

NSW Planning Assessment Commission
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08 September 2015

Submission to the Planning Assessment Commission – Warkworth Continuation Project and Mt Thorley Continuation Project

Dear Commissioners,

The following submission raises key issues regarding the Warkworth Continuation Project and the Mt Thorley Continuation Project currently being assessed by the Planning Assessment Commission (PAC), under the new provisions of the draft State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) Amendment 2015.

We (Dr Michael Askew and Dr Louise Askew) are qualified social and environmental researchers who have demonstrated experience in undertaking Social Impact Assessments (SIAs), particularly for the resources sector. We were the primary social researchers who undertook the data collection and analysis for the Social Impact Assessments for the proposed Warkworth and Mt Thorley Continuation Projects; however, we were not involved in the development of the final version and submission of the SIAs to the Department of Planning and Environment as part of the Environmental Assessments for the projects.

We fully respect and uphold the confidentiality requirements under which we originally conducted the research for these SIAs. As a result, this submission does not contain any information that is not publicly available in the Environmental Assessment and SIA reports (or elsewhere).

The submission addresses what we believe, in our own personal and professional opinion, to be problematic inaccuracies in the final version of the Social Impact Assessments for the projects. This submission also addresses significant shortcomings in the NSW Department of Planning and Environment Secretary's Environmental Assessment Report (2014) for the projects.

1.0 Social Impacts Assessments

1.1 SIA requirements

- The Department of Planning and Environment Secretary's Requirements (22 May 2014) specified that the Environmental Assessment should include: "an assessment of likely social impacts of the development including perceived impacts paying particular attention to Bulga". We argue that the social impacts have not been rigorously assessed and the perceived social impacts are not explored or illustrated in the detail required as part of typical and adequate SIA practice (see also section 1.6 of this submission). The SIAs are inconsistent with the Secretary's Requirements given that there is:

- No rating or assessment of the social impacts according to a defined assessment matrix (indeed, the SIAs contain no actual assessment of impacts, just reference to potential impacts);
 - A refutation and consistent undermining of ‘perceived impacts’ through the use of ‘technical comments’. This directly undermines the perspectives of local stakeholders about felt experience and perceptions of the future and relegates ‘perceived impacts’ to emotional, psychological states that are devoid of validity. It is widely held amongst the social science, psychology and social impact fields that perceived impacts are felt in a real way by those who hold them, whether verified or not. This, we assume, is why the Secretary required assessment of these impacts. The SIA does not adequately address or assess perceived impacts;
 - A consistent focus on regional or State-wide factors without adequate reflection on Bulga, as required by the Secretary. Where impacts are of significant concern for Bulga residents (e.g. noise, property values), the counter argument is made in the SIA that no evidence exists for these impacts in broader geographic settings; and,
 - No feedback from stakeholder engagement in any detail in the assessment and there is no analysis of these issues nor rating of the social impacts. Stakeholders were not engaged to provide feedback on the identified issues nor on the proposed mitigation measures, other than through responses to the public exhibition of the assessment reports.
- The Secretary’s Requirements were provided on 22 May 2014; however, the SIAs were finalised on 13 June 2014. We suggest that this short time between receipt of requirements and finalisation of the SIA precludes the rigorous assessment of social impacts requested by the Secretary, Department of Planning and Environment.

1.2 Use of legal precedents

- We suggest that the use of legal precedents in the SIA is inappropriate: e.g. “New Century Developments Pty Ltd vs Baulkham Hills Shire Council 2003 L&E Court 154”; “Telstra Corporation vs Hornsby Shire Council 2006 L&E Court 133”; “BMPA vs Minister for Planning & Infrastructure and Warkworth Mining Ltd”. We believe these judgments are unrelated to the projects under assessment, reflecting concerns regarding religious discrimination and irrational / unjustified fear. We argue that the residents surrounding the current Mount Thorley Warkworth (MTW) operations have, in many cases, long-running and informed knowledge of the impacts of current operations and their likely impacts under the proposed continuation. Therefore, their perceptions are not irrational and unjustified but are instead based on well-informed judgments and first-hand experience.
- The use of the “BMPA vs Minister for Planning & Infrastructure and Warkworth Mining Ltd” is also inappropriate considering this related to a previous EIS for these projects which approval for was overturned in the NSW Land & Environment Court. Also, this decision states that SIA should consider “both the objective data and broader experiential evidence from residents of impacts at a local level” – experiential evidence has not been examined or assessed as part of this SIA, but merely presented and then countered.

