

Austar Coal Mine Pty Ltd

Proposed Stage 2 Extension Project Response to Submissions

September 2010

Proposed Stage 2 Extension Project Response to Submissions

Prepared by
Umwelt (Australia) Pty Limited
on behalf of
Austar Coal Mine Pty Ltd

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1.0 Introduction

Five submissions were made following the exhibition of the Environmental Assessment for the Austar Coal Mine Proposed Stage 2 Extension Project. The issues raised in each submission are summarised below.

2.0 Agency Submissions

Submissions were received from the following organisations:

- Department of Environment, Climate Change and Water (DECCW); and
- Hunter Central Rivers Catchment Management Authority (HCRCMA).

2.1 DECCW Submission: Mitchell Bennet, Head Major Industries Unit – Hunter Region

1. DECCW has reviewed the EA and has determined that it is able to recommend conditions of approval contained in Attachment A of the DECCW submission.

Response

The recommended conditions of approval are generally consistent with those provided for the Stage 3 consent and appear reasonable.

2. The proponent shall consult with the Director-General, local Aboriginal groups and DECCW to develop a mutually agreeable subsidence monitoring program and an Aboriginal Cultural Heritage Management Plan for all culturally sensitive areas for the duration of this project.

Response

It is requested that the condition be reworded slightly to be more consistent with the condition provided in the Stage 3 project approval, the statement of commitments for the Stage 3 project, and the work currently being undertaken on the Aboriginal Cultural Heritage Management Plan for the Austar Mine Complex. Suggested wording is as follows:

The proponent shall include the Stage 2 mining area in the Aboriginal Cultural Heritage Management Plan for the Austar Mining Complex. The plan must include a program for monitoring and management of Aboriginal sites within the Stage 2 mining area and be prepared in consultation with the relevant Aboriginal groups and DECCW to the satisfaction of the Director-General.

2.2 HCRCMA Submission: Callaghan Cotter for Fiona Marshall, General Manager

1. CMA has concerns regarding the proximity of the underground works to Quorrobolong Creek and Cony Creek.

Response

As set out in Section 7, Appendix 5 and Appendix 7 of the EA, monitoring, analysis and predictions indicate that there is negligible potential for the proposed mining of LW A5a to result in loss of water from creeks. The predicted changes in in-channel grades are small and are considered to lie within the natural variations in grade of the creek lines of the Quorrobolong Valley. It is considered that the Stage 2 Extension Project will not significantly alter the flow capacity or stream velocities within the existing channels. It is also considered that there is minimal potential for channel realignment to occur as a result of the Stage 2 Extension Project.

2. The CMA recommends further investigation and action to reduce the risk potential 'hydraulically interconnected cracking' of the shallow alluvial aquifers associated with Quorrobolong Creek and Cony Creek as much as possible.

Response

As discussed in Section 7.4 of the EA, there is negligible potential for hydraulically interconnected cracking to extend from the shallow alluvial aquifer associated with Cony Creek and Quorrobolong Creek to the goaf. On this basis there is negligible potential for groundwater loss from the shallow aquifer as a result of cracking of the strata over the goaf.

Austar has implemented a groundwater monitoring program as a part of its Site Water Management Plan for the Austar Mine Complex. The monitoring program includes monitoring of groundwater levels in both the alluvial aquifer and the shallow water-bearing zone for any changes at the monitoring locations. Ongoing analysis of the data will be carried out to identify changes and determine if changes are due to longwall extraction. If the changes are determined to be mining related, the verification review process will examine the cause and suggest possible contingency measures.

It is considered that the existing groundwater monitoring provisions of the Austar Site Water Management Plan are appropriate to monitor any changes in the alluvial and shallow water-bearing zones as a result of the Stage 2 Extension Project.

3. The CMA notes that the cumulative impact of the LWA5a extension proposal is identified as negligible in the EA.

Response

No further response required.

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4. CMA would recommend that Austar install two new monitoring stations. One in the LHSGL Forest EEC and one in the RFEF EEC at the southern reach of Quorrobolong Creek to monitor the effects of subsidence or other impacts on these EEC's.

