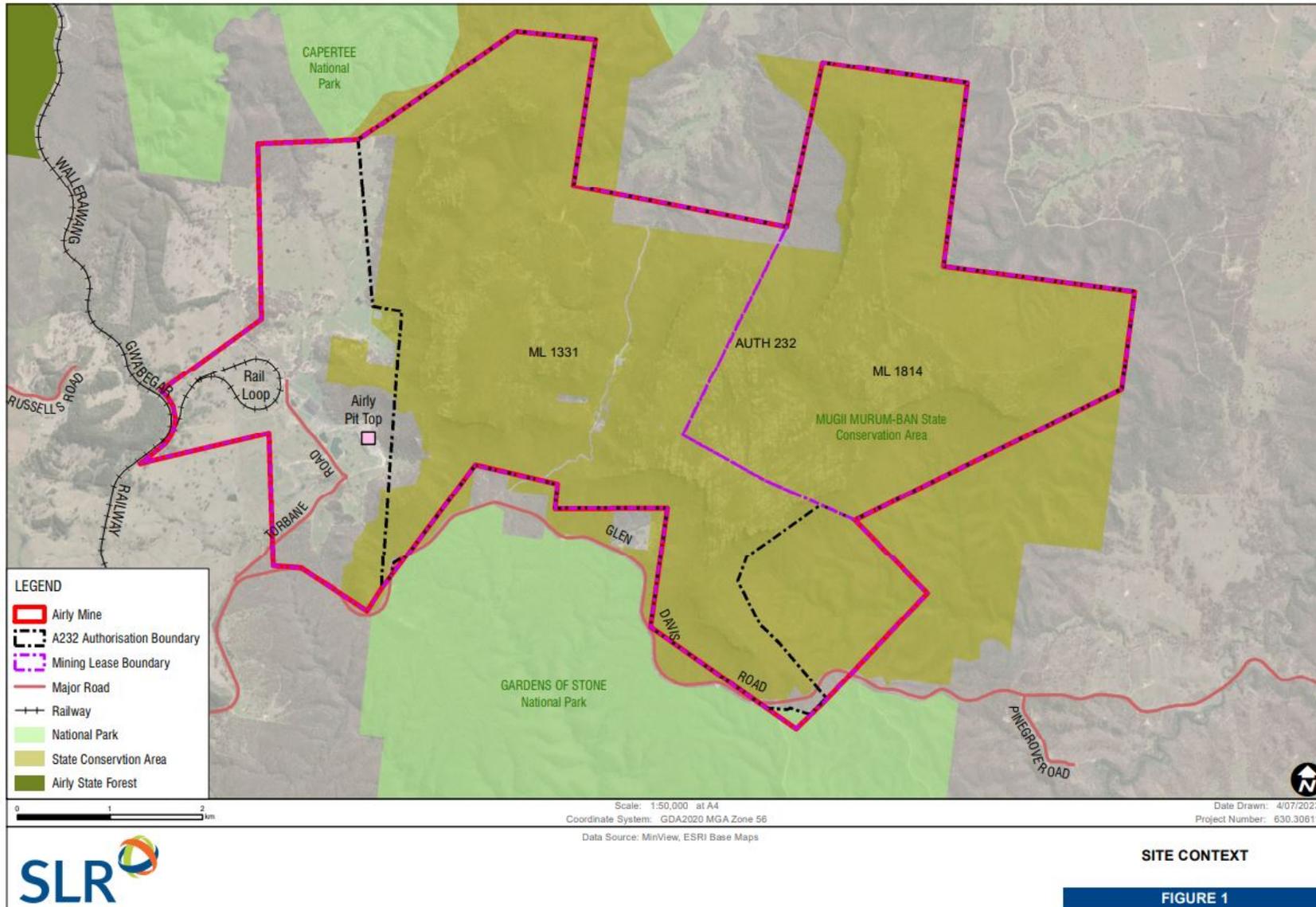


Figure 2 | Local context map

2 Proposed modification

6. Centennial submitted the modification application (MOD 5) and accompanying Modification Report to the Department on 30 August 2023 (see **Appendix A**). Centennial proposes to modify the consent to:
 - increase the approved full time equivalent (FTE) employees from 155 to 190 (i.e. additional 35 workers); and
 - update the rehabilitation management and performance conditions to reflect the recently updated regulatory requirements as part of the NSW Resources Regulator's Rehabilitation Reforms under the *Mining Act 1992* (Mining Act).