1.3 Employee and supplier survey

- The survey questionnaire should be included as an appendix, as this is typical and expected social research and SIA practice. There also needs to be more detail provided on the set up and sampling undertaken for the survey. It is currently impossible to understand what questions were included in the survey, the sampling method employed to recruit respondents, and whether employees were asked about the proposed project or just about current operations.
- In the description of current operations, the document states that 17.8% of the current workforce resides in Maitland; however, in the MTW Employee and Supplier Survey it states that 30.8% of the workforce reside in Maitland – how can this vary so much considering the size of the survey sample and the fact that all the other workforce proportions match almost precisely?
- The data demonstrates the short-term residency of the workforce, with over half of the workforce residing in the area less than 5 years.
- Over 60% of suppliers stated that less than 10% of the revenue they receive is from MTW, and 30% stated it was less than 30% of revenue – this indicates minimal supplier reliance on MTW. MTW supplier spend has declined significantly in recent years (see Rio Tinto Sustainable Development Report 2014).

1.4 Current operations

- There are an extremely high number of complaints for the existing operations, particularly regarding noise, which was supported by the previous NSW Land and Environment Court decision regarding the previous assessment of these projects. This significant existing impact needs further recognition and analysis using experiential stakeholder evidence.
- The Rio Tinto community investment figures do not provide any context to understand the extent of the benefit - i.e. what have investment figures been over time and how is it distributed between operations? The latest Rio Tinto Sustainable Development Report (2014) provides some of this context and should be included as part of the SIA.

1.5 Baseline

- An increase of 37 and 96 persons respectively in Bulga and Broke cannot justifiably be considered as “significant growth”, particularly when other small surrounding villages are declining and Singleton suburb itself is declining. Camberwell and Warkworth have declined substantially between 2006 and 2011, with a population decline of -52% and -67% (a decrease of 198 and 370 persons respectively).
- Bulga demonstrates long term residency and this needs to be recognised as an important indicator of community cohesion and sustainability – i.e. 51% of Bulga residents with the same residential address 5 years ago, giving Bulga the lowest level of in-migration of all areas.
- The appendices reveal further detail on health and perceptions not provided in the main report:
 - “More than 80% of respondents were aware of some negative changes in their area. When compared with the identification of positive changes, this implies that perceptions of negative impacts outweighed perceptions of positive impacts within

the community. Mining expansion was the most frequently cited negative change in the mining impacted areas.” See *Appendix B*

- “It was recommended that respiratory problem management over time be further explored, as comparisons between the 1998-2004 and 2005-2010 datasets for management of rates of respiratory problems demonstrated no significant change in the Hunter Region despite a significant decrease for the remainder of rural NSW over this period (Merritt et al. 2013).” See *Appendix B*

1.6 Impact assessment

- The entire impact analysis section lacks evidence of social research and is devoid of actual, structured assessment of impacts, a requirement not only of the Secretary (NSW Department of Planning and Environment) but also typical of common SIA practice for major projects. There is neither in-depth thematic quantitative analysis of identified social impacts (except for one graph on pg. 71) nor qualitative analysis (with a lack of stakeholder quotations to illustrate research findings). In addition, it is impossible to decipher the meaning of some of the impact/opportunity themes listed in the graph on pg. 71: e.g. ‘property saleability’ – is this a positive or negative impact?; property market stabilisation – where is this happening and is this a positive or negative impact?
- There is no sense of an overall assessment of impacts and opportunities – how many stakeholders identified positive versus negative impacts? Where do these stakeholders reside? What are their experiential accounts of these impacts and opportunities?
- There are no ratings of impacts and opportunities – this is considered very typical of any impact assessment. There are many available and widely used standard rating scales used in SIA practice (see QLD Government SIA Guidelines 2013). At no point is an assessment matrix provided to assess the relative extent of each impact or opportunity. In addition, stakeholders were not provided with the opportunity to comment and provide feedback on impact/opportunity ratings.
- The predominant use of the reference case is atypical in SIA practice – it appears this assessment is primarily based on the reference case of ‘no development’. Although this ‘no development’ case should be considered as part of any SIA, in this report it outweighs consideration of the impacts if the project does proceed.
- The consideration of specific impacts lacks social research, analysis or impact assessment – i.e. there is no quantitative or qualitative data or analysis provided, there are no stakeholder quotations, and there is no supporting literature or research. See below:
 - **Noise:** considering the obvious significance of noise impacts (based on the complaints profile, the previous EIS and the experiential evidence from residents), very little detail is provided based on social research, relevant literature or the experiences of local stakeholders.
 - **Community and family cohesion:** it states that population decline is considered unlikely despite the fact that the rest of Singleton and other similar small mining communities in the area are experiencing decline; voluntary acquisitions (24 out of 150 houses in Bulga) are not considered in the analysis of impacts, which is fundamentally misleading in an assessment of social impacts; and the report assumes that an ‘acceptable level of amenity’ will be retained. These issues together are incongruous.
 - **Visual amenity:** the 2002/03 EIS for Warkworth frequently notes the importance of Saddleback Ridge in protecting Bulga from the direct impacts of the mine; however, this previous assertion is not acknowledged in this assessment.

