

**Submission
No 220**

SUSTAINABILITY OF ENERGY SUPPLY AND RESOURCES IN NSW

Name: Mr Stephen Rix

Date Received: 16 September 2019

15 September 2015

Mr Alex Greenwich MP

Chair

Inquiry into Sustainability of energy supply and resources in NSW

Legislative Assembly Committee on Environment and Planning

Dear Mr Greenwich,

Please find a Submission from us, five residents of the Illawarra, dealing with matters being investigated by the Inquiry you Chair.

Our contact details are included in the Submission.

We look forward to a report from the Inquiry which charts a way towards an environmentally sustainable and socially secure future of our region, and our State.

Brian Mason

Anne Marett

Stephen Rix

Deidre Stuart

Stephen Young

An Illawarra Region Citizens' Submission

to

**NSW Legislative Assembly Committee on Environment and
Planning**

**Inquiry into sustainability of energy
supply and resources in NSW**

Introduction

We are a group of five citizens of the Illawarra who have an interest in the environmentally sustainable and socially secure future of our region.

We are:

- Brian Mason [REDACTED]
- Anne Maret [REDACTED]
- Stephen Rix [REDACTED]
- Deidre Stuart [REDACTED] and
- Stephen Young [REDACTED].

Our goals are mutually achievable. We do not accede to the “jobs versus environment” rhetoric of climate change denialists, corporate interests and small-government advocates.

Our Submission is directed to identifying a methodology for decision-making which achieves the twin goals of environmental sustainability and social cohesion.

The Terms of reference addressed in our Submission are:

That the Committee on Environment and Planning inquire into and report on the sustainability of energy supply and resources in NSW, including:

4. Effects on regional communities, water security, the environment and public health.
5. Opportunities to support sustainable economic development in regional and other communities likely to be affected by changing energy and resource markets, including the role of government policies.

Context

We live in the Illawarra.

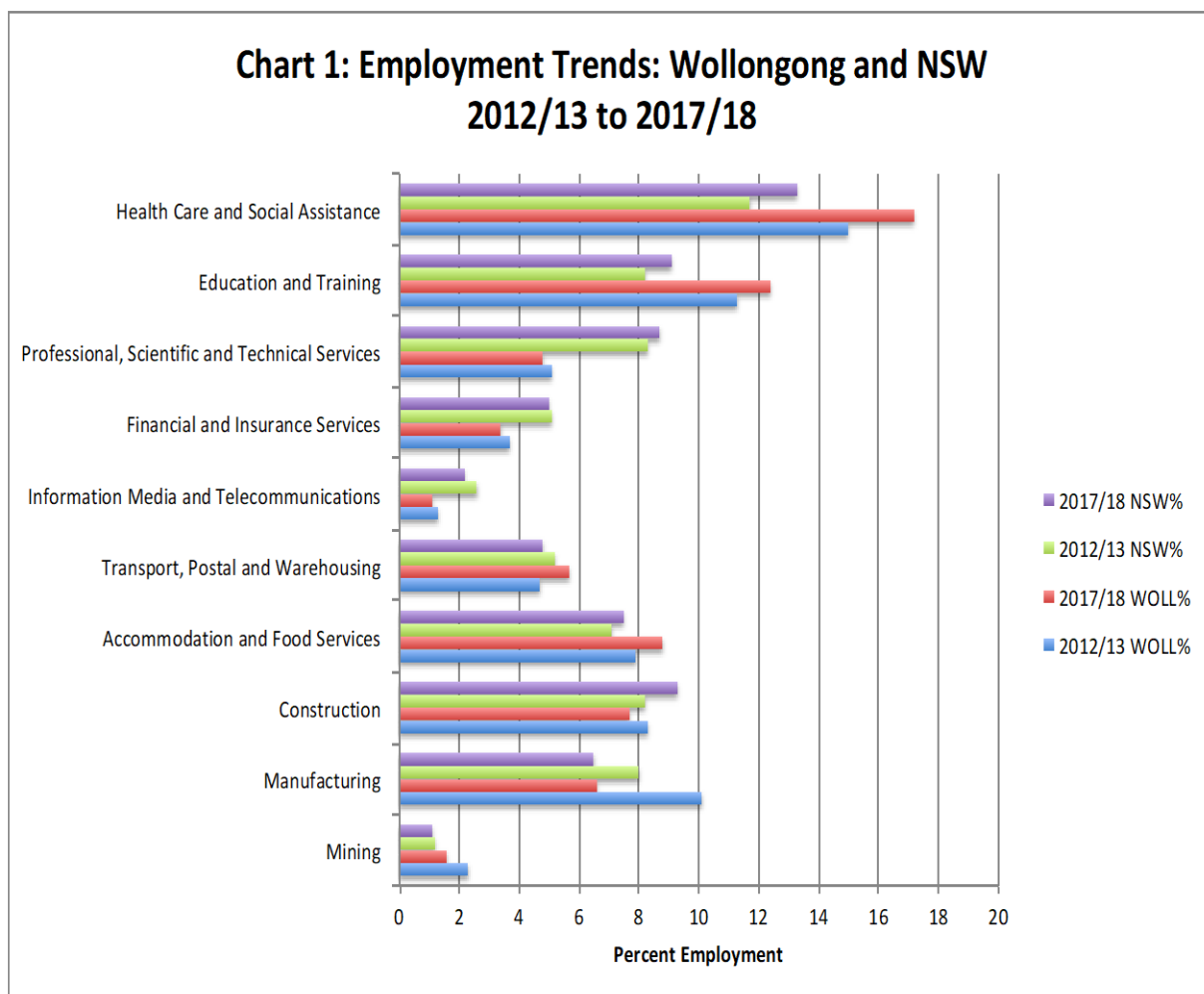
The Illawarra is a major population, economic and environmental region of NSW:

