

Submission
No 3

**INQUIRY INTO COAL AND GAS LEGISLATION
AMENDMENT (LIVERPOOL PLAINS PROHIBITION)
BILL 2021**

Organisation: Whitehaven Coal

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Principal Council Officer
Portfolio Committee No. 4 – Industry
Parliament House, Macquarie Street
Sydney NSW 2000

By email: PortfolioCommittee4@parliament.nsw.gov.au

Dear Sir / Madam

Please find enclosed the Whitehaven Coal submission to Portfolio Committee No.4's inquiry into the Coal and Gas Legislation Amendment (Liverpool Plains Prohibition) Bill 2021.

We appreciate the opportunity to highlight the risks this Bill poses to the NSW economy and the significant contribution Whitehaven, and the broader coal industry, makes to the state.

Should you require any further information or clarification, please do not hesitate to contact me at any time.

Yours sincerely

Michael van Maanen
Executive General Manager
Corporate, Government & Community Affairs

Introduction

Whitehaven Coal (Whitehaven) welcomes the opportunity to make this submission to Portfolio Committee No. 4's (the Committee) inquiry into the Coal and Gas Legislation Amendment (Liverpool Plains Prohibition) Bill 2021 (the Bill).

Whitehaven strongly opposes this Bill, which seeks to prohibit the grant of new mining authorisations and petroleum titles on land in the Liverpool Plains.

The NSW Government's Strategic Statement on Coal Exploration and Mining already "sets a clear and consistent policy framework for coal exploration and mining in NSW that supports investment certainty as the coal mining sector responds to global demand, while helping regional communities to manage the effects of an expected decline in thermal coal mining in the state over the longer term."¹

We submit that the proposed Bill contradicts the Strategic Statement and poses significant risks to the NSW economy.

Coal mining is the state's largest commodity export, and a major source of revenue for the NSW Government, which means the Bill directly undermines the state's ability to fund essential services and infrastructure such as schools, hospitals, roads and transport.²

At a local level, this Bill would be particularly harmful to regional communities, where much of the coal and gas industries are based, not only shutting down direct investment and jobs but causing multiplier impacts across other businesses dependent on these industries – without consideration for alternative jobs or economic prospects.

This submission will demonstrate the many ways in which the coal industry's continued presence on the Liverpool Plains is fundamental to the region's future and the prosperity of small businesses, families, workers, Indigenous Australians and many others across regional communities more broadly.

Coal is critical to the NSW economy

Mining's financial and social contribution to NSW – particularly its regional towns and economies – is immense.

The industry's importance has been further amplified during the COVID-19 pandemic, particularly in many regional areas across NSW, representing an extension of the positive counterweight mining provided during one of the worst droughts in recent memory.

The NSW Minerals Council's latest annual economic survey found that mining member companies directly injected \$15 billion into the NSW economy in 2019-20, up \$1.3 billion from the previous year. Around 29,000 mining jobs were supported by member mining companies in 2019-20 and almost 8,000 local businesses were part of the mining supply chain.

As the state emerges from the COVID-19-induced recession, the resources industry – including coal – will unquestionably continue to have a central role to play in driving NSW's economic growth.

Indeed, the NSW Government's Strategic Statement on Coal Exploration and Mining identified this, stating that coal mining is an important industry for NSW, and will continue to be so for the next few decades. It is particularly important for our regional economies that have recently suffered a series of blows from drought, bushfires and the COVID-19 pandemic.³

NSW alone has 21 potential coal projects on the horizon, representing \$6.3 billion in capital investment and more than 10,000 new direct jobs. This reflects the strong international demand for Australian coal that will remain for decades to come.⁴

It is clear the coal sector is well-placed to build on the strong track record it has established for undertaking long-term investments, preserving and creating new jobs, promoting innovation and sustainability, and supporting growth in regional communities.

Whitehaven makes a significant contribution to regional NSW

As a leading producer of premium-quality coal and a proudly Australian company, we are proud of our social and economic contribution to NSW.

¹ https://resourcesandgeoscience.nsw.gov.au/__data/assets/pdf_file/0004/1236973/Strategic-Statement-on-Coal-Exploration-and-Mining-in-NSW.pdf

² https://www.resourcesandgeoscience.nsw.gov.au/__data/assets/pdf_file/0004/1236973/Strategic-Statement-on-Coal-Exploration-and-Mining-in-NSW.pdf

³ https://resourcesandgeoscience.nsw.gov.au/__data/assets/pdf_file/0004/1236973/Strategic-Statement-on-Coal-Exploration-and-Mining-in-NSW.pdf

⁴ <https://www.nswmining.com.au/news/2020/7/32-mining-projects-in-planning-pipeline-can-drive-economic-recovery-for-nsw>

Based on the proposed Bill's definition of the Liverpool Plains as including land within the areas of Liverpool Plains Shire, Gunnedah Shire and the town of Boggabri⁵, we note that the following Whitehaven projects have the potential be adversely impacted: Maules Creek, Tarrawonga, Vickery and Werris Creek.