- **Loss of sense of place:** it is assumed that this loss will impact MTW employees as much as Bulga residents; however, the mining workforce demonstrates high rates of fluctuation and short-term residency (as noted in Section 3 of the SIA), whereas Bulga demonstrates long-term residency and connections with the area.
- **Education:** claims of school closures are misleading considering the assumption of 107 school children likely to leave the area if the project does not proceed – this represents just 0.4% of the total number of school children in the region (based on My School data 2011). It is highly unlikely that this level of fluctuation would result in school closures.
- **Health and well-being:** a health impact assessment should be conducted for the impacts on health and well-being to be properly assessed; as noted above, Merritt et al. (2013) also states that: “It was recommended that respiratory problem management over time be further explored, as management rates of respiratory problems demonstrated no significant change in the Hunter Region despite a significant decrease for the remainder of rural NSW over this period” Appendix B; there are a raft of other health studies not referenced here that would indicate concern and the need for further research on health impacts of mining – eg Commonwealth Senate Inquiry into the Impacts on Health of Air Quality in Australia (2013), World Health Organization assessments of noise pollution and health.
- **Property values:** the Stubbs analysis used here has already been discredited in the NSW Land & Environment Court. In particular, the sample size used is misleading and does not compare 'like-for-like' properties e.g. a sale of a shed is compared with a sale of a 400ha property. Moreover, the most recent Valuer General’s Report indicates an average decrease in property prices around Bulga/Broke of -11.65% (Newcastle Herald report 27 June 2014).

1.7 Workforce

- The report consistently references the maintenance of 1,300 people in the MTW workforce who will continue in their employment if the projects are approved. This number does not present an accurate reflection of the workforce over time. Indeed, it is our understanding from public reports that this number is the ‘peak workforce’. The assessment needs to provide a detailed workforce planning profile over the life of the mine and its proposed continuation in order to fully comprehend potential impacts and opportunities and plan for workforce change. Any errors in workforce number assumptions lead to exponential errors in the Input/ Output Economic Models.
- Section 5.2 reiterates the Economic Impact Assessment and does not provide any additional social research or analysis. Indeed, we forward strong reservations about the uncritical use of data from the Economic Impact Assessment. This is further discussed in Section 2.0 of this submission.
- The report states that 195 workers will leave the region (including Newcastle, Lake Macquarie and the Upper Hunter region) if the project does not proceed – this represents approximately 0.09% population change for the entire region, which should be recognised as insignificant. Indeed, Burdge (2004) states that permanent population change of less than 5% is rated as insignificant in impact (Burdge, J. 2004. A community guide to SIA. Wisconsin, Social Ecology Press). The report does not provide an assessment of the significance of any population or workforce changes.
- The impacts on the property market considers only the impacts on the Singleton housing market, and does not address impacts on Bulga and other smaller communities surrounding the operations. This is in direct contradiction of the Secretary’s Requirements to assess impacts on Bulga particularly.

- Workforce volunteering rates: the ABS undertakes a dedicated survey of volunteering nationally which provides a more accurate reflection of volunteering rates than the census – the most recent survey states that, on average, 41% of people outside of capital cities and 34% residing in capital cities undertake volunteering work – this is above the 33% of the MTW workforce who undertake volunteering (ABS 4441.0 - Voluntary Work, Australia, 2010).

1.8 Management and mitigation

- The proposed management strategies amount to a total of 2 pages of the SIA report. Moreover, it is understood from public reports that most of the proposed strategies already exist and are in operation at MTW. Considering the vast scale of the proposals (705 hectares of open cut coal mine, within 2.6km of Bulga) and the existing impacts experienced by this community, the extent of management strategies proposed seems grossly inadequate.
- The only additional social impact management commitments (i.e. in addition to those already in place at MTW) are: the Social Impact Management Plan (which is not required in NSW but is a typical part of SIA practice); the Voluntary Planning Agreement (which is required under planning legislation); and the proposed Near Neighbour Amenity Resource.
- Considering the extremely high rates of current complaints regarding this operation and the lack of stakeholder trust in the operation, an 'ongoing' and 'business as usual' approach to impact management will be ineffective.

2.0 NSW Department of Planning and Environment – Secretary's Environmental Assessment Report

We also wish to address concerns with the assessment of Socio-Economic impacts and Land Use in the NSW Department of Planning and Environment Secretary's Environment Assessment Report 2014 for the Warkworth and Mt Thorley Continuation Projects. In our view there are significant shortcomings in the report.

