

RE: Svitzer Australia Pty Limited

SUBMISSIONS OF NSW MINERALS COUNCIL

1. These Submissions are made pursuant to the Directions of Vice President Hatcher made on 16 November 2022.
2. The NSW Minerals Council (**NSWMC**) makes no submission on whether the action notified by Svitzer is protected industrial action or whether the Commission should suspend or terminate the action in response to Direction 3(a) or 3(b). It does however submit that the proposed industrial action by Svitzer taken in response to the ongoing protected industrial action taken by the workforce threatens to cause significant damage to the Australian economy or an important part of it.
3. NSWMC represents the State's \$26 billion minerals industry, with around 75 member companies ranging from small exploration companies to large international mining companies, as well as associated service providers.¹
4. Mining is a key contributor to the Australian economy, contributing almost 15% of economic output compared to other key industry sectors². The most recent Australian forecasts in the Resources and Energy Quarterly publication for the September quarter 2023 indicate resources and energy exports will earn a record \$450 billion over 2022/23.³
5. The Port of Newcastle accounts for around 40 per cent of Australia's coal export volumes and almost all coal exports from NSW.
6. NSWMC and its members have serious concerns about the impact on the NSW economy of the proposed industrial action at the Port of Newcastle and Port Kembla .
7. In addition to relying on imported materials to continue operations, the majority of resources mined in NSW are exported to key Australian trading partners. Industrial action which affects the ability to export NSW resources, or to import critical supplies necessary to undertake mining operations in NSW, risks the suspension of those mining operations.
8. Industrial action at the Port of Newcastle or Port Kembla will adversely affect the ability for the NSW mining industry to continue to operate, and as result, cause significant damage to the NSW economy.

¹ [NSW Minerals Council Members - NSW Mining](#)

² [Composition of the Australian Economy Snapshot | Education | RBA](#)

³ <https://www.industry.gov.au/sites/default/files/minisite/static/ba3c15bd-3747-4346-a328-6b5a43672abf/resources-and-energy-quarterly-september-2022/documents/Resources-and-Energy-Quarterly-September-2022.pdf>

9. It follows that the NSW economy, which has the greatest share of economic output of any state⁴, is clearly an important part of the Australian economy.
10. In addition, any industrial action that adversely affected the NSW mining industry would cause significant reputational damage domestically, as well as damaging our reputation with Australia's trade partners.

Economic Contribution of the NSW Mining Industry to the Australian economy

9. Mining is a key contributor to the Australian economy, contributing almost 15% of economic output compared to other key industry sectors⁵. The most recent Australian forecasts in the Resources and Energy Quarterly publication for the September quarter 2023 indicate resources and energy exports will earn a record \$450 billion over 2022/23.
10. The Port of Newcastle accounts for around 40 per cent of Australia's coal export volumes and almost all coal exports from NSW.
11. In addition to contributing to the NSW and Australian economies, mining in NSW underpins the strength of regional economies across the state and has significant flow on benefits to other industries across NSW.
12. The industry directly employs around 34,000 people in NSW⁶, according to the ABS, and supports the jobs of many thousands more people indirectly.
13. The NSW mining industry is by far the state's largest export industry by value, with Coal, Copper Ore and Concentrates, and Gold exports having a combined value of over \$21 billion in 2020/21.⁷
14. In 2020/21, the industry directly spent around \$15 billion on goods and services, wages and salaries, local government payments and community contributions, and directly supported over 7,300 businesses throughout NSW.⁸
15. The NSW Mining industry generated over \$3.64 billion in royalty payments to the NSW Government in 2021/22, with over \$11 billion in minerals royalty revenue expected to 2025/26.⁹
16. The significant economic benefits associated with the NSW mining industry are mostly generated in regional areas. In 2020/21, the NSW mining industry generated the following benefits in regional NSW¹⁰:
 - (a) Hunter - 13,000 jobs, direct spending of \$6 Billion, support for 3,160 local businesses;

⁴ [Composition of the Australian Economy Snapshot | Education | RBA](#)

⁵ [Composition of the Australian Economy Snapshot | Education | RBA](#)

