

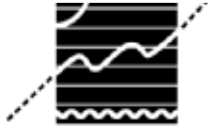
# **Appendix 8**

## **Amended Economic Impact Assessment**

prepared by

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Environmental and Resource Economics: Environmental Planning and Assessment

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## **Re: Economic Assessment of the Amended Albion Park Quarry Extraction Area Stage 7 Extension**

I have reviewed the information provided on the Amended Project and analysed the consequences for the Economic Assessment. The results of my analysis are provided below.

### **Introduction**

Cleary Bros proposes to extend the operational life of the Albion Park Quarry through the extension of its current Stage 1 to 6 Extraction Area (the Project). The extended Extraction Area is referred to as the Stage 7 Extraction Area.

The application for development consent for the Project was originally exhibited from 20 May 2022 to 16 June 2022. Since that time a range of matters have been raised by government agencies and an Amendment Report has been prepared to describe the proposed amendments to the Project. Principal amendments to the Project include a reduction in the area of the proposed Stage 7 Extraction Area. This letter report briefly summarises the results of original Economic Assessment and then presents an Economic Assessment for the Amended Project.

### ***Cost Benefit Analysis of the Albion Park Quarry Extraction Area Stage 7 Extension***

The Economic Assessment of Albion Park Quarry Extraction Area Stage 7 Extension was prepared by Gillespie Economics based on 30 years of production (2021 to 2050) at 750,000 tonnes per annum (tpa). It was assumed that under the existing approval extraction at this rate would be exhausted in 2026 and under the Project extraction would continue until 2050. Therefore, the Project would result in the additional 24 years of quarry life at an average production rate of 750,000 tpa. The Economic Analysis did not assess extraction of all the available resource in the Stage 7 Extension area.

The cost benefit analysis (CBA) of the Project (undertaken with 2021 as the first year of analysis) indicated that it would have incremental net production benefits to NSW of \$35M (present value at 7% discount rate) comprising \$26M in quarry benefits, \$2M in ex quarry transport benefits and \$8M in concrete production benefits. The Economic Assessment identified that provided the residual environmental, social, and cultural impacts of the Project that accrue to NSW are valued at less than the level of net production benefits, the Project can be considered to provide an improvement in economic efficiency and hence is justified on economic grounds. The Economic Assessment concluded that the value of residual economic costs is likely to be considerably less than the estimated net production benefits of the Project. Consequently, the Project was estimated to have net social benefits to NSW, and hence is desirable and justified from an economic efficiency perspective.

### **Cost Benefit Analysis of the Amended Project**

The Amended Project description has assumed determination of the application for development consent at the end of 2023, with production for a 30-year period 2024 to 2053. With the passage of time the Amended Project Description with a 30-year life therefore encompasses an additional three years of incremental production relative to the base case i.e. 27 years instead of 24 years. The Amended Project therefore extracts available resources that were not included in the original Economic Assessment. With the first year of the revised CBA being 2023 rather than 2021 all incremental capital costs, operating costs and revenues have also been brought forward by 2-years.

Keeping all other assumptions the same, the consequence is a slight increase in the net production benefits of the Amended Project, over a 30 year period. The Amended Project is estimated to have net production benefits to NSW of \$43M (present value at 7% discount rate) comprising \$31M in quarry benefits, \$3M in ex quarry transport benefits and \$9M in concrete production benefits.

The Amended Project also reduces visual and biodiversity impacts relative to the original project. Residual environmental, social, and cultural impacts of the Amended Project after offset, mitigation, and management are likely to be immaterial from an aggregate economic efficiency perspective and so the Amended Project is considered to provide net economic benefits to NSW.

### **Local Effects Analysis**

The Amended Project involves the same levels of employment and spending as the original Project and so will provide the same levels of economic activity to the regional economy. Because of amendments to the Project design, local environmental effects will be less than for the original project.

Regards



26/4/23

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