Response

This recommendation is consistent with the commitment made by Austar in the EA to undertake additional monitoring within the Stage 2 Extension Study Area with reference to River Flat Eucalypt Forest EEC and Lower Hunter Spotted Gum – Ironbark Forest EEC.

3.0 Other Stakeholder Submissions

Submissions were received from the following parties:

- Construction Forestry Mining and Energy Union (Mining and Energy Division) Northern District Branch (CFMEU);
- Alexandra Morphet – property owner within the Stage 2 Extension Study Area; and
- F J and N Muxlow – property owner within the Stage 2 Extension Study Area.

3.1 CFMEU Submission

The Union supports Austar's application for modification to DA 29/95.

3.2 Landowner Submission: Alexandra Morphet

1. Austar has not informed Ms Morphet about the cause and effects of the planned panel 5A Stage 2. Many attempts have been made by Ms Morphet's solicitor to meet with Austar over the last three months to discuss this panel. The mine has refused to contact Ms Morphet's solicitor to organise a meeting.

Response

Austar has sought to inform affected land owners of the proposed Stage 2 Extension Project and include community feedback in the assessment process as set out in Section 6.3 of the EA. Correspondence between Austar and Ms Morphet indicates that Ms Morphet was informed of the proposed Stage 2 Extension Project in March 2010 and was provided with opportunities for input into the process prior to exhibition of the EA via several attempts by Austar to arrange meetings both directly with Ms Morphet and her partner Mr Harvey and with Ms Morphet's solicitor as follows:

- 05/03/2010 Austar sent letter notifying Ms Morphet of proposed modification and request meeting to discuss the proposed modification and any change in environmental impacts.
- 09/03/2010 Austar called Ms Morphet to inform of the proposed modification, discuss initial concerns and discuss arranging a meeting.
- 18/03/2010 Ms Morphet emailed Austar requesting that Austar contact Oliver Campbell Heslop in relation to the request for a meeting.
- 19/3/2010 Austar arranged meeting with Oliver Campbell Heslop for 24/03/2010.

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- 23/03/2010 Oliver Campbell Heslop cancelled meeting requesting to at least 30/03/2010 to prepare. Facsimile confirming cancellation sent by Oliver Campbell Heslop to Austar on 23/03/2010.
 - 20/04/2010 Austar called Oliver Campbell Heslop to arrange a new meeting time now sufficient time was allowed for prior review. Richard Reeding of Oliver Campbell Heslop to return call to Austar with appropriate time. No response returned from Oliver Campbell Heslop.
 - 21/07/2010 Austar called Ms Morphett regarding another matter and also discussed the need to meet regarding LW A5a. Austar stated that they are waiting for Oliver Campbell Heslop to respond regarding a new meeting date.
 - 04/08/2010 Mr Harvey phoned Austar requesting a copy of the Stage 2 Extension Project EA. Austar enquired whether Ms Morphett and Mr Harvey had met with Oliver Campbell Heslop and whether they wanted to arrange a meeting. Mr Harvey stated that Oliver Campbell Heslop may have sent Austar an email. Austar had no record of the email.
 - 06/08/2010 Oliver Campbell Heslop sent Austar a letter stating that Austar has not responded to their letter of 22 July requesting Austar arrange a meeting time. Austar had no record of the letter.
 - 10/08/2010 Austar requested a copy of the letter from Oliver Campbell Heslop dated 22 July 2010, which was supplied.
 - 12/08/2010 Austar called Oliver Campbell Heslop to arrange a meeting time and leave message for Michael Palmer with Dianne Pearce for return call. The call was not returned.
 - 13/08/2010 Austar called Oliver Campbell Heslop and leave message for Michael Palmer with Dianne Pearce for return call.
 - 13/08/2010 Michael Palmer of Oliver Campbell Heslop returned call and three potential meeting dates were proposed for late August. Michael Palmer committed to confirming the meeting date after consultation with his client.
 - 18/08/2010 Austar sent a letter to Oliver Campbell Heslop requesting a meeting with Oliver Campbell Heslop and Ms Morphett and requesting that Oliver Campbell Heslop reply in writing to confirm receipt of the letter and their proposed action forward. No response has been received.