The potential impacts of the Bill would include prohibiting the grant of any future authorisations associated with these projects, despite the NSW Government's Strategic Statement explicitly allowing coal exploration to occur adjacent to an existing coal title.

The Bill would also prevent the exercising of rights under existing authorisations, where mining or prospecting has not yet commenced under those authorisations.

It is particularly concerning that the proposed Bill is indifferent or hostile to years of rigorous assessment and transparent consultation with local communities and stakeholders, as well as consideration by the Independent Planning Commission NSW, in relation to our Vickery Extension Project – which has obtained State Significant Development planning approval and is currently under consideration by the Commonwealth Environment Minister.

To fully demonstrate the wide-range of detrimental impacts of this Bill, we welcome the opportunity below to highlight the significant contribution Whitehaven – and the broader coal industry – currently makes to the state.

Two decades of powering regional economies

Our purpose as a company is to support and sustain the regional communities in which we operate by exporting high-quality thermal and metallurgical coal from Australia to the world.

We achieve this by developing sustainable, long-life projects in the Gunnedah basin, Australia's only emerging high-quality coal basin, helping to ensure community capacity and viability through intergenerational investment in jobs, skills and infrastructure.

We believe local communities should be the main beneficiaries of our presence. For over two decades of continuous operation, we have taken care to put this belief into action as our profile in North West NSW has grown.

Over the past five years alone, Whitehaven has invested close to \$2 billion in North West NSW on top of capital expenditure.

We are the single largest private sector employer in the region with a workforce of around 2,500 people. We're also proud to be a major employer of indigenous Australians, with around 10 per cent of our workforce identifying as Aboriginal and/or Torres Strait Islander (ATSI).

Our approach focuses on the long-term health of the region, not short-term gains. This is why we work with local councils, business groups, the agricultural sector, charitable organisations and a range of local service providers to share the economic and social dividends of mining and plan for the future. Our approach is also pragmatic and specifically oriented to those areas where we know we can have a positive impact.

Our approach ensures the benefit from our operations is widespread and long-term – from building the capacity of our local and regional communities and economies, to the investments in social welfare, education, healthcare, and infrastructure paid for with royalties and taxes from our mines.

Over the last two decades, we have developed relationships and forged partnerships that have contributed to the economic and social renewal of North West NSW. We look forward to maintaining that renewal for generations to come, and to leaving a social and economic legacy that outlives mining operations.

Supporting local businesses and suppliers

Whitehaven is cognisant of the important role we play in sustaining the local communities around our operations. We are a proud supporter of local businesses and suppliers who rely on a diversified economy of industries that work together to maintain the health and sustainability of our region.

In FY20 alone we spent \$365.4 million with more than 300 local suppliers. Of this, \$3.5 million was with Indigenous-run businesses for goods and services ranging from on-site training to office supplies.

Beyond working with existing suppliers, we have a program of procurement and tendering workshops to help local businesses build capacity to work in partnership with Whitehaven Coal and have implemented an Indigenous Procurement Policy, to formalise our efforts to encourage suppliers to build their own Indigenous workforce. We are also proud to offer payment terms for local businesses of 21-days, contributing to improved cash flow and making businesses more sustainable over the long-term.

⁵ <https://www.parliament.nsw.gov.au/bill/files/3853/First%20Print.pdf>

As we have observed in recent years during times of drought and economic downturn, mining provides both economic and environmental flexibility for local businesses, whether through direct financial contributions to communities or through sharing water resources with neighbouring landholders. The stability Whitehaven provides is critical not only in terms of local employment, but in terms of maintaining the health of the broader ecosystem of businesses and community services that support people in the region.

Prioritising local employment

Whitehaven is committed to being part of the social fabric of the communities in which we operate, which is why we have always been conscious of the role we play in offering sustainable, long-term employment to local people.

Around 75% of our 2,500-strong workforce lives in the communities around our operations, reflecting our philosophy that residing in a local community is a fundamental precondition to being considered part of it.

Our people – from haul truck operators to engineers and geologists – are our greatest asset. We have never supported a fly-in, fly-out (FIFO) workforce. Instead, we are determined to maintain our status as a local employer of choice.

Our pipeline of mine developments places us in a strong position to continue to provide meaningful long-term employment opportunities and skills development pathways for those wanting to work and live in regional areas and be part of a growing Australian company.

Developing Indigenous employment opportunities

Our Indigenous Employment Strategy helps transform and empower the lives of local Indigenous people through meaningful and well-paid work. Our approach aims to help reverse the disproportionate representation of Aboriginal and Torres Strait Islanders in local unemployment data – a goal we have worked toward for more than a decade and one for which we have developed specific targets and measures.

We are proud to have exceeded the ambitious goal we set back in 2015 that 10% of roles at Maules Creek, our largest mine, be filled by Indigenous employees, reflecting the proportion of Indigenous representation in the local community more broadly. Approximately 13% of our workforce at Maules Creek and 9% of our total workforce identifies as Indigenous. We have committed to applying a 10% Indigenous employment target to our Vickery Extension Project.