3 Strategic context

3.1 Power Generation

7. Coal from Airly is transported to domestic markets which includes Vales Point, Eraring and Mt Piper Power Stations.
8. Airly provides an important source of coal for Energy Australia's 1400-megawatt Mt Piper Power Station. This is one of four operational coal-fired power stations in NSW and provides up to 15% of NSW's annual electricity generation.
9. Coal supply to Mt Piper Power Station is limited by a lack of rail access from the Hunter Valley coal supply chain. As a result, Mt Piper Power Station has relatively few coal supply options.
10. Mt Piper Power Station's main source of coal is the nearby Springvale mine which is also operated by Centennial. Springvale mine is approaching end of life in 2026 and in recent years has faced operational issues which has disrupted coal production. Centennial has managed these issues by supplying coal from Airly and Clarence mines to Mt Piper Power Station via Springvale mine.
11. Airly is somewhat unique in that it is capable of supplying coal to Eraring, Vales Point and Mt Piper Power Stations and can therefore accommodate the varying coal supply needs at each and also meet its contractual demands.
12. Additional employees at Airly Coal Mine would allow the mine to continue to operate productively and safely, ensuring continuity of coal supply to Mt Piper Power Station, as well as others if required.

3.2 Mugii Murum-ban State Conservation Area

13. In 2011, the land overlying the approved mining area was declared the Mugii Murum-ban State Conservation Area (SCA). The boundaries of the SCA are generally situated around the mesas of Mount Airly and Genowlan Mountain. These landforms are characterised by high sandstone cliffs and pagodas.
14. The Capertee National Park is situated to the north of the mine, Capertee Valley to the east and the Gardens of Stone National Park to the south. Both the Gardens of Stone National Park and Wollemi

National Park are part of the Greater Blue Mountains World Heritage Area (GBMWhA). Mineral and petroleum exploration and mining may be permitted in a SCA with consent.

4 Statutory context

4.1 Scope of modification

15. The modification application was lodged under Section 4.55(1A) of the EP&A Act. Under Section 4.55(1A), a development consent can only be modified if the consent authority is satisfied that the proposed modification is of minimal environmental impact and that the development would remain substantially the same as the originally approved project.
16. The Department has reviewed the scope of the modification application and considers that the application can be characterised as a modification involving minimal environmental impact and would be substantially the same development as originally approved, as:
 - the modification would not change the nature or scale of the approved development and would not result in any changes to approved mining areas or project boundaries, mine life, mining methods, production rates, coal transportation arrangements or hours of operation;
 - the proposed additional workforce is minimal and would only result in minor increases to traffic levels and water/waste management requirements which can readily be managed within existing systems; and
 - environmental impacts of the development as modified would be similar to the approved development.
17. The Department is therefore satisfied that the proposed modification is within the scope of section 4.55(1A) of the EP&A Act and can be assessed and determined under this section.

4.2 Consent authority

18. In accordance with Section 4.5(a) of the EP&A Act and clause 8A of the *State Environmental Planning Policy (State and Regional Development) 2011* (the SRD SEPP), the Commission is the consent authority for the modification application as Centennial has reported political donations.

4.3 Mandatory matters for consideration

19. In determining the modification, the consent authority must take into consideration the relevant matters referred to in section 4.15(1) and 4.55(3) of the EP&A Act, including the objects of the Act, applicable environmental planning instruments, the likely impacts of the modification application, site suitability and the public interest.
20. The Department has considered these matters carefully and has summarised its findings in **Section 5** and **Appendix B** of this report.

4.4 Biodiversity development assessment report

21. Under Section 7.17(2) of the *Biodiversity Conservation Act 2016* (BC Act), the Department is satisfied that a Biodiversity Development Assessment Report (BDAR) is not required to be submitted for the proposed modification as the application would not increase impacts on biodiversity values.

4.5 Landowner Consent

22. The proposed modification relates to mining beneath the Mugii Murum-ban SCA. Landowner's consent from the Minister for the Environment is required. This consent was granted on 2 October 2023 (see **Appendix A**). No further landowners' consent is required for the application as the project is 'Public Notification Development' in accordance with clause 49(5) of the *Environmental Planning and Assessment Regulation 2000*.

