THE UNITED MINEWORKERS SOUTH WESTERN DISTRICT

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The Secretary
NSW Department of Planning and Environment

Submission made via portal at majorprojects.planning.nsw.gov.au

Dear Secretary,

Submission with respect to Hume Coal Project (7172)
and Berrima Rail Project (7171)

I write on behalf of the Construction, Forestry, Mining and Energy Union in support for the Hume Coal and Berrima Rail Projects. The union is broadly and strongly supportive of the projects with this support being qualified only to the extent the support is based on commitments made by the proponent with respect to the social and economic benefits of the project being fulfilled.

The CFMEU is the major union in the industries of its title, and we represent the majority of people employed in production and maintenance roles in the Australian coal mining industry, including in the Illawarra region.

Coal mining in the Illawarra region dates back to around 1848, and the history of the union in the region is almost as long. Both are an integral and longstanding part of the history and culture of the region. While it is clearly the case that the region is less reliant on coal mining and related industries than it once was – and such economic diversification is endorsed for improving the resilience of the region and community – the Hume project represents the continuance of an established industry rather than anything new or novel.

President Andy Honeysett | Secretary Lee Webb | Vice President South Bob Timbs | Vice President West Graeme Osborne | Vice President Metaliferous Greg Braes | Industry Safety & Health Representatives Peter Tatton & Stephen Barrett

Long term demand for Hume Coal's product

The majority of output of the mine will be higher quality metallurgical coal for steelmaking, as is most of the coal produced in the region. Coal is an essential chemical component in the production or iron and steel; it is not just a source of heat energy. While the role of thermal coal for power generation is under challenge from lower emission technologies that will reduce global warming, there will be a role for metallurgical coal for steelmaking for as long as we need steel. Steelmaking itself will need new technologies to reduce its emissions to the atmosphere, but that is beyond the scope of this submission.

The ultimate parent company of the project proponent is the Korean steelmaker POSCO, one of the world's largest. Its intention to extend into direct resource procurement for its core business demonstrates the long term demand for coal for steelmaking, and that the Hume mine would be less exposed the vagaries of the coal market than many other mines.

The employment benefits

The company appears to have gone to considerable lengths to ensure that the employment impacts of the mine are measured and beneficial.

The temporary construction workforce will be housed on site in a temporary village to minimise demand on local short term accommodation that is oriented to the tourism industry.

The production workforce of around 300 people will be predominantly sourced from within the region, while those recruited from beyond the region will have a strong incentive to relocate closer to work as the proponent will require the workforce to live within 45 minutes travel time from the mine. This is reduce fatigue risk associated with long commutes on top of shift work.

The company has provided good contextual demographic and housing data that suggests the workforce – likely to be centred around the 25-45 age bracket with families - will broaden the demographics of the region that are slightly polarised to the young and the old.

The ongoing workforce will provide some impetus to housing demand and subsequent supply that the region is well-configured to provide without overheating demand.

The company proposal makes reference to typical mining wages (page A.10 of Appendix R Social Impact Assessment). Being higher than wages in other industries, this will provide a boost to the region in terms of flow-on demand for goods and services compared to lower-paying jobs.

The company proposal could do with greater specificity regarding:

- the method of operation of the mine eg owner-operated or run by contractor(s);
- the mix of permanent (including part-time) versus casual and contract employment;
- the likely wages paid; and
- the rosters and working hours proposed.

The proponent has advised the union that the mine will be owner-operated rather than contracted out, and that the company will seek to regulate wages and conditions at the site through collective bargaining.

This provides greater assurance that the project will provide reasonable rosters and working hours, that the wages will be in accordance with coal industry standards and that employment will be relatively secure and longer-term. This will maximise the benefits of the project to the local area.

In recommending or granting approval to mines or other major projects, regulators should make careful note of the claimed employment and other social and economic benefits of the projects, and take reasonable steps to ensure that such claims are borne out in practice. In the case of the Hume project, the company has claimed $16 million per year in royalties and payroll tax to the State government, $33 million in annual wages to locals, and $90 million in purchases of goods, services and payments to contractors. In addition the federal government will also derive income tax payments from the company and its workforce.

It is noted that, in general, approval conditions for mines and major projects are largely related to environmental requirements and tend to assume, rather than require, that the economic and social benefits be achieved. Regulators should address this imbalance through ensuring that claimed social and economic benefits are met.

Covered rail freight

New projects in established areas tend to find it more difficult to locate and build the infrastructure that will facilitate the project while minimising adverse impacts.

It is vastly preferable that the output of the mine be transported by rail in order to minimise truck movements on local roads and highways.

The company has therefore done well to propose a short rail extension to an existing spur line that accommodates the existing owner and users of the line, and which will enable coal to be railed to the port.

It is noted that the company proposes to use covered wagons to further reduce the risk of coal dust from the freight process. This is certainly beyond current industry practice and it is hoped that this does not cause complications with efficient management of coal rolling stock in the coal freight system or with other users and the port. The union has been of the view that dust issues with coal freight are adequately managed through watering and possibly the use of surfactants.

Avoidance of subsidence

The company plans to use a mine plan that leaves in place a large proportion of the coal, with the result that mine tunnels/voids will not collapse after mining and there is expected to be negligible surface subsidence.

This is a highly conservative form of mining. In fact the union has taken the view in the past that this type of mining, where the majority of coal is *not* extracted, is "sterilising" valuable resources and not to be encouraged. Subsidence can be managed successfully, especially for modern mines with well-documented mine plans.

In this case, the mine plan to virtually eliminate subsidence demonstrates the extraordinary lengths to which the proponent has gone in order to minimise adverse impacts in a well-settled region.

Ground water management

The issue that appears to have received the most negative publicity surrounding the project is with respect to groundwater management. The underground mining operation will draw down the groundwater level by around 2 metres for the duration of mining and for a further period, with affected bores recovering by 75% within 23 years of first impact.

The company has announced that it will "make good" the adverse impacts on affected properties. It estimates that a third of the 93 affected bores will require additional pumping

to maintain flows, another third will require repositioning of pumps, and around a third of bores will need redrilling or other repositioning.

This is a minimal adverse impact that the company proposes to manage so that those affected suffer little more than some inconvenience.

Conclusion

This project will add to the diversity and resilience of the area in which it is located, reducing the heavy reliance on tourism. It will broaden the population, bringing in well-paid jobs for the 25-45 age group with families. It will be a significant contributor to the local and state economy.

There is long term demand for the principal product of the mine – coal for steelmaking. The steelmaking parentage of the proponent is solid evidence of this.

The proponent has gone to substantial lengths – possibly considered extraordinary – to minimise common mining impacts like subsidence, and dust from coal wagons. The measures proposed to compensate and make good the adverse impacts of groundwater drawdown appear very reasonable.

On these bases the union is happy to support the project.

Yours sincerely
THE UNITED MINE WORKERS SOUTH WESTERN DISTRICT
DIV OF THE CFMEU

MR BOB TIMBS
DISTRICT VICE PRESIDENT