

Legislative Council Hansard – 17 March 2021

**SOUTH32 DENDROBIUM EXTENSION PROJECT APPROVAL BILL 2021***First Reading*

Bill introduced, and read a first time and ordered to be printed on motion by the Hon. Mark Latham.

Second Reading Speech

The Hon. MARK LATHAM (11:38): I move:

That this bill be now read a second time.

The South32 Dendrobium Extension Project Approval Bill 2021 breaks the shameful silence of the major parties about the future of steelmaking in New South Wales. The bill fulfils the wishes of the Department of Planning, Industry and Environment to grant consent for the South32 Dendrobium mine extension and allow the planning Minister to issue appropriate development conditions and environmental safeguards. The bill overturns the 5 February decision of the Independent Planning Commission [IPC], consistent with the views of Deputy Premier John Barilaro that this coking coal extension in the Illawarra must go ahead.

Without high-quality coking coal there can be no steelmaking by BlueScope Steel at Port Kembla. The equation is simple: iron plus carbon equals steel. Let me repeat that for those subscribing to the myth of green steel from the BlueScope blast furnaces: iron plus carbon equals steel. Let me say it again for those MPs, like the member for Wollongong and his green committee co-chair from this place, Mr David Shoebridge, trying to con the workers of the Illawarra that they have a future in so-called hydrogen steel: iron plus carbon equals steel.

Unless we make steel in New South Wales we cannot make anything else. We cannot have manufacturing in a decent industrial base in New South Wales. To make steel, BlueScope relies on quality coking coal from the South32 Dendrobium mine. Indeed, this is one of the three basic reasons we have steelmaking at the mighty historic site in Port Kembla: access to the port bringing in iron ore, access to the east coast consumer market in steel and access to the rich near perfect coking coal of the Illawarra. Take away the resource access and you take away the financial prospects of BlueScope steel into the future. Without the Dendrobium mine extension, they will have to import coking coal from Queensland at the international parity price—a huge cost burden on this company.

This is on top of other financial pressures at Port Kembla such as woke investors pushing them into expensive green credits from a useless investment in the Wagga Wagga solar farm, having to employ a climate change manager to placate the likes of Matt Green, a \$600 million to \$700 million cost in fitting out blast furnace 6 at Port Kembla as blast furnace 5 comes to the end of its natural life, and the mother of all cost burdens, the energy costs for BlueScope Steel in New South Wales are twice those of the steel plants in the United States. That is such a compelling piece of data: to make steel in New South Wales the energy costs are twice those of the BlueScope's operations in the United States. How can a company survive in our State if it is denied its essential coking coal resource from the South32 Illawarra mine plus pay double the energy costs paid in overseas locations in competitor plants?

This is why the 5 February decision of the Independent Planning Commission by the incompetent Stephen O'Connor and John Hann was so reprehensible that it must be overturned, which the bill seeks to do. The two commissioners rejected the clear compelling evidence of BlueScope Steel that the company needs Dendrobium coking coal to secure its long-term future in the Illawarra. It again confirms the shocking arrogance and incompetence of the IPC under the leadership of Mary O'Kane. How can those two green commissioners—one a failed local government consultant and the other a junior town planner—claim to know more about BlueScope Steel and its future resource needs than the company itself? The arrogance is breathtaking. One only needs to go to the article published on the ABC website for the hearings at the IPC, and I quote:

BlueScope Steel has backed the expansion of a coal mine in New South Wales, saying the project is "critical" to the survival of its Australian operations.

The head of BlueScope representing the company at the hearing said:

We consume up to three million tonnes of coking coal per annum, and over 80 per cent of this supply comes from local Illawarra coal mines.

They are the words of John Nolan, the BlueScope chief executive. He continued:

South32 supply around two-thirds of our coking coal requirements and we support their proposed extension of the Dendrobium mine.

The future success of BlueScope's Port Kembla steelworks—the largest manufacturing site in Australia—continues to rely on access to competitive, local [coking] coal supply.