4.6 Rehabilitation reforms

23. On 2 July 2021, the Resources Regulator introduced reforms to improve compliance and reporting requirements for mine rehabilitation across NSW. The reforms prescribe new rehabilitation and reporting conditions on all mining leases, requiring progressive rehabilitation, rehabilitation risk assessments, annual reporting and detailed rehabilitation management planning. Detailed information regarding the rehabilitation reforms can be found on the Resource Regulator's website: <https://www.resourcesregulator.nsw.gov.au/rehabilitation/compliance/new-standard-rehabilitation-conditions-on-mining-leases>.

5 Engagement

5.1 Department's engagement

24. After accepting the modification request and report, the Department publicly exhibited the modification for a period of 14 days from 8 until 21 September 2023 on the NSW planning portal and notified and invited comment from relevant government agencies and Lithgow City Council (Council).

5.1.1 Summary of advice received from government agencies and Council

25. The Department received advice from five government agencies and Council. A summary of the advice and the Department's consideration of this advice is provided in **Table 2**. A link to the full copy of the advice is provided in **Appendix A**.

Table 2 | Summary of agency and Council advice and consideration

Agency / Council	Advice summary	Department's Consideration
Office of Energy and Climate Change	<ul style="list-style-type: none"> Advised that coal supply from Airly Coal Mine provides an important continuity of supply for the Mt Piper Power Station. 	Comment noted.
Resources Regulator	<ul style="list-style-type: none"> Considered that the proposed amendments to the rehabilitation conditions in the development consent align with the new Schedule 8A conditions under the Mining Regulation. 	Comment noted.
National Parks & Wildlife Service (NPWS)	<ul style="list-style-type: none"> Raised no outstanding or further concerns. Requested that the NPWS be consulted during the preparation of the proposed Rehabilitation Strategy and that the strategy be required to align and specify strategic rehabilitation provisions for Mugii Murumban State Conservation Area which are focused on the protection of natural and cultural values consistent with the <i>National Parks and Wildlife Act 1974</i>. 	The Department has recommended that an item be included in the Rehabilitation Strategy condition (condition 27 of Schedule 4) requiring consultation with NPWS during preparation of the Rehabilitation Strategy. This would ensure that NPWS can provide feedback to ensure the Rehabilitation Strategy is aligned with the goals for the Mugii Murumban State Conservation Area
Environment Protection Authority (EPA)	<ul style="list-style-type: none"> Noted that the current sewage system is rated for 150 full time staff, and that it may be necessary to implement an appropriate pump-out regime or upgrade the system. Requested that Centennial tracks the performance of the system and ensures the irrigation area is not receiving treated water beyond what can be sustainably utilised. 	The Department has recommended that an item be added to the waste condition (condition 23 of Schedule 4) requiring the sites sewage system to be upgraded in line with the FTE employees on site, and regularly monitor the system and irrigation area to ensure they are operating sustainably.
Council	<ul style="list-style-type: none"> Has no objection to the modification and is satisfied with Centennial's justification for additional employees. Recommended that Centennial addresses the potential impacts of the modification on the community / infrastructure in the area. 	The Department accepts that the potential impacts of the modification on the community / infrastructure in the area would be minimal and that the existing contributions to Council required under condition 15 of Schedule 2 remain acceptable.
Transport for NSW (TfNSW)	<ul style="list-style-type: none"> Advised it has no objections or recommended conditions in relation to the proposed modification. 	Comment noted

5.1.2 Summary of public submissions

26. The Department received two objecting submissions during the public exhibition period. A link to both submissions in full is provided in **Appendix A**.
27. Key issues raised in the submissions included:
 - Centennials' compliance history;
 - potential damage to the environment from the project; and
 - the view that coal production should be phased out due to climate change.

5.2 Response to submissions

28. Following the public exhibition period, the Department asked Centennial to respond to the issues raised in submissions and the advice received from government agencies. Centennial provided a submissions report to the Department on 27 October 2023 (see **Appendix A**).