As the summary of correspondence provided above indicates, Ms Morphett and/or her representatives have not met with Austar to date or provided input via the community consultation process initiated by Austar. A discussion of the input provided by Ms Morphett via submission to the Department of Planning is provided in this report.

Austar remains available to meet with Ms Morphett to discuss the proposed Stage 2 Extension Project.

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2. Ms Morphett lodged a development application for a tourist development on land that will be affected by LW A5a on 19 August 2010. Ms Morphett had hoped to share with Austar the plans she had for this land prior to lodgement of the application

Response

As stated above, Austar has made several attempts to arrange meetings both directly with Ms Morphett and with her solicitor; however Ms Morphett and her representative have not met with Austar to date regarding either the proposed Stage 2 Extension Project or the proposed tourist development on the Morphett property. Austar has received information regarding the tourist development directly from Cessnock City Council.

3. The combined affect of mining LW A4, LW A5 and LW A5a will have a catastrophic affect on Ms Morphett's residence, grape vines, dams and the creeks that run through the Morphett property.

Response

The detailed subsidence impact assessment undertaken for the proposed Stage 2 Extension Project and included as Appendix 5 of the EA included an assessment of the potential impact of subsidence on all improvements on the Morphett property including the residence, rural buildings, swimming pool, tennis court, other structures, dams, grape vines and creeks. A summary of the assessment is provided in Section 7.1 of the EA.

The Subsidence Impact Assessment for the improvements on the Morphett property indicates that all structures will remain safe, serviceable and repairable. The following subsidence impact assessment results are of relevance:

- *Residence* – The impacts on the Morphett residence as a result of the extraction of LW A3 to LW A5a are classified as Category 1. This represents minor impacts, where only fine cracking less than 1 mm in width is expected to occur as the result of normal conventional subsidence movements. These impacts could be repaired using normal building maintenance techniques. There is less than a one per cent chance that the Morphett residence could experience moderate or severe impacts as a result of anomalous non-systematic movements.
- *Grape Vines* – Two vineyards are located in the west of the Morphett property on Lot 100 DP 255530. Both of the vineyards are located within the subsidence management area. No information is available concerning yield from the vineyards on the Morphett property. An assessment of drainage within the vineyards for the maximum predicted and upperbound subsidence cases has been undertaken based on digital terrain modelling of the subsidence management area. Based on the assessment undertaken, subsidence of the Morphett property vineyards is expected to be minor and is not likely to significantly alter drainage flow paths or the ability of the vineyards to drain.
- *Farm Dams* – The predicted changes in freeboard at the farm dams are less than 200 mm and are unlikely to have a significant effect on the capacity or the stability of the dams. The predicted maximum curvatures and the range of potential strains at the farm dams within the Study Area are similar to those measured during the extraction of the previous Longwalls SL1 to SL4 and Longwalls 1 to 13A at the mine. These longwalls mined directly beneath 59 farm dams and no significant impacts have been reported. If cracking or leakage of water were to occur in the farm dam walls, it is expected that they would be easily identified and repaired.

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- *Creeks* – As discussed in the EA, following the extraction of LW A5a, Quorrobolong and Cony Creeks are expected to experience a maximum change in grade of 0.5% and 0.4% respectively, which is similar to the change in grade predicted to occur after the extraction of LW A3 to LW A5. The locations of the maximum changes in grade are expected to occur further upstream as a result of the extraction of LW A5a. As the predicted changes in in-channel grades are small and are considered to lie within the natural variations in grade of the creek lines of the Quorrobolong Valley, it is considered that the Stage 2 Extension Project will not significantly alter the flow capacity or stream velocities within the existing channels. It is also considered that there is minimal potential for channel realignment to occur as a result of the Stage 2 Extension Project.
4. The subsidence level predicted by Austar would put all present improvements on my property under water during the annual floods and all present improvements would be subjected to subsidence that would deem them as unsafe, unserviceable and unrepairable.