Given our experience in social research and SIA, we principally focus on issues in Section 5.9 (Socio-Economics and Land Use), as noted below:

- The report states that the 'EIS includes an assessment of the social impacts and benefits of the project' (pg. 81). At no point in the SIAs is any attempt made to actually assess the impacts and opportunities of the proposals. As mentioned previously in this submission, the SIAs do not utilise impact assessment matrices which guide the assessment of the relative severity or strength of impacts/ opportunities. The Report fails to acknowledge that this lack of impact/ opportunity assessment directly contravenes the requirements the Department itself set out through the Secretary's Requirements.
- It is asserted that the 'Department has noted that many of the matters raised by the BMPA were the same as those raised in response to the Warkworth Extension Project, despite the project having been substantially modified in response to stakeholder concerns' (pg. 81). The Department is provided with no evidence to make this assertion nor justify it. The current proposals before the PAC are substantively the same as the Warkworth Extension Project and there is no evidence on the public record that substantial modifications were made in response to stakeholder concerns.
- The analysis of the potential impacts of the projects on property values is vague and unsupported (pg. 82), despite representing a critical issue for the social and economic well-being of communities. The report inconclusively states that property prices might go up or they might go down in Bulga without any supporting research or evidence.

- It is noted that the ‘... the majority of submissions were supportive of the project’ (pg. 82). We were unaware of any provision in regulation that affords significance to the number of submissions either for or against a proposal.
- It is continually asserted that the projects will ‘maintain 1,300 jobs over the longer term’ (pg. 82). This is despite the EIS clearly stating that this number of employees represents the ‘peak workforce’ and that numbers of employees would vary over the project life. It is prudent for a rigorous assessment to recognise and plan for the variability of the prospective workforce and associated socio-economic impacts over time.
- The report lists a number of socio-economic initiatives that would be discontinued if the projects were not approved (pg. 83) and asserts that the projects will include ‘a social impact management plan to guide the implementation of community initiatives identified in the EIS social impact assessment’ (pg. 83). It is not made clear whether these initiatives are an existing part of current operations or to what extent, if any, they actually provide substantive benefits to the community.
- The Department states that it ‘is satisfied that the project would enable the significant benefits of the project to be realised, which would outweigh the residual costs of the project for the local community as a whole’ (pg.83). This language purports ‘significant benefits’ whilst diminishing the community impacts as merely ‘residual’. There is little to no evidence used to support this assessment.
- We also note a number of issues within the Department’s review of the Economic Impact Assessment (Section 2.3). These issues may result in the significant overestimation of economic benefits through the Input/ Output multipliers (as has been indicated by the NSW Land and Environment Court and previous PAC hearings) which, in turn, has direct and substantive implications for the assessment of social impacts and benefits, as outlined below:
 - It is implied that the terms of reference for the review of the Economic Impact Assessment undertaken by Deloitte Access Economics include assessing ‘coverage of the economic costs and benefits’ (pg. 18); however, there is no indication that the review included assessment of the items within the Economic Impact Assessment. This is a critical distinction in that the review greatly relies on the original assumptions and assessments undertaken by BAEconomics. This has significant repercussions for the quality of the assessment forwarded by the Department.
 - The apparent overestimation of Average Annual Wages and Salaries (approximately \$170,000), which includes all possible or potential benefits that may accrue to an employee over the life of the project (e.g. redundancy, sick leave, etc.), does not adequately reflect actual yearly disposable income upon which Input/ Output Models are primarily based.
 - The labour market assumptions do not provide for employees to be re-employed on similar wages either in the mining industry generally or within the proponent’s other operations. The assumption is made that redundant employees will largely return to working for the average annual wage in the region.
 - The assessment does not include typically requisite workforce modelling to adequately assess the variability of the workforce and associated socio-economic impacts over the life of the project.

3.0 Concluding Comments

What is evident from the published reports, assessments and NSW Land and Environment Court findings, along with our own personal knowledge of the affected areas, is that the social impacts from the proposed projects would significantly outweigh the socio-economic opportunities if the projects were to proceed. Surrounding communities, like Bulga, are especially vulnerable to disruption, degradation and displacement from proximate extractive projects; at the same time, they hold the key to successful transition to the economies of the future (through agriculture, entrepreneurship, new and decentralised energy generation technologies, etc). The proposed projects represent a direct and real threat to the future of Bulga and surrounding communities and the ongoing health and sustainability of the region.

We trust that you, the Commissioners, will make the right and just decision regarding these projects.

Kind Regards,

Dr Michael Askew

and

Dr Louise Askew

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