- It has been, through its history, a major coal mining, steel production and fabrication site which has undergone and continues to undergo fundamental restructuring
- It has experienced a growth of service industry employment (university and aged care) [see Chart 1¹]
- It has undergone a fundamental change in how it relates to the state's and nation's largest city, Sydney. The Illawarra has become, in many respects, a barrack suburb for Sydney (18.4% of those residents who work outside Wollongong work in Greater Sydney²).
- It is a major water harvesting area
- It has one of the state's most identifiable and utilised economic, scientific³ and recreational environments in the Illawarra Escarpment which forms its western boundary
- Its eastern boundary is the South Pacific Ocean which, again, has major economic, scientific and recreational value (coal loader, fishing, surfing etc)

¹ Source: National Institute of Economic and Industry Research (NIEIR) ©2018. Compiled and presented in economy.id by .id , the population experts. NIEIR-ID data are adjusted each year, using updated employment estimates. Each release may change previous year's figures.

² <https://profile.id.com.au/wollongong/residents>

³ See <https://www.abc.net.au/radionational/programs/offtrack/clever-cookies-bins-and-sins/11387992> (the study is taking place at Stanwell Park)



The connexion between coal mining and other features of the Illawarra, and the way in which those connexions have changed, are no better illustrated than by considering the formation of the Illawarra Escarpment State Conservation Area (IESCA).

The Illawarra Escarpment State Conservation Area (IESCA) was created in 1981.

The park was first reserved in 1980 as the Illawarra State Recreation Area following the donation of 1503 hectares to the NSW Government by Australian Iron and Steel Pty Ltd (now BHP Billiton). Terms of the donation agreement that remain relevant are:

- The park is limited to a maximum depth of 15.24 metres below the natural ground surface.
- Three non-government organisations (Scouts Australia NSW, Girl Guides NSW & ACT, and the Australian Rhododendron Society) are guaranteed continued rights of occupancy at three sites within the park.
- BHP Billiton retains the following rights on the donated land:
 - continuation of existing uses and mining-related infrastructure
 - the right to open new mines or install new equipment, roads, railways and other services related to its operations

- unrestricted right of access to existing or new installations for maintenance purposes, over existing routes or over new routes agreed to by the Minister.

The *National Parks and Wildlife (Adjustment of Areas) Act 2001* changed state recreation areas, as a category of reserve, to state conservation areas.

Since the initial reservation, substantial additions, including further donations by BHP Billiton, have increased the park to its current size. Additions in 2003 north of Bulli added an almost continuous corridor of land north to Royal National Park and adjacent to Dharawal Nature Reserve and Dharawal National Park.⁴

The terms of 1979 donation agreement only apply to the lands that are the subject of that agreement. Attempts to obtain information regarding the conditions attached to donations since 1979 have to date (8 September 2019) received a nil response.

The time has come to see these preserved conditions for what they are: fossils of a world ignorant of, and refusing to acknowledge, the climate crisis confronting us.