Response

As described in Section 7.3 of the EA and shown on Figure 7.10, the flood modelling results for the proposed Stage 2 Extension Project indicate that the changes to the 100 year ARI flood event as a result of the predicted subsidence of LW A5a will only marginally increase the flood extent and will not increase flood depths at dwellings within the Quorrobolong Valley. The Morphett residence, rural buildings, tennis court and swimming pool will remain outside the 100 year ARI flood extent. The Morphett residence, rural buildings, tennis court and swimming pool will not be inundated during an annual (i.e. 1 year ARI) flood event as a result of the proposed extraction of LW A5a.

The predicted impacts of subsidence from the mining of LW A5a on the Morphett residence, rural structures and other improvements are described in full in Section 7.1 and Appendix 5 of the EA. It is expected that the Morphett Residence and all rural building structures would remain safe, serviceable and repairable throughout the mining period. Any impacts that occur to the residence and rural building structures are expected to be minor and easily repaired using well established building techniques.

5. My proposed tourist development would be subjected to subsidence that would deem the property as unsafe, unserviceable and unrepairable. Flooding of the complex would occur annually.

Response

As set out above, Austar sought to meet with Ms Morphett and her solicitor prior to lodgement of the proposed Stage 2 Extension Project EA to discuss the project. Ms Morphett and her solicitor have not met with Austar regarding this matter to date. Details of the proposed tourist development were not made available to Austar until a notification of the development application was received from Cessnock City Council on 26 August 2010, six days after the end of the exhibition period for the proposed Stage 2 Extension Project EA. The interaction of the proposed Stage 2 Extension Project with the proposed tourist development was therefore unable to be included in the EA.

It is noted that the proposed tourist development is located above the underground mining area approved under DA 29/95 by the Minister for Urban Affairs and Planning in 1996. The proposed tourist development lies over Longwalls 20 and 21 of the conceptual mine plan. As set out in the EA, the potential impacts of the proposed Stage 2 Extension Project are within the envelope of impacts previously set out in the 1995 EIS and approved under DA 29/95.

The location of the proposed tourist development in relation to flood depths resulting from the pre-Stage 2 mining landform, predicted post-Stage 2 mining landform (i.e. after mining of LW A3 to LW A5 as approved) and predicted post-Stage 2 Extension mining landform (i.e. after mining of proposed LW A5a) is shown on **Figures 3.1, 3.2, and 3.3** respectively. As shown on **Figures 3.1 and 3.2** the proposed access road to the tourist accommodation building crosses Quorrobolong Creek via a low level crossing that would be impassable during the 100 year flood event for the pre-Stage 2 mining landform and the post-Stage 2 mining landform. The access road also passes through areas to the east of Quorrobolong Creek which are subject to flooding to a depth of up to 0.7 metres during the 100 year flood event for the pre-Stage 2 mining landform and the post-Stage 2 mining landform (**Figures 3.1 and 3.2**), meaning that the proposed tourist development access route would be impassable at several locations.

The proposed tourist accommodation building itself is located in an area on the edge of the 100 year ARI flood extent (**Figures 3.1 to 3.3**). It is likely that the building could be subject to flood depths in the order of 100 mm to 300 mm in a 100 year ARI flood event prior to mining of LW A5a (**Figure 3.2**). Following mining of LW A5a the building could be subject to flood depths in the order of 300 mm to 500 mm in a 100 year ARI flood event (**Figure 3.3**). It is noted that the mining of LW A5a is predicted to return maximum flood depths at this location to depths similar to pre-Stage 2 mining conditions (**Figures 3.1 and 3.3**). It is considered that the floor level of the tourist development could be raised to a level that will avoid flooding impacts.

