



region's economy \$6.4bn a year.

A confidential Planning Department review, dated July 2020 and obtained by The Weekend Australian, warns without the extension other South32 mines in the area could become unviable and this could lead to the immediate loss of 1700 jobs.

The Independent Planning Commission denied the application to extract an additional 78 million tonnes of coal by 2048 on the grounds that it would risk "irreversible damage to Great Sydney and the Illawarra's drinking water catchment".

The decision was welcomed by environmental groups, but criticised by Deputy Premier John Barilaro, who said it was "one of the most destructive" the IPC had ever made. "I'm getting sick to death of a small review panel overriding hundreds of years of shared knowledge by experts in NSW Planning," he said.

"It should not be a decision-making body overriding expert advice. (It) will single-handedly destroy thousands of jobs, kill investment and destroy any hope for a manufacturing revival."

The mine, near the Port Kembla Coal Terminal, had been approved to operate until 2030.

The company had offered to fund more than \$100m in water catchment offsets, such as conservation measures and capital works to improve Sydney's overall water supply, but the IPC said this did not address concerns raised by WaterNSW.

Mr Barilaro said on Friday that he rejected WaterNSW's submissions and attacked the agency that "can't cost a dam, a water project or manage our water supplies". He said he would seek legal advice to find any avenue available to overturn the decision.

The confidential review commissioned by the Planning Department was conducted by BAEconomics and found "the historical linkages and dependencies between (South32) and the primary steelmaking operations

at BlueScope mean that the failure of one will compromise the other". "Without product from (South32), PKCT would become unviable," the document reads.

The report's author, Brian Fischer — previously the executive director of the Australian Bureau of Agricultural and Resource Economics — has published more than 290 papers and monographs, a number of which were commissioned by the Minerals Council of Australia.

"Conservatively, the closure of these coalmining and steelmaking operations could cost the local Wollongong region around \$6.4bn per year in lost regional product," Dr Fisher wrote. "The estimated loss to the Australian economy as a whole could be as high as \$10.7bn per year."

South32 chief operating officer Jason Economidis said the company would review its options to challenge the ruling.

"We believe it's in the public interest for the project to proceed, preserving local jobs in the region," Mr Economidis said.

A spokesman for BlueScope said the company would "review and consider if or what implications this may have for our future supply chain". "Local coal supply remains very important to the economics of the Port Kembla steelworks' future," he said.

"The more supply options that are available, the better for the steelworks."

The extension project would have taken the mine further beneath Sydney's water catchment zone and was opposed by both environmental groups and by WaterNSW, which submitted a stinging criticism of South32's proposal in mid-December.

"The project would cause significant environmental impacts in various significant watercourses, including nine major streams," the agency's submission read.

South32 said the \$956m mine expansion, which was supported by the Planning Department, would have meant the continued employment of as many as 500

people. It was expected to contribute \$714m in royalties, taxes and rates, the company said.

A CFMEU spokesman said the decision to reject the expansion was "extremely disappointing" and a "blow" to mineworkers.

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