I. Recommendation 1

That the NSW government make the conditions of land donated to IESCA publicly available for comment and revision.

⁴Illawarra Escarpment State Conservation Area Plan of Management, NSW National Parks and Wildlife Service, September 2018, pages 1-2

Regarding Term of Reference 4: Effects on regional communities, water security, the environment and public health.

This submission addresses all the elements of ToR 4.

Environment

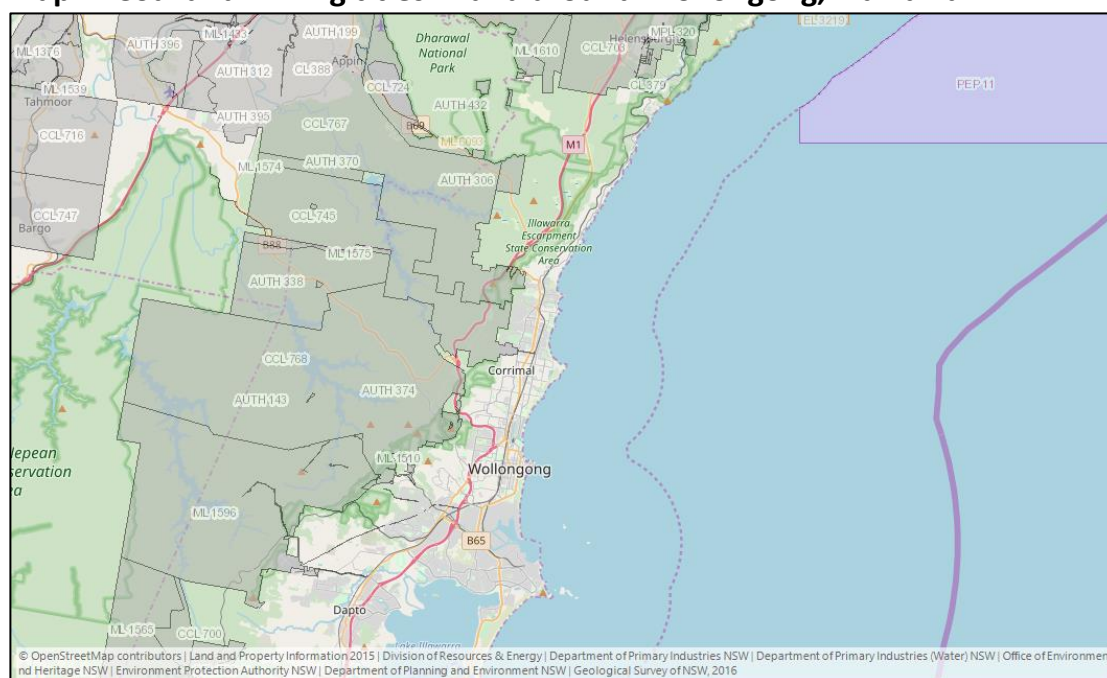
The need for a transition period to phase out coal mining under the catchment, both for broad environmental and human health reasons, and for reducing greenhouse gas emissions to limit warming to 1.5°C necessitates a need for an accompanying employment transition strategy.

II. Recommendation 2

That the NSW government establish a timetable, in consultation with impacted workers and industries, to phase out coal-mining in the catchment and employment transition.

The Illawarra Escarpment is covered with a patchwork of mining and exploration leases. Some of these are decades old (and may have been continued from previous regimes).

Map 1: Coal and mining titles in and around Wollongong, Illawarra⁵



Significantly for social cohesion is that a reduction in NSW's reliance on fossil-fuels will mean job losses. Thus, there is a need for transition policies and strategies to ensure that mine workers and related employees and contractors (eg maintenance workers) are not simply abandoned to the depredations of a weakening job market.

There are particular features of the Illawarra's job market which require close attention.

Reducing reliance on fossil-fuels also means that these leases will become less-and-less valuable. We would be interested to know how the owners of these leases are dealing with this loss of value. This is important for various reasons. First, and considering a lease as an

⁵ <https://datasets.seed.nsw.gov.au/dataset/nsw-mining-titles>, accessed August 2019.

asset, it is implications for a corporation's reported financial performance and thus for investors (including workers' and retirees' superannuation funds) and for tax purposes.