3.3 Landowner Submission: F J and N Muxlow

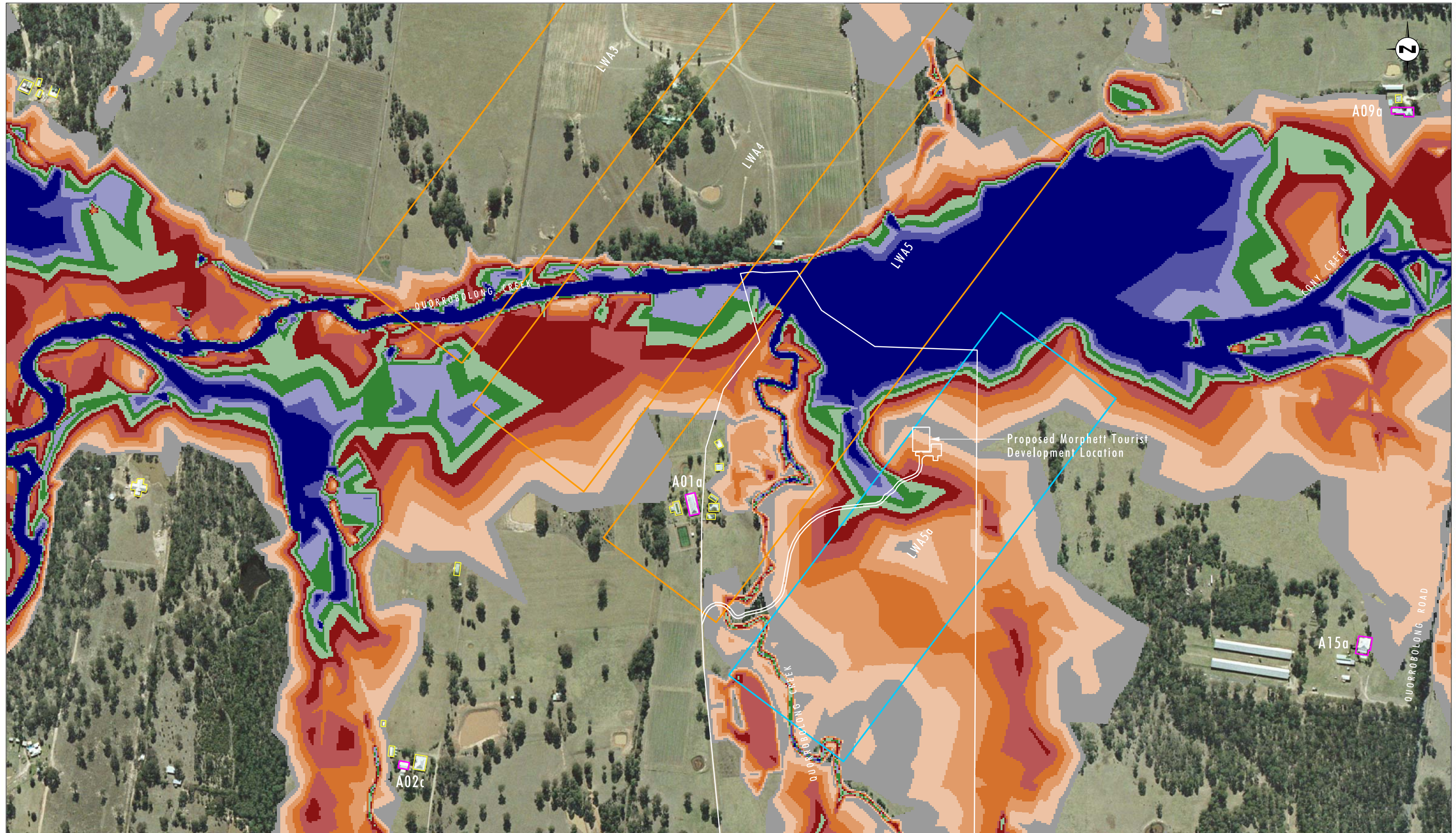
Mr and Mrs Muxlow remain concerned that the concerns raised previously for Stages 2 and 3 of Austar Coal Mine have not been addressed. The concerns raised in the Muxlow submission are to be read in conjunction with two letters addressed to the Minister for Planning. These letters have not been provided to Austar Coal Mine.

1. Muxlow input into assessments has been completely ignored and the assessment process should include input from the Muxlows.

Response

Austar has sought to include community feedback in the assessment process as set out in Section 6.3 of the EA. Correspondence between Austar and Mr and Mrs Muxlow indicates that the Muxlows were provided with opportunities for input into the process prior to exhibition of the EA via several attempts by Austar to arrange meetings as a part of the consultation program with all Stage 2 landholders. A summary of correspondence is as follows:

- 05/03/2010 Austar sent a letter to Mr and Mrs Muxlow to inform them of the proposed LW A5a and request a meeting to discuss the proposed modification and any change in environmental impact.
- 09/03/2010 Austar left a phone message for Mr and Mrs Muxlow following up on the letter of 5 March and requesting a meeting for 23 March 2010.
- 15/03/2010 Pelham Executive Services sent a facsimile to Austar requesting that all correspondence be sent to Pelham Executive Services and stating that Mr and Mrs Muxlow were not prepared to meet with Austar at their property on 23 March 2010.