We are also building understanding among our workforce through cultural awareness training, delivered by our partners at the Winanga-Li Aboriginal Child and Family Centre in Gunnedah, to new starters and existing employees, and by hosting and participating in events to mark National Reconciliation Week and NAIDOC Week.

An award-winning Indigenous Employment program

Our Indigenous employment program at Maules Creek was recognised by the NSW Minerals Council as 'best in class' within the industry and was included as a case study in the Prime Minister's Closing the Gap report for 2017. Our Aboriginal and Torres Strait Islander business procurement commitment was also highlighted in case studies produced by the NSW Minerals Council, Aboriginal Affairs NSW (OCHRE Report), and the NSW Small Business Commission.

Empowering local Indigenous people

Since Whitehaven began operations in the Gunnedah basin, we have worked in close partnership with the Indigenous people of North West NSW to address disadvantage.

Our approach is specifically designed to be intergenerational in nature, with a focus on initiatives in the areas of early childhood education and support, schooling, skills development and employment.

This holistic approach provides intergenerational support for children and their families, our employees and prospective employees, so local Indigenous people see their immediate needs being addressed, in addition to creating the socio-economic preconditions for future generations to grow and prosper

We partner with programs that help people in our communities access health and education services including:

- The Winanga-Li Aboriginal Child and Family Centre in Gunnedah and Narrabri, which has been able to help more children get to and from school, and help families access medical care, thanks to two minibuses purchased by Whitehaven Coal. With our support, Winanga-Li has been able to expand its operations into Lightning Ridge and Brewarrina.
- The Clontarf Foundation, which aims to improve the education, discipline, life skills, self-esteem and employment prospects of young Indigenous boys and men, using football as a means to attract, reward and help keep them in school. With our support, Clontarf has been established at Narrabri High School.

- The Girls' Academy at Gunnedah High School, which aimed to increase school attendance, advance academic and personal achievement, improve Year 12 graduation rates, and facilitate post-school transition planning. 50 Indigenous girls participated in the program that helped lift school attendance rates from 72% to 85% over the past three years – almost 10% higher than the broader school attendance rate. While Gunnedah High School has decided to place its participation on hold in 2021, we continue to work with the school and others to identify an alternative initiative to support young Indigenous women in our region.
- The Nandewar Wedgetails (Narrabri) and Gomeroi Roos (Gunnedah) teams, which compete at the Annual Koori Rugby League Knockout. Whitehaven Coal has also sponsored the Australian Indigenous Oztag squad at the last two World Cups, encouraging active and healthy lifestyles among young people.

Continuing our contribution in North West NSW

Whitehaven is committed to continuing to play a defining role in the community and economy for many years to come, evidenced by our pipeline of development projects.

With a capital cost of approximately \$750 million, Vickery has the potential to be one of the most significant sources of employment and investment in North West NSW over the coming years, and is estimated to contribute a net economic benefit to NSW of \$1.2 billion, money that will help fund schools, hospitals, roads and other state government priorities.

Vickery will include construction of an open-cut coal mine and associated on-site infrastructure about 25 kilometres north of Gunnedah. The mine will produce a majority metallurgical coal for steel-making, with the balance being high quality thermal coal destined for premium export markets in our region.

This project builds upon, and further optimises, an already-approved mine, on a site that has already been extensively and safely mined over many years – and will make Vickery, and our neighbouring operations, more efficient and sustainable over the longer term. Importantly, Vickery will generate around 500 construction jobs and 450 operational jobs – growing our existing workforce, and adding more than \$270 million in wages – as well as around 170 new jobs in locally-based supplier businesses. Following the success of our Indigenous Employment Strategy at Maules Creek, we have also committed to a 10% Indigenous employment target at Vickery.

With a mine life of more than 20 years, the Vickery Extension Project is key to our continued contribution to the state economy but it is under threat from this proposed Bill.

Conclusion

Once again, Whitehaven Coal thanks Portfolio Committee No. 4 for the opportunity to make this submission to the inquiry into the Coal and Gas Legislation Amendment (Liverpool Plains Prohibition) Bill 2021.

As we have outlined, the coal mining industry is fundamental to the social and economic prosperity of regional communities across NSW, and it will continue to be so for decades to come.⁶

Whitehaven is committed to continuing to play an important long-term role in this future, however our capacity to do so is contingent on a clear and consistent policy framework for coal exploration and mining that supports investment certainty in NSW's coal mining sector.

In our view, the proposed Coal and Gas Legislation Amendment Bill 2021 undermines this and jeopardises Whitehaven's ability to continue supporting jobs and investing in small businesses, families, workers, Indigenous Australians and many others across the state.

Whitehaven strongly opposes this Bill.

Whitehaven looks forward to reading the inquiry's findings and to continuing to work with stakeholders across government, industry and the community to support NSW's long-term prosperity.

⁶ https://resourcesandgeoscience.nsw.gov.au/__data/assets/pdf_file/0004/1236973/Strategic-Statement-on-Coal-Exploration-and-Mining-in-NSW.pdf