6 Assessment

6.1 Increase in employees

29. Due to recently experienced human resourcing constraints at the mine, Centennial has undertaken a detailed review of mining and production efficiencies at Airly. The review identified that a rostering rotation, which requires an additional 35 FTE workers above what is currently approved, is required to maintain forecast production rates and ensure consistent coal supply to NSW power stations.
30. The proposed new rostering system would allow Centennial to meet the current labour market expectation and attract employees to work at the mine.
31. Furthermore, with current workforce numbers being utilised at the mine, Centennial is facing:
- periods where full utilisation of the available equipment is not being realised resulting in machinery stand down and idle panels; and/or
 - incomplete underground crews required to safely and productively operate the mine.
32. Without the additional employees, there would be ongoing impacts on the safety and productivity of the mine and Airly would be restricted to operating with a decreased workforce which has flow on effects for coal supply at the power stations.
33. The increase in workforce would result in minor increases in traffic on local roads surrounding the mine and additional on-site car parking requirements. The additional employees would also need to utilise the existing on-site ablutionary and bathhouse facilities, thereby increasing the inputs into the existing water and waste management systems.

6.2 Rehabilitation conditions

34. As well as operating under the development consent under the EP&A Act, Airly operates under an existing mining lease issued under the Mining Act. Both the development consent and mining lease impose obligations on Centennial in relation to rehabilitation.
35. The Department notes that the rehabilitation conditions on all mining-related development consents are progressively being reviewed and, where necessary, modified to align with the requirements of the rehabilitation reforms under the Mining Act.
36. Centennial is seeking to modify the Airly development consent to align the rehabilitation reporting and management conditions with contemporary requirements under the Mining Act. Specifically, Centennial is proposing to consolidate existing rehabilitation reporting to the Department into a 'Rehabilitation Strategy' and maintain rehabilitation reporting required by the mining lease in the

'Rehabilitation Management Plan'. Centennial is also proposing amendments to the consent associated with referencing inconsistencies.

37. Centennial considers that the proposed amendments would clarify the consent obligations in the context of the Resource Regulator's requirements and provide for a hierarchy of authorisation, avoiding any potential confusion around interpreting compliance requirements.
38. The Department accepts that the existing rehabilitation conditions in the Airly consent are outdated and are required to be changed to align with the current regulatory framework for managing rehabilitation and ensure consistency between the requirements of development consents and mining leases.
39. The Department accepts that the proposed modifications are administrative which are limited to changes to rehabilitation reporting and management requirements and would not change any rehabilitation strategies, objectives, final land use or landform approved under the existing consents.
40. Resources Regulator has confirmed that the proposed changes align with the new framework and recommended minor revisions to conditions 25 and 26 of Schedule 4. Changes to align with the new framework have been completed for 10 other Centennial development consents.
41. The Department has therefore recommended a condition requiring a Rehabilitation Strategy to be prepared and implemented for the development to the satisfaction of the Secretary. A Rehabilitation Management Plan would also continue to be required in accordance with the conditions imposed on the mining lease(s) associated with the development.
42. Centennial requested removal of the Closure Groundwater Monitoring and Management Plan, currently required under the Rehabilitation Management Plan (condition 27(e) of Schedule 4) as:
 - compliance with "...restoring natural groundwater flow to pre-mining conditions..." and "...removal of all non-natural material from within the mine..." is problematic due to the removal of the coal seam, less water inflow than predicted and health and safety concerns; and
 - it duplicates requirements of mine design, Extraction Plan process and Water Management Plan (condition 7 and 13 of Schedule 4) which requires management and mitigation strategies to avoid and minimise impacts.
43. The Department is satisfied that these requirements are covered through other conditions within the mining lease and development consent and recommends that the requirement for a Closure Groundwater Monitoring and Management Plan is removed.
44. Centennial also requested to update the Mining Schedule figure in Appendix 3 of the development consent to better represent the timeline for future mining and provide a more accurate representation of the current approved mining schedule. The Department recommends that this updated figure is added to Appendix 3 as Figure 3A.

6.3 Other impacts

45. The Department considers that the proposed increase in the number of employees working at the mine has the potential to result in minor environmental (traffic, traffic noise, greenhouse gas, water use and wastewater), social and economic impacts. The Department's assessment of these impacts is summarised in **Table 3** below.