Incredibly this evidence from people who know how they run their own company was rejected by the IPC. It is a compelling reason why we need this legislation: to ensure that the mine extension goes ahead and that steelmaking in New South Wales remains viable through access to the essential coking coal resource. This arrogant and incompetent decision by the IPC comes on top of other decisions of equal incompetence at Rocky Hill and Bylong Valley when the IPC displayed its bias against coal. It comes on top of the Keystone Cops routine at Rix's Creek in the Hunter Valley in October 2019 when in the space of a week the IPC issued an approval, then said it was invalid and then approved the mine extension for a second time. How has this Government placed the future of jobs and economic growth in the New South Wales resource sector in the hands of these people who make Laurel and Hardy look like rocket scientists?

What does that say about the investment environment in New South Wales when major international companies like the South Korean firm Korea Electric Power Corporation [KEPCO] have walked away from our State? KEPCO was strung out by the IPC on its Bylong Valley investment. It was actively given the impression its project would be approved and then dudded by this hopeless commission, resulting in the loss of thousands of potential jobs for New South Wales. On top of that, there was the debacle at United Wambo where the IPC illegally, unconstitutionally, tried to tie the coal exports from the mine to Paris Agreement nations. The New South Wales Government has no control over export powers, which belong to the Commonwealth under section 51 of the Australian Constitution. The IPC should have been abolished at that point for acting illegally. Instead, the best the Government has done was to promise the territorial limits bill. The planning Minister, Rob Stokes, gave his second reading speech 18 months ago on 24 October 2019 and then did nothing. It has not come to this Chamber to make it law. Minister Stokes said at the time:

... there are no applicable State or national policies requiring New South Wales coal projects to minimise or offset downstream emissions that occur overseas.

Scope 3 emissions are not to be a valid consideration for New South Wales development assessments yet that is one of the grounds on which the IPC has refused the South32 mine extension. It is completely unbelievable that the IPC would ignore, indeed reject, the advice of executives of BlueScope Steel who know how to run their own company and who know their future resource needs. It is using the argument of scope 3 emissions to knock back South32 when we know, and it has been pointed out to the IPC, that is not a valid and constitutional consideration for the commission. It now leaves us in a disgraceful situation. Just as New South Wales has no jurisdiction over policing schooling, health or community services in other States, we have no jurisdiction over environmental impacts in other States, Territories and nations. Our planning laws should spell out this obvious restriction and the IPC, in this case and others, should abide by the Australian Constitution and the law of the land.

The failure of Minister Stokes to proceed with his territorial limits bill has now put at risk thousands of jobs in the Illawarra in the IPC Dendrobium decision. This is the ultimate delusion of grandeur by the two commissioners: to image they can save the world from climate change by destroying steel-making in the Illawarra. What a corrosive, counter-productive decision, especially when we see it from an international perspective. The data is crystal clear. Australia produces five million tonnes of steel each year, three million from BlueScope in the Illawarra. China produces 200 times that amount—one billion tonnes from blast furnaces. It is a massive expression of that irresistible equation: iron plus carbon equals steel. How illogical can the IPC be in thinking that hurting BlueScope will have any real impact on China and its carbon emissions. In fact, the IPC decision on scope 3 emissions set out in its South32 judgement will embolden and assist China, strengthening its competitive position globally.

John Barilaro is right in saying that the IPC is a failed, ideologically driven and extremist body that should be abolished. The bill overturns the IPC decision in the Illawarra and restores a commonsense planning proposition that jobs must come first with concerns about water supplies addressed in the development conditions imposed by the planning Minister, which would be the normal way we conduct business and these developments in New South Wales. Coming out of the COVID-19 economic recession we must encourage investment in our State, not kill it. When Labor says that we need to make more things in New South Wales, we need to acknowledge this can only happen if we continue to make steel in the Illawarra, and the steel in the Illawarra relies on the essential coking coal resource. When the Government says, "We need to cut red tape and streamline the development approvals process", we need to start with the resource sector.