Base Source: AAM Hatch, 2006

Source: Longwall Layout: Austar Coal Mine

Note: Dwellings only shown for flood model extent

Legend

- Layout for Stage 2 Longwall Panels
- Layout for Stage 2 Extension Longwall Panel
- Building
- Dwelling
- A01a Dwelling Reference Number

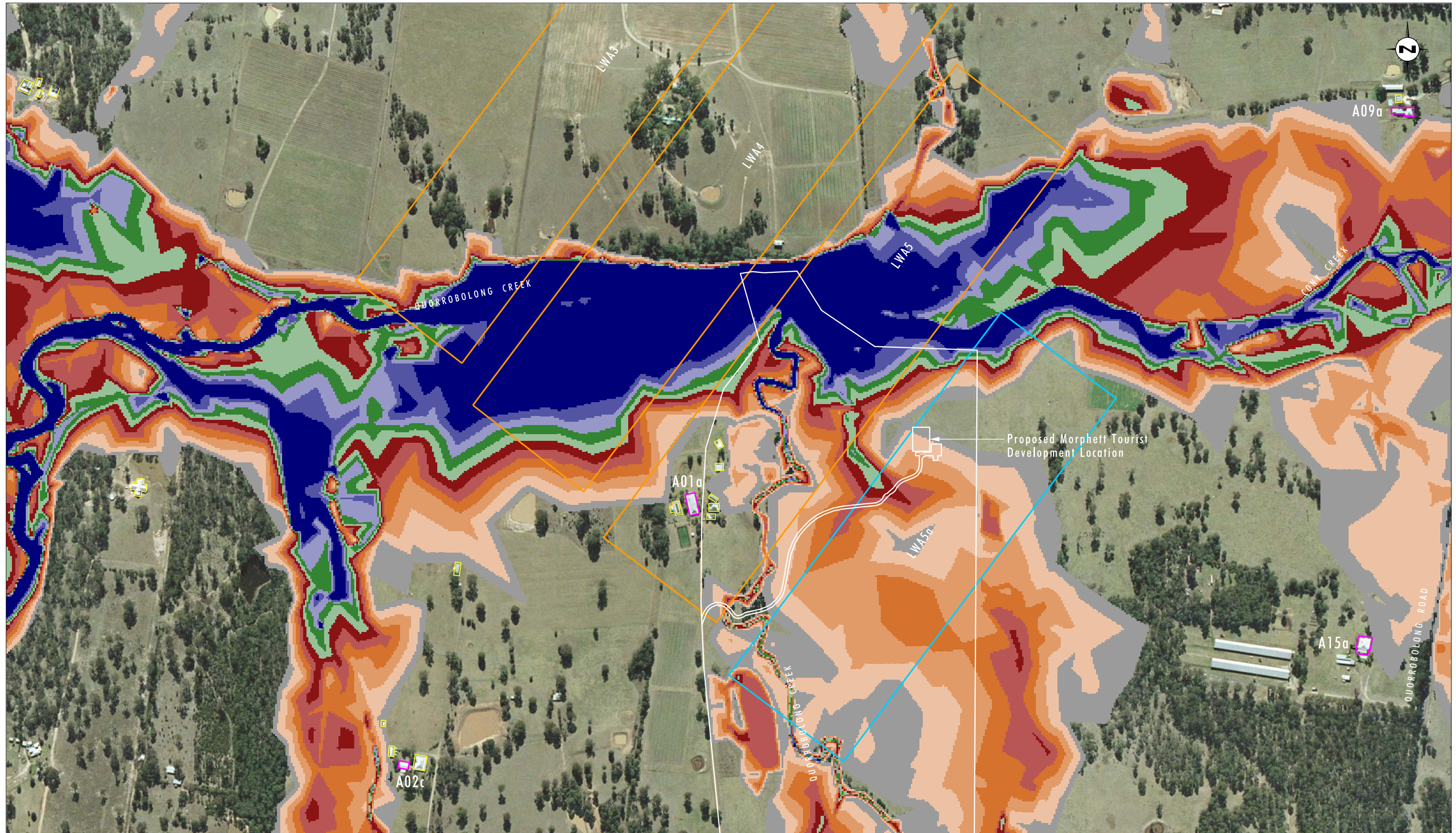
Water Depth (m)