Second, these assets are best understood as a *right* to extract a publicly-owned resource. As such, the valuation of these assets has implications for the underlying asset values of the State. If the state determines that their extraction is no longer permitted, their underlying value declines to zero. That has implications for any compensation that the state may consider itself duty-bound to pay⁶.

Most of the leases were previously BHP's, but are now primarily owned by BHP's successor South32 through separate proprietary companies which have somewhat opaque reporting requirements. Without proper disclosure how can we know about the value of crown property licensed to be extracted by corporate interests? And how can we imagine creating new industries as part of a transition strategy which match the value of the old?

Water security

Most recently, coal interests have been able to circumvent, with the collusion of the government, standards imposed by Government on extension of mining under a water catchment area.

The exhibition periods for the proposed Dendrobium (South32) and Russell Vale (Wollongong Coal⁷) coal mining expansions were closed prior to the release of the Independent Expert Panel for Mining in the Catchment (IEPMC) which was due to be released last week in August 2019, but delayed until 14 October 2019.

The IEPMC report is expected to provide a comprehensive understanding of the impacts of mining on Sydney's drinking water catchment. Such information is crucial for objective assessment of the likely environmental (and related social) impacts associated with the proposed coal mining expansions. Such reports provide an opportunity for the community and government agencies and decision-makers to consider the report's contents, prior to public and agency submission closure deadlines and prior to any decision by Planning related to these coal mining expansion proposals.

The Minister for Planning *explicitly* rejected numerous requests for an extension of time for submissions on the proposed extension of coalmines consequent on the extended time for the IEPMC report to be made public.

III. Recommendation 3

That the NSW government immediately adopt a policy of no extensions to mining in the water catchment.

BioBanking

The Biodiversity Banking and Offsets Scheme (BioBanking) was a voluntary biodiversity offset scheme aimed at helping to address the loss of biodiversity values, including threatened species, due to habitat degradation and loss.

⁶ In 1988, Australians in all States and Territories rejected a proposed Constitutional amendment which would have enshrined the right to fair compensation for appropriated property.

⁷ Wollongong Coal has had a checkered history in the Illawarra, and entered into an enforceable undertaking with the NSW Government Resources Regulator in April 2019, which includes an undertaking to pay all fees as required under the *Mining Act*. The use of enforceable undertakings in the banking and insurance industries was found to be a problematic regulatory mechanism by the Banking Royal Commission in 2019.

BioBanking enabled 'biodiversity credits' to be generated by landowners and developers who committed to enhancing and protecting biodiversity values on their land through a BioBanking agreement.

The biodiversity credits could then be sold, generating funds for the management of the site. Credits could be used to offset the impacts on biodiversity values that occur as a result of development. The credits could also be sold to those wanting to invest in conservation outcomes, including philanthropic organisations and government.⁸

To date, we have been able to identify one of these agreements within our region. And it doesn't tell us much (we have sent a copy of the agreement with this Submission for your information).

Redaction is alive and well in NSW.

IV. Recommendation 4

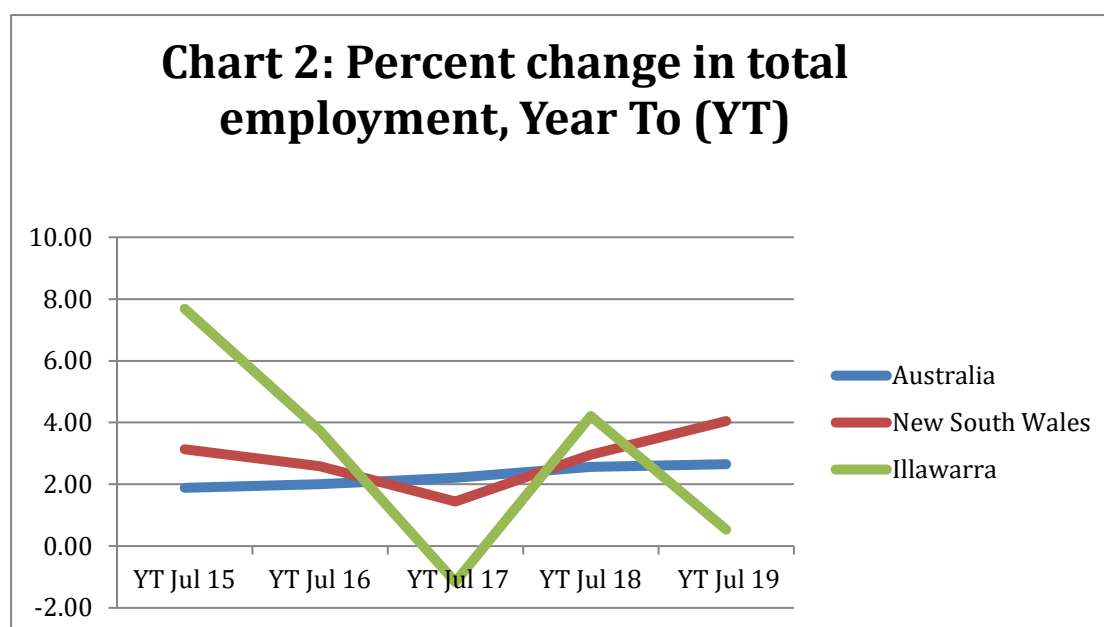
That the NSW government make publicly available all biobanking agreements in the IESCA.

