

GLENCORE

Ms. Monica Gibson
Director Regions, Hunter
Department of Planning & Environment

28 February 2018

Dear Ms Gibson.

Re: Draft Greater Newcastle Metropolitan Plan 2036

This submission is made on behalf of Glencore Coal Assets Australia Pty Limited (Glencore) in relation to the Draft Greater Newcastle Metropolitan Plan 2036 (the draft Plan).

Glencore welcomes the opportunity to provide comment, and welcomes the development of a long-term strategic plan for the city of Newcastle and the broader region. Glencore is supportive of the key outcomes that the plan seeks to achieve. Such a plan must recognise the vitally important role that Newcastle plays in supporting and enabling New South Wales' coal export industry, through the provision of cost-competitive and highly efficient coal export infrastructure, and the vitally important industries and workforce that support the coal industry. New South Wales is well positioned to capitalise from the growing and long-term energy demand outlook across Asia, and maintaining and protecting Newcastle's highly efficient export infrastructure to service this growing demand should be a critical consideration of the draft Plan.

Glencore is the largest exporter of coal from the Hunter Valley, exporting nearly 50 million tonnes of coal in 2017 and employing approx. 4,500 people across our 11 mine sites. Glencore is also a shareholder in Port Waratah Coal Services, which operates the Carrington and Kooragang Island coal loaders. More generally the coal export industry using the Port of Newcastle is the largest contributor to the NSW economy, contributing approximately \$10.8 billion to the State economy in 2015/16 in wages, spend on goods and services, and taxes and royalties. Mining in the Hunter accounted for 24% of the region's Gross Domestic Product in this period. The NSW coal industry directly employs 20,600 people.

There are three areas that we wish to comment on in relation to the draft Plan:

1. Glencore is concerned by the references to the Carrington Coal Loader included in the draft plan on page 84, which states:

"The Port of Newcastle, working with Newcastle City Council and NSW Department of Planning and Environment will investigate the potential to relocate coal export facilities and bulk fuel storages away from residential areas and explore options to renew the Carrington Precinct for alternative uses (including tourism)."

It is concerning that the reference to the relocation of the Carrington Coal Terminal is included in this strategy document without consultation with the mining industry and without apparent regard to the economic impact of such a decision. The exporters of coal from NSW are at a disadvantage to their international competitors as a direct result of the distance from the markets and transport costs associated with getting coal from Newcastle. The reliable provision of cost efficient supply chain infrastructure in Newcastle is therefore an important

GLENCORE

element to ensuring the long-term viability of this important contributor to the NSW economy. The Carrington Coal Terminal is a vital piece of this infrastructure, providing low cost access to train unloading, stockpiling and vessel loading services, and in particular being well suited to accommodate smaller vessels and vessels with deck gear that customers who purchase coal from Newcastle require to supply their destination markets.

There is no viable low-cost alternative to replace the Carrington Coal Loader. Construction costs for development of an alternative coal terminal to replace the 25Mtpa of capacity provided by Carrington would likely be in the range of \$3 billion to \$4 billion. The resulting charges for use of the terminal would be unviable. Recent experiences in Queensland have shown that the installation of very high-cost new infrastructure actually acts to prevent and delay investment into otherwise-viable new mining projects. Glencore is of the view that a forced move to a new high-cost terminal within Newcastle would likely have a material adverse impact on the local economy and would act as a considerable disincentive for future investment into mining in NSW.

Glencore remains sensitive to the fact that the Carrington terminal is located in close proximity to residential areas. One of the great achievements of the Newcastle region, for which it is recognised globally, has been its ability to successfully manage the coexistence of residential land use alongside major industry within the port precinct. Port Waratah Coal Services is committed to ensuring this continued successful coexistence, and has invested significantly in improving and monitoring its impact on the surrounding community, and successfully engaging with and responding to the community on a regular basis.

Glencore recommends that the draft Plan be modified to recognise the on-going role that the Carrington Coal Terminal plays in delivering economic benefit to the people of Newcastle and NSW, and recognises the need to ensure the continued co-existence of all land-users within the port precinct.

2. We request that the draft Plan clarify what is intended by the statement in relation to the Kooragang Coal Export Precinct, which on page 84 states:

“The Port of Newcastle and the NSW Department of Planning and Environment will align planning instruments to protect the operation of coal export.”

We request clarification as to what planning instruments and alignment are referred to by this statement, and what input would Port Waratah Coal Services, the Newcastle Coal Infrastructure Group and the coal export industry have in such a process?

3. Note the comment on page 28 that *“Coal represents 84% of the value of exports, with 161 million tonnes of coal shipped in 2016”*. This figure is referenced in several other parts of the draft Plan, however please note that 84% is incorrect. Using the Port of Newcastle Trade Statistics report referenced in the draft Plan, the correct figure is that coal represented 92% of the value of exports in 2016 and 96% of the total trade through the port by volume. This fact further underpins the importance of the coal industry to the region, and should be corrected within the draft Plan.

Glencore thanks you for the opportunity to comment on the draft Plan. Please do not hesitate to contact me to discuss any aspect of this submission.

Yours sincerely



Anthony Pitt
Coal Assets Australia, Glencore
E: anthony.pitt@glencore.com.au
www.glencore.com