 Range [0.001 : 0.100]	 Range [0.900 : 1.100]
 Range [0.100 : 0.300]	 Range [1.100 : 1.300]
 Range [0.300 : 0.500]	 Range [1.300 : 1.500]
 Range [0.500 : 0.700]	 Range [1.500 : 1.700]
 Range [0.700 : 0.900]	 Range [1.700 : 1.900]
	 Range [> 1.900]

0 100 200 300m
1:6000

FIGURE 3.1

100 year ARI Storm:
Maximum Modelled Water Depths for
Pre Stage 2 Mining



Base Source: AAM Hatch, 2006

Source: Longwall Layout: Austar Coal Mine

Note: Dwellings only shown for flood model extent

Legend

Layout for Stage 2 Longwall Panels

Layout for Stage 2 Extension Longwall Panel

Building

Dwelling

A01a Dwelling Reference Number

Water Depth (m)

Range [0.001 : 0.100]

Range [0.100 : 0.300]

Range [0.300 : 0.500]

Range [0.500 : 0.700]

Range [0.700 : 0.900]

Range [0.900 : 1.100]

Range [1.100 : 1.300]

Range [1.300 : 1.500]

Range [1.500 : 1.700]

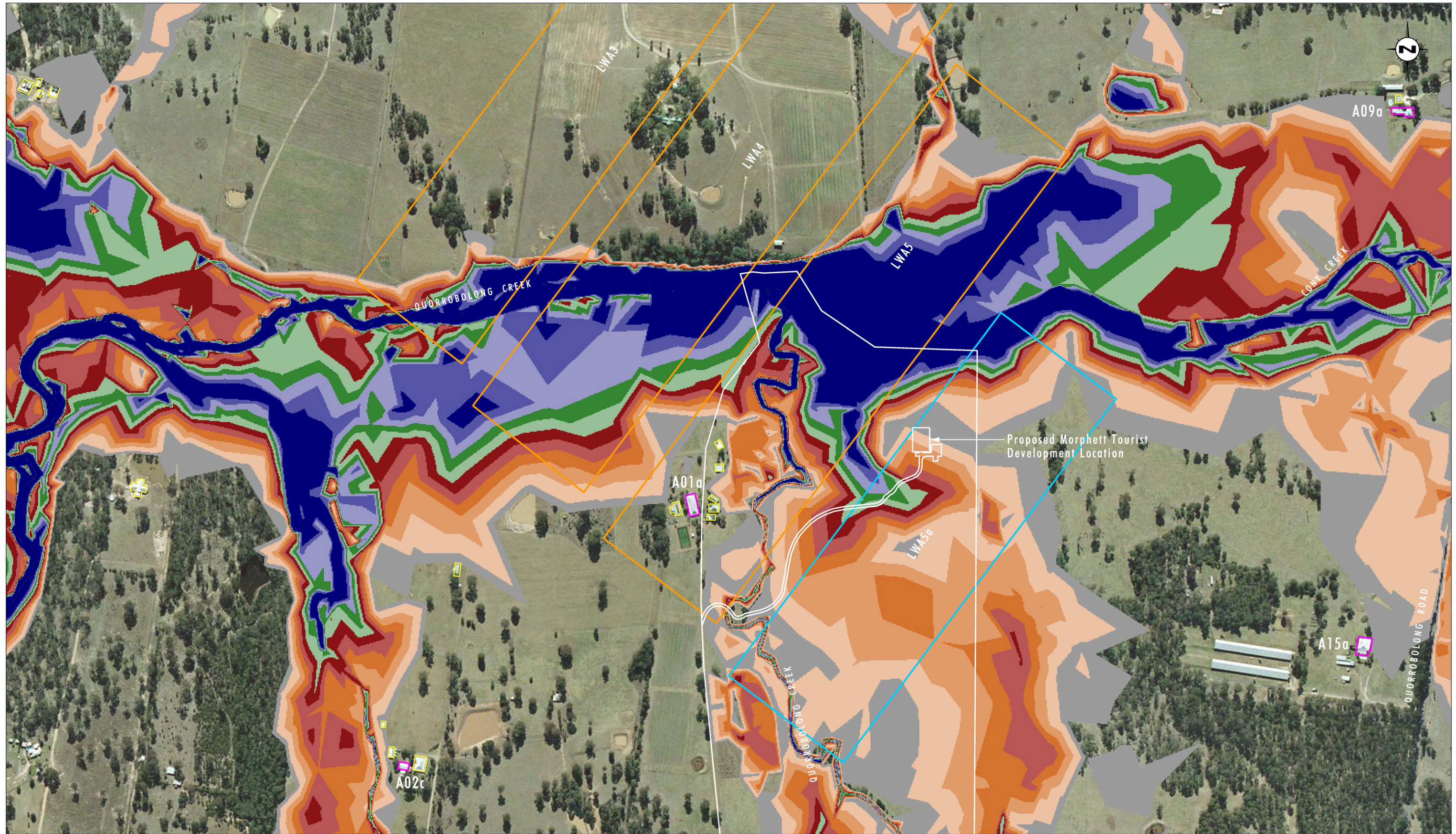
Range [1.700 : 1.900]