⁸ <https://www.environment.nsw.gov.au/topics/animals-and-plants/biodiversity/biobanking>, accessed September 2019

Regarding Term of Reference 5: Opportunities to support sustainable economic development in regional and other communities likely to be affected by changing energy and resource markets, including the role of government policies

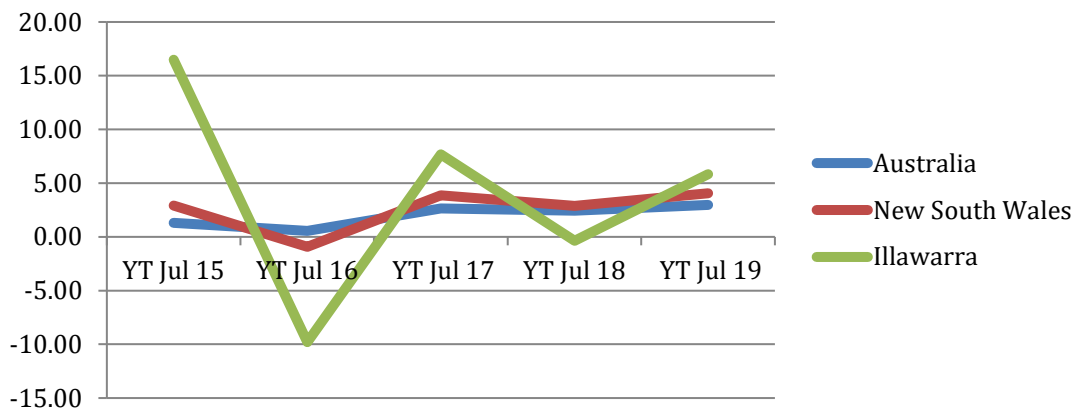
We understand that Term of Reference 5 is essentially concerned with the concept of transition. Prior to dealing with transition, it is instructive to view the particular employment situation in the Illawarra region (as defined by the Australian Bureau of Statistics, see sources).

First, the data indicate that the Illawarra labour market experiences greater instability than either Australia or NSW. The following Charts show that the swings in both Employment and Full-time Employment in the Illawarra are more marked than in Australia or NSW (see Charts 2 & 3⁹).



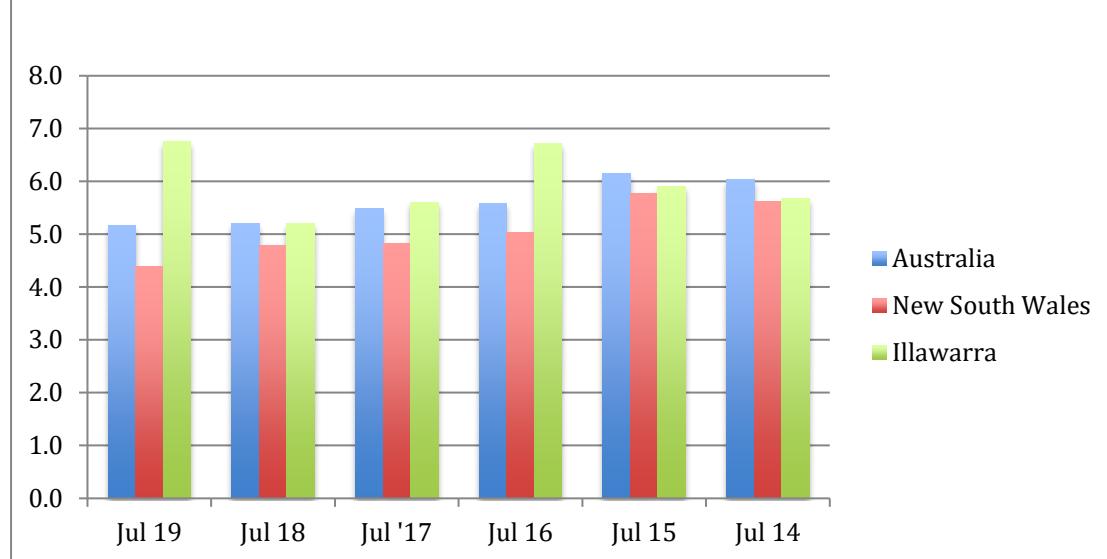
⁹ Data used to construct Charts 2, 3, 4 & 5 sourced from Australian Bureau of Statistics Release 6291.0.55.001 - RM1 - Labour force status by Age, Labour market region (ASGS) and Sex, October 1998 onwards