Table 3 | Assessment of issues associated with additional employees

Issue	Findings and conclusions
<p>Traffic</p>	<ul style="list-style-type: none"> The Modification Report included a Traffic Impact Assessment prepared by SLR in accordance with the <i>Guide to Traffic Generating Developments</i> (NSW Roads and Traffic Authority, 2002) to assess potential impacts of the modification on the capacity, efficiency and safety of the surrounding road network. SLR conducted an intersection analysis using SIDRA which indicated that the two key intersections (Glen Davis Road / Castlereagh Highway and Glen Davis Road / Torbane Road) both perform well within adopted performance thresholds under all traffic scenarios. Further, the turn warrant assessment indicated that the current intersection turn treatments comply with or exceed the turn warrant requirements and are therefore deemed to be appropriate in consideration of the increased traffic movements associated with the modification. SLR's road safety assessment found that historically there has been a comparatively low number of crashes occurring on the surround road network (i.e. 10 crashes over last 5-year period). SRL concluded that the low crash numbers in combination with low background traffic volumes, demonstrates that the observed crash types would not be exacerbated by the low volume of additional traffic generated by the modification. SRL concluded that the increase in the number of employees is not anticipated to have any significant impact on the safety of the road network In relation car parking, SRL indicated that there are 119 car parking spaces currently provided on site. The maximum on-site parking demand is forecast to be 97 cars at any one time. Therefore, the existing car park provides more than adequate capacity to accommodate the proposed peak parking demand on-site. The Department accepts that the additional traffic associated with more employees is unlikely to have an impact on the capacity, efficiency or safety of the local and sub- regional road network. Centennial would be required to update and continue to implement the Traffic Management Plan for the modified development (see condition 17 of Schedule 4 of the existing development consent).
<p>Traffic Noise</p>	<ul style="list-style-type: none"> The Modification Report included a Noise Impact Review prepared by SLR Consulting Australia Pty Ltd (SLR) which assessed the road traffic noise associated with the modification in accordance with the <i>NSW Road Noise Policy</i> (RNP). The key roads used to access the mine site include Glen Davis Road and the Castlereagh Highway. SRL indicated that the proposed additional 35 staff would equate to an additional eight peak hourly vehicle movements across shifts. This represents an increase in traffic volumes of up to: <ul style="list-style-type: none"> - 18% during the daytime and 20% during the night-time along Glen Davis Road; and - 2% during the daytime and 8% during the night-time along Castlereagh Highway. The nearest residential receiver along Glen Davis Road is located approximately 170 m from the road. SLR's modelling indicates that this receiver would experience an increase in road traffic noise levels from existing levels of 47 dB(A) to 49 dB(A) (i.e. +2 dB(A)) during the day and from 47 dB(A) to 48 dB(A) (i.e. +1 dB(A)) during the night-time. The predicted noise levels associated with the modification would therefore remain below the RNP assessment criteria of 55 dB(A) during the day and 50 dB(A) during the night-time period. SLR predicted that the increased traffic along the Castlereagh Highway would lead to a negligible increase in noise levels in the vicinity of this road (i.e. +0.2 dB(A)) during the daytime and +0.4 dB(A) during the night-time). In accordance with the RNP, in assessing feasible and reasonable mitigation measures, an increase of up to 2 dB represents a minor impact that is considered barely perceptible to the average person. On this basis, the Department accepts that the road traffic noise levels, including additional traffic from the increase in employees, would remain below relevant criteria and is therefore acceptable.
<p>Water Balance</p>	<ul style="list-style-type: none"> The Modification Report included a Salt & Water Balance Assessment prepared by GHD which includes a quantitative assessment of the changes to the site water balance specifically related to potable and amenities water use and sewage treatment from the proposed additional employees onsite.