Late in 2019 I sat through a presentation on what a New South Wales mining company needed to do to expand its operation. It was in a meeting room onsite near Singleton in the Hunter Valley. The mine manager explained to me the steps required for final approval under New South Wales planning and environmental laws. I have to say that I thought the presentation would never end. It just went on and on and on, hoop after hoop after hoop, tangle of red tape after tangle of red tape to try to get an approval. It was like watching the scene in which Rowan Atkinson plays the fastidious shop assistant in *Love Actually*. I felt like screaming out, "What are you going to do now? Dip it in yoghurt?" It went on and on and on. The red tape and barriers to investment in this State from the IPC downwards are just phenomenal and such a handbrake on investment, jobs and economic opportunity in our State.

The bill that is now before the Chamber approves the Dendrobium mine extension consistent with the views and assessment of 11 of the 13 government agencies involved in the extensive 19-month process. The other cruel thing about these decisions is how companies are strung out over 19 months while 11 of the 13 government agencies deliberate. Instead of thinking, "Here's a really good chance for investment to go forward", the mining companies are knocked back at the last hurdle. It is cruel, not just on the investors but most particularly the workers. The Department of Planning, Industry and Environment said the project was approvable and that is what the Parliament should now say to overcome the failure of the IPC.

In early February the Deputy Premier, and Minister for Regional New South Wales, Industry and Trade, Mr Barilaro, said, "Today's decision has the potential loss of 750 mining jobs, 3,000 steel jobs and \$10.7 billion annually to the economy. But I'll fight this decision. I'll stand with the coal workers. I'll stand with the steelworkers. I'll stand with the communities of Wollongong and the Illawarra." Unfortunately, today the Government is not standing with anyone. The Government is not standing up against this decision. We have waited weeks and weeks for a Cabinet resolution to overturn the IPC. We have waited weeks and weeks now for legislation to come forward to overturn this faulty decision of the IPC. We have waited for a mandate to say it is a State-significant development, which can be approved internally by the Government, but none of these things have happened.

Unfortunately, the Government has gone through its usual pantomime—a routine whereby the Deputy Premier says sensible things in favour of jobs, economic growth and working families, but then the green Liberals come out and overrule him with their God complex, thinking they can save the world with minor emission reductions in New South Wales. Senior Ministers, the Premier, Gladys Berejiklian, Rob Stokes and the environment Minister, Matt Kean, have said they are standing by the IPC decision. This is the pantomime we get time after time to the detriment of our economy. The Deputy Premier will come out and say, "I am standing with the coalminers. I am standing with the steelworkers. I am standing for jobs", and then the majority of the Cabinet, the green Liberals, come out and say they are standing by the IPC.

This bill stands for economic growth, investment, and jobs and investment certainty to allow the project to go ahead. Unfortunately, on the non-government side of the Parliament, the once great Labor Party that stood for an industrial base in New South Wales has acquiesced. I am old enough to remember the members that the Labor Party used to produce from the Illawarra and Hunter who by now would be screaming from the rafters about the resource security for making steel in New South Wales. But instead, from today's Labor Party, we have not heard a peep of support for overturning the IPC decision. This bill puts Labor on the spot to vote for jobs, an industrial base and a growing economy coming out of the COVID recession, and to say, "Sure, we want to make things in New South Wales but we can't make anything unless we make steel. We can't have steel out of the Illawarra unless we have resource security."

The member for Wollongong and shadow Minister for Natural Resources, Mr Scully, has had no greater strength and commitment on this issue despite tens of thousands of jobs at stake in his own electorate than hitting the IPC with a feather. He said that the decision has caused uncertainty. Well, hello! Of course it has caused uncertainty. Stand up and fight for jobs to end the uncertainty. That should be the job of the member for Wollongong. All those industrial Labor members in years gone by would have done it straightaway. They would not have rung somebody up and said, "What can I say about this?" "Oh the best you can do is just talk about uncertainty and try to get yourself off the hook."