Chart 3: Percent change in full-time employment, Year To (YT)

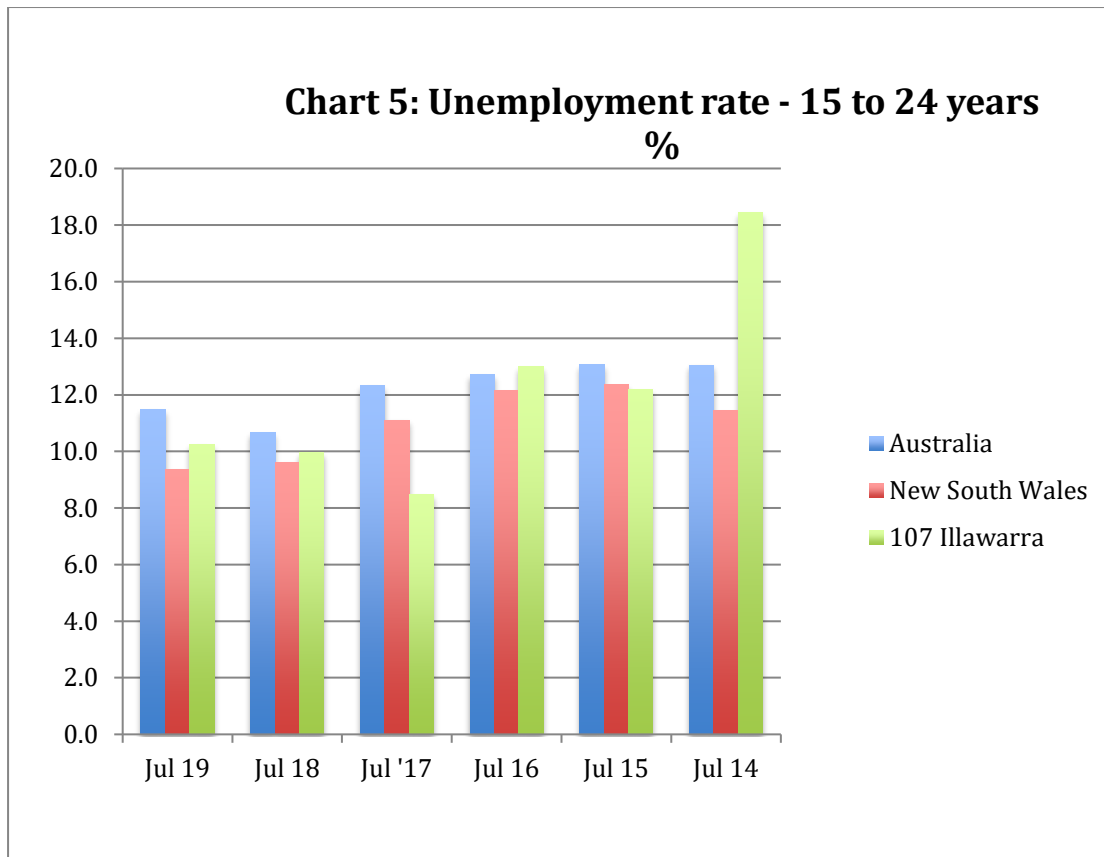


Second, the unemployment rate in the Illawarra is consistently higher than in New South Wales (Chart 4).

Chart 4: Unemployment rate %



Youth unemployment exhibits some of the same instability which characterises regional employment, but is also consistently higher than for the rest of the state (Chart 5).