Issue	Findings and conclusions
	<ul style="list-style-type: none"> • GHD predicted that an additional 0.3 ML/year of potable water for drinking and showering would be required to be either harvested from rooftops of the administration and facilities buildings or supplemented by trucked water. • The mine site currently treats sewage via an Ecomax effluent management system which has a design capacity rated for 150 FTE personnel. GHD indicated that his system may not have the capacity to treat additional sewage, and that the increase in the wastewater to be treated may result in a small increase to the required irrigation infiltration disposal areas. • Centennial committed to upgrading the Ecomax system prior to the number of employees exceeding its design capacity and implementing an appropriate pump-out and off-site disposal alternative in the interim, if needed. • EPA requested that Centennial be required to track the performance of the system and ensure the irrigation area is not receiving treated water beyond what can be sustainably utilised. • The Department accepts this approach and has recommended a condition requiring either an appropriate pump out regime or upgrade of the sites sewage system and that the system and irrigation area are regularly monitored to ensure they are operating sustainably. The Department accepts that the additional potable water requirements are relatively minor and can sourced externally, if needed.
Greenhouse Gases (GHGs)	<ul style="list-style-type: none"> • The Modification Report included a Greenhouse Gas Review prepared by SLR. • SRL indicated that the annual Scope 1 and Scope 2 GHG emissions associated with the proposed modification would remain the same as that of the approved operations (given diesel, oil, grease consumption, SF6 leakage, fugitive emissions and electricity consumption would not change). • SLR indicated that the annual Scope 3 emissions would increase marginally (i.e. <0.01%) when compared to those approved due to the 23% increase in staff commuting and solid waste emissions. • The Department accepts that the increase in estimated Scope 3 emissions is very small and therefore acceptable. Centennial would be required to continue implementing all reasonable and feasible measures to minimise the release of GHG emissions from the modified development (see condition 6(a) of Schedule 4 of the existing development consent).
Socioeconomic	<ul style="list-style-type: none"> • The Modification Report referred to relevant components of the Social Impact Assessment (2019) and Economic Assessment (2019) which were prepared for MOD 3 to assess potential socioeconomic impacts associated with the current modification. • SLR indicated that the minimal environmental impact footprint of the modification means the amenity of the surroundings would not change, and impacts on personal and property rights, cultural heritage, community identity and sense, aesthetic values are unlikely. Qualitative social benefits would also be associated with the involvement of the additional workforce households in community-based activities. • Council requested further assessment of the potential impact of an additional workers and families on the local infrastructure and services. • In response to Council's comments, Centennial noted that the additional employees would not result in increased impacts to the community and public infrastructure as negligible environmental impacts are predicted from the modification. Centennial also noted that the modification is unlikely to change the surrounding amenity, personal or property rights, cultural heritage or sense of community and community identity. The new positions are likely to be filled by people already residing in the Lithgow and surrounding LGA's. • Council noted that Centennial provided justification for the minor increase in employees. • SLR indicated that the increase in workforce is likely to result in positive economic benefits in the region relating to the provision of employment in the area, and the additional workforce's household consumption and investment activities. For MOD 3 (which was based on an increase in the workforce by 45 FTE employees), it was demonstrated that a labour surplus of approximately \$2 million would result. The additional employees are also likely to increase overall benefits to the State through additional taxes. Overall, the modification was therefore considered likely to result in an economic benefit. • Centennial noted that the existing Community Enhancement Fund is drawn from three of Centennial's western operations (Airly, Springvale and Angus Place), and it is in discussions with Council regarding future contributions.

Issue	Findings and conclusions
	<ul style="list-style-type: none"> <li data-bbox="325 248 1343 331">• The Department notes that Airly has been operating in the community for many years. The Department accepts that the modification is unlikely to substantially change the extent of impacts on social amenity that are currently being experienced. <li data-bbox="325 338 1343 510">• The Department accepts that the modification would result in a ~23% increase of additional workers, and that most of the workers would likely reside in the local and regional area. Further, the Department expects that a large proportion of workers' salaries would be reinvested and circulated within the region. The Department considers that this would result in overall economic benefits, and that the modification is therefore desirable and justified from an economic efficiency perspective.

7 Evaluation

46. The Department has assessed the potential environmental, social and economic impacts of the proposed modification in accordance with the requirements of the EP&A Act, in consultation with relevant Government agencies, Council and with consideration of public submissions.
47. The Department considers that the increase in the approved number of employees would enable Centennial to implement a more favourable rostering rotation and maintain forecast production rates and coal supply. The additional employment in the region is also likely to result in positive economic benefits relating to additional household consumption and investment activities.
48. The slight increase in traffic levels associated with additional employees is unlikely to have an impact on the capacity, efficiency or safety of the surround road network, and traffic noise levels at surrounding residences would remain below relevant noise criteria. Increases in wastewater treatment requirements can be readily managed through an upgrade to the existing treatment system.
49. The Department considers that the proposed modifications to the rehabilitation reporting and management conditions are appropriate, as the updates would ensure that the development consent reflects the current regulatory framework for mine rehabilitation in NSW.
50. The Department's assessment has concluded that the potential impacts of the modifications are similar in nature and scale to those of the existing operations and can be appropriately managed through existing and proposed conditions of consent.
51. Consequently, the Department considers that the proposed modification is in the public interest and is approvable, subject to the recommended conditions set out in the notice of modification (see **Appendix C**). A consolidated development consent incorporating the recommended changes is provided in **Appendix D**.
52. This Modification Assessment Report is hereby presented to the Commission to determine the application.