It is a disgrace given that 14,000 jobs in the Illawarra are at stake—750 in mining, 3,000 in steelmaking and 10,000 directly in the supply chain and related industries. Yet Labor and Liberal will not fight for the 14,000 jobs. In their vision of a carbon-free world, blue-collar workers are dispensable. The net-zero policy of those political parties will take 25 per cent off economic growth in New South Wales over the next 13 years and for them the blue-collar jobs, yet again, are dispensable. From the green North Shore Liberals and the Leura Labor Left, regions like the Illawarra are too dirty and deplorable to defend, so the elite sell them down the drain time after time. The Liberal-Labor green coalition is sending New South Wales to 100 per cent renewable energy, which is a big bonus for manufacturing jobs in China.

One of the disgraces attached to the IPC decision is that our State does not have a single manufacturer of solar panels and wind towers—not a single manufacturer. If we go 100 per cent renewable energy, then it is a bonus for jobs and manufacturing in China and other nations from which we import the solar panels and the wind towers. We cannot do anything about this in New South Wales in terms of building up a solar panel and wind tower manufacturing base unless we have steel and unless we have BlueScope to provide the essential input to those manufacturing activities. The chain reaction of the IPC decision denying the resource to BlueScope Steel and denying BlueScope Steel the chance to assist the manufacturing base in New South Wales is disastrous and guts the economy at many levels—mining, manufacturing and most particularly hardship in the Illawarra.

This is a serious time for job creation in New South Wales and it should be based on serious people making serious decisions. I note that the Government has appointed Craig Memery to the so-called Renewable Energy Sector Board. He has tweeted how we should close down the New South Wales economy every Monday to cut carbon emissions by one-seventh. How can anyone put in charge of job creation a person who wants to close the economy, with disastrous consequences, for one-seventh of the week? When the Labor member for Wollongong will not fight for coking coal, steelmaking, mining and manufacturing jobs in his electorate, we are at five minutes to midnight for the deindustrialisation of our State. That is the truth of what is happening here. Decision after decision is adding to deindustrialisation.

In this Parliament we will hear people talk about hospitality jobs, restaurant jobs, arts jobs and gig economy jobs, but who is talking about mining and manufacturing jobs in a meaningful way? That is in this bill, which needs to be supported by the House. Unfortunately, we are moving closer to the prediction of the Hon. Mick Veitch—of New South Wales as a lifestyle economy and nothing more than that with no depth in mining and manufacturing. It is just a lifestyle economy of cafes, restaurants, art galleries—

The Hon. Walt Secord: Hairdressers.

The Hon. MARK LATHAM: —hairdressers for those who need them, and nothing more than that. The major parties talk about hospitality and tourism jobs, arts and cultural jobs, public service jobs—they will be on the agenda of the unions knock on the door of the Opposition—and, of course, gender jobs get a big run in this place, but never mining and manufacturing jobs. The future of New South Wales steelmaking is at stake and the stakes are very high. This bill is needed to give it a viable future. The facts are clear. I have outlined those previously. How can Liberal, Labor and The Greens stand by and watch steelmaking in New South Wales collapse? It is in trouble, even if we move away from blast furnaces. If you go to Sanjeev Gupta's investment in the electric arc furnaces, he is in trouble because of the collapse of Greensill's finance. He has 2,000 employees in New South Wales mainly based in Rooty Hill and Newcastle. So at every turn steelmaking is under pressure in New South Wales, which is all the more reason for the Parliament to pass this legislation.

The facts are very clear. Unfortunately my understanding is that at the moment the South32 board is walking away from the investment. We have to understand that time after time the decisions from the IPC downwards, combined with the faulty and lack of support from Cabinet Ministers, result in investors walking away saying, "New South Wales is an impossible place in which to invest." KEPCO did that in relation to the Bylong Valley and now South32 is walking away, looking at other countries and other jurisdictions away from New South Wales in which to invest its money. What a tragedy for a State that was once proud of its industrial base. What a tragedy for parties that argued in Parliament for industrial jobs, manufacturing and for making things and doing things in a meaningful way to build our economy and give working families the security they need to stand up time after time for something that has sadly become unfashionable—blue-collar jobs. Blue-collar jobs are a glorious and beautiful thing that need to be supported at every level. On that basis and with very adept timing, I commend the bill to the House.

Debate adjourned.

The PRESIDENT: Order! According to sessional order, proceedings are now interrupted for questions.