Clearly, labour market instability and systemic high youth unemployment, combined with long-term economic restructuring, do not contribute to social cohesion. Thus, developing a coherent, inclusive transition policies are required.

Transition is the concomitant of restructuring. Options are available:

1. Restructure then require transition, without support
2. Restructure, then require transition, with support
3. Build transition into restructuring.

V. Recommendation 5

That the NSW government build transition planning into the inevitable restructuring that will occur as NSW moves away from fossil fuels (option 3).

We approach the issue of economic transition with a deep understanding that the costs of such transition are usually unfairly borne by those with the least capacity to respond to the economic restructuring. As an economist would say, labour is not perfectly mobile; as anyone else would say, a steel mill technician cannot become a florist overnight.

VI. Recommendation 6

That the NSW government fund a skills audit of workers affected by phasing out coal mining in the Illawarra.

We suggest that this is best done by the people themselves. The scope of the audit would be workers and contractors in the mines as well as associated support services. The purpose is to provide an evidence base for planning new livelihoods.

VII. Recommendation 7

That the NSW government use the “Green Jobs for the Illawarra” project as a model for an approach to regional transition key elements being

- 1. Begin with an Illawarra Jobs Summit and follow up community forums to bring together stakeholders from unions, government, industry groups, manufacturing, small business, and University of Wollongong*
- 2. Allocate funds to follow up recommendations*
- 3. Utilise a revitalised and inclusive Regional Development Authority - Illawarra for coordination*

We are aware that groups have previously confronted this issue including *Green Jobs for the Illawarra Action Plan* (2009) and the *Final Report* in 2013. Elements of their commissioned research which we specifically commend are:

Recommendation 2: Iconic Public Buildings – Major Retro-Fit Project

The scoping and establishment of retrofit projects focusing on iconic public buildings in the region ... to showcase the use of renewable energy technology and sustainable construction.

Recommendation 3: Wind Power Industry Development Strategy

Implementation of the NSW Government’s renewable precincts strategic plan for the development of the wind power generation industry in the Illawarra to include the consideration of the current proposals developed by the Southern Councils Group focussing on ‘community wind power generation’.

Recommendation 4: Wave Power Technology– Centre of Excellence

Positioning the Illawarra as a 'centre of excellence' for wave power generation technologies by harnessing the existing R&D capacity of the University of Wollongong

Recommendation 11: University of Wollongong - Teaching and Training Capacities

The University consider further developing its role as a trainer of professionals in all facets of sustainable industry including consultants and advisers on energy efficient products and new materials and government environmental policies.

Recommendation 12: Professional Development Short Courses

Specialised courses for local manufacturing organisations be offered, promoted and developed by TAFE as a matter of urgency in order to improve the overall resource and cost efficiency of production operations and improve their capacities to manufacture new environmental products in line with the objectives of the Manufacturing Skills Industry Council. These specialised courses should include training for employers and employees in sustainable workplace auditing.

Recommendation 17: Green Jobs and the Aboriginal Community

The expansion and enhancement of Bushcare and Landcare type initiatives in consultation with the Aboriginal communities of the region focussing on increased Indigenous enterprise formation and employment in green jobs. This should include

enhanced support for the delivery of business and project planning as well as 'on the job' accredited training, technical research and support services.¹⁰

We have drawn attention to these recommendations not simply because of their particular relevance to the transition in the Illawarra but because the initiative taken **a decade ago** indicates that citizens, whether as residents or workers, embody a vast resource of ideas of how their skills (whether certified or not), interests and passions can be turned to achieving just transitions in periods of necessary economic restructuring.

Finally, often ignored by corporate proponents of transition schemes is that it is easier and less socially destructive to re-purpose capital rather than re-purpose people¹¹. What was done a decade ago, can be done again and can be implemented. We urge the Committee to so recommend.

¹⁰ Green Jobs Illawarra Action Plan (2009) *A Report to the Honourable Nathan Rees Premier of NSW from the Green Jobs Illawarra Project Steering Committee*

¹¹ We draw the Committee's attention to the UK Lucas Aerospace Shopstewards Committee's experience in the late 1970s and early 1980s. <http://lucasplan.org.uk/story-of-the-lucas-plan>

Attachments included with submission

Biobanking Agreement ID number: BA421, Biodiversity Banking and Offsets Scheme, Office of Environment and Heritage, 2017