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## Dendrobium Mine Extension Project

### Exhibition of State Significant Infrastructure Application No- SSI-33143123

**Location** 65 Cordeaux Road, Kembla Heights  
(approximately 8km west of Wollongong)

**Proponent** Illawarra Coal Holdings Pty Ltd

**Council Area** Wollongong City, Wollondilly Shire,  
Wingecarribee Shire

**Approval Authority** Minister for Planning

Submission in support of the project from Business Illawarra to the NSW Department of Planning and Environment.

In so doing, Business Illawarra declares that it has not made any reportable political donations in the last two years.

## Background and position statement

Business Illawarra (formerly known as the Illawarra Business Chamber) has supported the Dendrobium Mine Extension project proposed by Illawarra Metallurgical Coal, a division of South32, since inception and throughout its process of application.

Business Illawarra made submissions to the Department of Planning Industry and Environment dated 18 September 2019 and then to the Independent Planning Commission dated 24 November 2020; following which, on 4 February 2021, the project was refused.

Direct representations supporting alternative pathways to have this project approved were also then made to the Premier of NSW and the Minister for Planning and Public Spaces on 22 and 23 March 2021. Alongside many in the Illawarra community, Business Illawarra publicly welcomed the announcement that the project was [declared State Significant Infrastructure \(SSI\)](#) on 4 December 2021 by the Deputy Premier and Minister Responsible for Resources.

The position of Business Illawarra with regards to this latest approval process is that the extension of operations is essential, for both social and economic reasons, to ensure that the broader Illawarra coal 'ecosystem' remains viable.

This ecosystem consists of both the Dendrobium and Appin mines operated by the proponents, additional mines at Tahmoor, Helensburgh and Russell Vale, the BlueScope Steelworks (which will continue to rely on the 'just in time' supply of premium grade metallurgical coal for production for decades to come) and the Port Kembla Coal Terminal. It supports not only the Illawarra region but the state and the nation more broadly, to allow domestic steel making capabilities to continue and for mineral export business and taxation revenue to support communities.

A 2020 independent economic assessment stated:

*“The future of the proponent and the broader southern coalfield economic ecosystem is related. A prospective closure of their mines could cost the local Wollongong region around \$6.4 billion per year in lost regional product and the estimated loss to the Australian economy could be as high as \$10.7 billion per year. An estimated 5,500 direct jobs would be lost and inclusive of the indirect workforce losses, up to approximately 25,000 total job losses nationally might arise”* (BAEconomics, 2020).

## Economic Impact Assessment

With reference to Appendix L – Economic Assessment of the current full proponent application Business Illawarra notes and supports the critical importance of the following conclusions presented by the report authors Ernst & Young (EY), a globally respected professional services company with high level economic analysis and modelling expertise.

## Cost Benefit Analysis

- The project is estimated to provide a net benefit to NSW of \$649.2 million in net present value terms comprised of \$293.3 and \$364.1 million in direct and indirect benefits respectively across the life of the project.
- Direct benefits include total corporate taxes of \$255.1 million for Australia of which \$81.6 million is attributed to NSW.
- Other direct government revenue for NSW is estimated to be \$176.6 million which includes royalties, payroll taxes and additional local council rates.
- Indirect benefits include worker benefits of \$231.1 million attributed to the projects employees and supplier benefits will amount to \$132.9 million.
- Over the period of 2022 to 2034 the project would employ an average of 333 FTE workers. During this period, employment increases up to 557 FTEs in 2028.
- There are currently approximately 650 personnel employed at the Dendrobium Mine. The Project would support the continuation of employment for the existing workforce, noting that current longwall mining is scheduled to continue until approximately 2026 prior to the new project longwall mining commencing in approximately 2027.

## Local Effects Analysis

- An estimated net benefit of \$82.2 million in net present value terms for the Dapto – Port Kembla SA3 ABS region of NSW comprising \$55.7 million of benefit to local workers and \$26.6 million to local suppliers.
- Payment of local Wollongong City Council rates of \$2.2 million over the life of the project.

## Economy-wide impacts modelling

- The macroeconomic impact of the project over its life is estimated to be an increase to gross regional product (GRP) for the Dapto-Port Kembla region of \$1,546.1 million and \$1,458 million for NSW.
- In terms of regional welfare (GRI) - the project has the potential to increase the welfare for each person in Dapto-Port Kembla by \$5,777 in net present value terms and by \$141 per person statewide.

Overall, Business Illawarra believes that the economic evidence presented shows that workers and suppliers, the majority of which are local, are highly dependent on the Dendrobium Mine Extension Project proceeding.

## Social Impact Assessment

With reference to Appendix K – Social Impact Assessment from the current full proponent application we note and support the critical importance of several of the elements presented by the report authors Square Peg Social Performance.

Business Illawarra provided feedback to the authors during their enquiry through an interview conducted on 17 January 2022 as listed on page 19 of Appendix K.

We share the view of the report authors that:

*“Most of the primary and secondary impacts of the project proceeding on the primary and secondary social locality represent continuations of impacts of the existing Dendrobium Mine, and as such would not lead to substantial change within the community.*

*“By contrast, should the project not proceed and the Dendrobium Mine cease operations, the change experienced within the primary and secondary social localities would be of a greater significance. The socio-economic impacts of the project not proceeding would include large job losses and impacts to businesses, industry and community within the Illawarra region. These may be of a cascading and significantly negative nature.”* (Square Peg Social Performance, 2022).

## Environment and heritage considerations

Business Illawarra agrees that the highest environmental standards and risk mitigation requirements need to be upheld for this extension to occur and notes the significant revisions and additional mitigations that the proponent has made in their current application compared to earlier plans. These revisions, headlined by a 60 percent reduction to the proposed new longwall mining area, are based on feedback from the Independent Planning Council and other stakeholders. They include a range of catchment area and mining and water and biodiversity changes being made along with mining no longer being planned under most of the identified high significance Aboriginal Heritage sites in the area.

We support the view of the proponent that the current application along with continued careful planning permits the project to co-exist with the NSW Governments and other stakeholder objectives for the long-term sustainability of the water catchment and heritage sites.

Business Illawarra is not positioned to comment on the technical environmental impact elements of the proponents Environmental Impact Statement (EIS) included in their application.

## About Business Illawarra and Illawarra First

Business Illawarra is the peak business organisation and the regional chamber that supports businesses and local chambers across the Illawarra primarily, as well as the Shoalhaven, Southeast and Capital regions. Business Illawarra is a Division of Business NSW (formerly the NSW Business Chamber) – a founding member of the Australian Chamber of Commerce and Industry.

We develop policy, advocate to all levels of government on issues affecting businesses, undertake research to guide greater public and private sector investment in economic infrastructure, and support the development of workforce capacity and skills.

Illawarra First is the peak leadership forum in the region, championing the interests of the local economy to unlock the region's enormous potential by harnessing best practice and thought leadership to progress key priorities.

Its membership comprises a select group of leading businesses in the Illawarra, sharing a commitment to bolster economic growth and prosperity. The leadership and direction of Illawarra First has driven the commissioning of research to support the policy and advocacy priorities of Business Illawarra.

The proponent of this project under the umbrella corporate identity of South32 is a member of Illawarra First.