⁶ Table 05. Employed persons by State, Territory and Industry division of main job (ANZSIC) [Labour Force, Australia, Detailed, June 2022 | Australian Bureau of Statistics](#)

⁷ <https://www.dfat.gov.au/sites/default/files/nsw-cef.pdf>

⁸ [NSW Mining industry expenditure and jobs.](#)

⁹ NSW Budget 2022/23 [Budget Paper 1](#)

¹⁰ <https://assets-us-01.kc-usercontent.com/b1c065f0-3877-009c-39ba-a9df6fc06e39/9dcca8f7-5226-454a-8ded-47b022644751/NSW%20Mining%20Industry%20Expenditure%20Impact%20Survey%202020-21%20Final.pdf>

- (b) Illawarra - 1,800 jobs, direct spending of \$700 Million, support for 420 local businesses;
- (c) Central West - 5,600 jobs, direct spending of \$1 Billion, support for 985 local businesses;
- (d) Far West - 1,000 jobs, direct spend \$203 Million, support for 124 local businesses;
- (e) North Western - 2,700 jobs, direct spend 610 Million, support for 627 local businesses;
- (f) Northern - 3,700 jobs, direct spend of \$340 Million, support for 369 local businesses;
- (g) Sydney - 1,580 jobs, direct spend of \$3.7 Billion, support for 2,680 local businesses;

NSW Mining Industry - Exports and Imports through NSW Port Facilities

17. The majority of resources mined in NSW are exported to Australia's trade partners through the Port of Newcastle and Port Kembla. There are no alternative Ports in NSW capable of transporting the type and volume of resources that are transported through these Ports.
18. The Port of Newcastle and Port Kembla are critical infrastructure that facilitates the NSW mining industry by both enabling the export of resources to Australia's trading partners, and facilitating imports of critical supplies used in support of mining operations.
19. For example, in the last financial year over 155 million tonnes of coal was exported through the Port of Newcastle, via the Hunter Valley coal chain (HVCC), which accounts for around 40 per cent of Australia's coal export volumes and almost all coal exports from NSW. HVCC is the largest coal export operation in the world¹¹. In addition Copper, Zinc and Lead concentrates are exported through the Port of Newcastle. The HVCC consists of:
 - (a) Approximately 35 coal mines owned by 11 coal producers;
 - (b) Coal haulage distances of up to 450 kilometres;
 - (c) More than 30 points for loading coal onto trains;
 - (d) Four rail haulage providers delivering to three coal terminals; and
 - (e) The movement and loading of more than 1600 coal vessels annually.
20. Both the Port of Newcastle and Port Kembla rely on complex supply chains. Any disruptions along these complex and multi-faceted supply chains, including industrial action at the Port of Newcastle or the Port of Kembla, ultimately, and quickly, result in mining operations being suspended. Were this to occur, significant economic damage would be sustained.
21. Similarly, all mining operations in NSW rely on imported products to continue operations, including fuel, machinery, explosives, etc. Disruption to these supply chains will ultimately lead to the suspension of mining operations.

¹¹ [Hunter Valley Coal Chain Coordinator - History](#)

Logistics of Suspending and Restarting Mining Operations

22. Disruption to the complex supply chains servicing the NSW mining industry, including the Port of Newcastle and Port Kembla, risk mining operations being suspended. The complex nature of the logistic supply chains, as well as the “just in time” nature of these operations, means there is limited capacity for mining operations to sustain disruptions.
23. For example, there are finite stockpile areas at both the Port facilities and mine site operations. Once stockpile areas reach capacity, mine sites will be forced to suspend operations. In addition, the associated loading facilities and rail services will be forced to shut down.
24. Once mine operations are suspended, there is also a period of time required to restart. These delays are associated with machinery checks and minimum health and safety requirements. The same start-up requirements apply to all aspects of the resources supply chain.
25. As the proposed industrial action will stop or disrupt export operations from New South Wales of coal and mineral ore, and there is no way to mitigate that effect, the proposed industrial action is likely to cause significant damage to the Australian economy.

Stephen Galilee

17 November, 2022