Appendices

Appendix A – List of referenced documents

A1 – Modification Report : Refer to the ‘Modification Application’ folder under the ‘Assessment’ tab on the Department’s website at: www.planningportal.nsw.gov.au/major-projects/projects/modification-5-workforce-increase-and-rehab-reform

A2 – Submissions: Refer to the ‘Submissions’ tab on the Department’s website at: www.planningportal.nsw.gov.au/major-projects/projects/modification-5-workforce-increase-and-rehab-reform

A3 – Submissions Report: Refer to the ‘Response to Submissions’ folder under the ‘Assessment’ tab on the Department’s website at: www.planningportal.nsw.gov.au/major-projects/projects/modification-5-workforce-increase-and-rehab-reform

A4 – Agency Advice: Summarised in Table A1. Refer to the ‘Agency Advice’ folder under the ‘Assessment’ tab on the Department’s website at: www.planningportal.nsw.gov.au/major-projects/projects/modification-5-workforce-increase-and-rehab-reform

Table A1 | Agency Advice

Agency	Advice
NSW Resources Regulator	<ul style="list-style-type: none"> Resource Regulator Advice on Mod 5 Resource Regulator Final Advice Mod 5
Environment Protection Authority (EPA)	<ul style="list-style-type: none"> EPA Advice on Mod 5 EPA Final Advice Mod 5
National Parks and Wildlife Service (NPWS)	<ul style="list-style-type: none"> NPWS Advice on Mod 5 NPWS Final Advice Mod 5
Transport for NSW (TfNSW)	<ul style="list-style-type: none"> TfNSW Advice on Mod 5
Office of Energy and Climate Change (OECC)	<ul style="list-style-type: none"> OECC Advice on Mod 5
Lithgow City Council (LCC)	<ul style="list-style-type: none"> LCC Advice on Mod 5 LCC Final Advice Mod 5 a LCC Final Advice Mod 5 b

A5 – Additional Information: Summarised in Table A2. Refer to the ‘Additional Information’ folder under the ‘Assessment’ tab on the Department’s website at: www.planningportal.nsw.gov.au/major-projects/projects/modification-5-workforce-increase-and-rehab-reform

Table A2 | Additional Information

Additional Information	Date
Landowner Consent	6 October 2023
Comment on Draft Conditions	31 October 2023
Employee Increase	7 November 2023

Appendix B – Statutory considerations

See over page

Appendix C – Instrument of Modification

Appendix D – Consolidated Development Consent

Appendix B: Statutory considerations

Objects of the EP&A Act

Table B1 summarises how the relevant objects of the EP&A Act have been considered in the Department's assessment of the Project.

Table B1 | Objects of the EP&A Act and how they have been considered

Object	Consideration
(a) to promote the social and economic welfare of the community and a better environment by the proper management, development and conservation of the State's natural and other resources,	The modification meets this objective because it would: <ul style="list-style-type: none"> allow efficient extraction of coal resource utilising additional employees to maintain forecast production rates and coal supply; and provide additional employment opportunities and economic benefits in the region through household consumption and investment activities. Overall, the Department considers that any minor social impacts (primarily relating to traffic increases and traffic noise) can be appropriately managed under existing and recommended conditions.
(b) to facilitate ecologically sustainable development by integrating relevant economic, environmental and social considerations in decision-making about environmental planning and assessment,	The Department considers that the modification is minor and can be carried out in a manner that is consistent with the principles of ecologically sustainable development as it would: <ul style="list-style-type: none"> not require clearing of any native vegetation; have no impact on Aboriginal cultural heritage or historic heritage; have minimal environmental impact beyond what is already approved; and provide additional employment opportunities in the region and result in associated economic benefits.
(c) to promote the orderly and economic use and development of land,	The modification represents a continuation of a long-standing historical land use which is permissible on the subject land. The modification would not require any additional land clearing and would result in no additional impacts to built or natural features beyond what is already approved. The Department considers this represents an orderly and economic use of the land.
(d) to promote the delivery and maintenance of affordable housing,	The modification would have no impact on the existing approved project boundary.
(e) to protect the environment, including the conservation of threatened and other species of native animals and plants, ecological communities and their habitats,	The modification does not require any land clearing and avoids any impacts on threatened species and communities and key habitats.
(f) to promote the sustainable management of built and cultural heritage (including Aboriginal cultural heritage),	The modification would not directly impact Aboriginal cultural heritage or historic heritage.
(g) to promote good design and amenity of the built environment,	The modification would not require any changes to the existing built environment.
(h) to promote the proper construction and maintenance of buildings, including the protection of the health and safety of their occupants,	The modification does not require the construction of any buildings.
(i) to promote the sharing of the responsibility for environmental planning and assessment between the different levels of government in the state,	The Department has assessed the modification application in consultation with Lithgow City Council and other relevant NSW government authorities and given consideration to the issues raised by these agencies in its assessment.
(j) to provide increased opportunity for community participation in environmental planning and assessment.	The Department publicly exhibited the Modification Report and application and considered all submissions in its assessment.

Environmental Planning Instruments (EPIs)

To satisfy the requirements of section 4.15(1)(a)(i) of the *Environmental Planning and Assessment Act 1979* (EP&A Act), the following considers the relevant provisions of the EPIs that govern the carrying out of this project and have been taken into consideration in the Department's environmental assessment:

Lithgow Local Environmental Plan 2014 (Lithgow LEP 2014)

The Airly Coal Mine is located within the Lithgow Local Government Area and the *Lithgow Local Environmental Plan 2014 (Lithgow LEP 2014)* applies to this modification application. The Department notes that land use zones have changed as the Airly Coal Mine development application was submitted prior to gazettal of the Lithgow LEP 2014 on 19 December 2014.

Under the *Lithgow LEP 2014*, Airly Coal Mine is zoned C1 National Parks and Nature Reserves, RU1 Primary Production and RU2 Rural Landscape.

The Department has considered Section 2.9(1)(a) and Part 2.6 of the *Resources and Energy State Environmental Planning Policy (Resources and Energy SEPP)* which states that underground mining may be carried out on any land with development consent, and that the Resources and Energy SEPP prevails where there is an inconsistency with an LEP. Therefore, the Department considers that this modification application is permissible with development consent.

State Environmental Planning Policy (Planning Systems) 2021 (Planning Systems SEPP)

The proposed modification is for the purposes of coal mining which is identified as State Significant Development through Clause 5 of Schedule 1 of the Planning Systems SEPP.

As Centennial Coal has disclosed a reportable political donation, under Section 2.7(1)(c) of the Planning System SEPP and in accordance with Section 4.5(a) of the EP&A Act the Independent Planning Commission is the consent authority.

State Environmental Planning Policy (Resources and Energy) 2021 (Resources and Energy SEPP)

Section 2.9 of the SEPP identifies that mining is permissible with consent on any land where development for the purposes of agriculture or industry may be carried out (with or without development consent). Consequently, the proposed modification is permissible with consent under this SEPP, and the Commission may determine the application. The Department notes that the modification does not include any changes to the already approved disturbance area or project boundaries.

In addition, Part 2.3 of the SEPP lists a number of matters that a consent authority must consider before determining an application for consent to undertake development for the purposes of mining. The Department has considered these matters in its assessment of the proposed modification and finds that:

- the updates to the rehabilitation conditions are administrative and would align with the Resource Regulators updates;
- waste would be dealt with through the updates to condition 23(c), Schedule 4;
- road traffic noise would not increase by more than two decibels which is considered to be negligible;
- the additional employees would allow for more efficient resource recovery; and
- there would be negligible increases in greenhouse gas emissions (i.e. <0.01%).

Based on its assessment of the project, the Department considers that it can be managed in a manner that is generally consistent with the aims, objectives and provisions of Chapter 2 of this SEPP.

State Environmental Planning Policy (Resilience and Hazards) 2021

Hazardous and offensive development (chapter 3)

Chapter 3 of this SEPP requires persons proposing to carry out development for the purposes of potentially hazardous industry to prepare a Preliminary Hazard Analysis (PHA) and to submit this with the development application.

The original EIS for Airly Coal Mine considered the potential hazards and risks associated with the project, including the storage and transportation of hazardous goods. Centennial Coal notes in its Modification Report that contamination is unlikely to have occurred at its surface facilities site, and that it implements best practices for working with hazardous materials through environmental management plans and work health and safety systems.

The proposed modification is not considered a “potentially hazardous industry” or “potentially offensive industry” as described in this SEPP. Consequently, Centennial Coal did not prepare a preliminary hazard analysis, and the Department considers that Part 3.11 of the SEPP does not apply to determination of the modification application.