Range [> 1.900]

0 100 200 300m
1:6000

FIGURE 3.2

100 year ARI Storm:
Maximum Modelled Water Depths for
Predicted Stage 2 Subsidence (Longwalls A3 to A5)



Base Source: AAM Hatch, 2006

Source: Longwall Layout: Austar Coal Mine

Note: Dwellings only shown for flood model extent

Legend

- Layout for Stage 2 Longwall Panels
- Layout for Stage 2 Extension Longwall Panel
- Building
- Dwelling
- A01a Dwelling Reference Number

Water Depth (m)

- | | |
|-----------------------|-----------------------|
| Range [0.001 : 0.100] | Range [0.900 : 1.100] |
| Range [0.100 : 0.300] | Range [1.100 : 1.300] |
| Range [0.300 : 0.500] | Range [1.300 : 1.500] |
| Range [0.500 : 0.700] | Range [1.500 : 1.700] |
| Range [0.700 : 0.900] | Range [1.700 : 1.900] |
| | Range [> 1.900] |

0 100 200 300m
1:6000

FIGURE 3.3

100 year ARI Storm:
Maximum Modelled Water Depths for
Predicted Subsidence Longwalls A3 to A5a

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- 22/03/2010 Austar sent a letter to Pelham Executive Services stating that Austar would still like to meet with Mr and Mrs Muxlow regarding the proposed modification to the Stage 2 mining and if they would prefer, could meet with Austar at Austar Coal Mine.

The Muxlows have not met with Austar to date regarding the proposed Stage 2 Extension Project nor provided input via this process. A discussion of the input provided by the Muxlows via submission to the Department of Planning is provided in this report.

2. Flood levels presented in the EA are a complete distortion of fact.

Response

Flood levels presented in the EA were developed from detailed two dimensional flood modelling of the Quorrobolong Valley undertaken for the Stage 2, Stage 3 and Stage 2 Extension Projects (Umwelt 2007, 2008 and 2010). Model preparation included a review of flood level information from Cessnock City Council and local residents as a part of the Stage 2 flood assessment (Umwelt, 2007 and 2008). One of these residents was Mr Muxlow. Analysis of the flood model indicated that the model results for the 1990 storm event were consistent with the recorded observations.

3. There has been no complete EIS of the area to be mined now. The EIS that is being used falsely at present is for a completely different mine plan and a completely different set of circumstances. A completely new EIS that is relevant to what is actually being mined now, along with the current mine plan should be implemented.

Response

Underground mining within the Stage 2 area of the Austar Mining Complex is currently being undertaken with in Consolidated Mining Lease 2 (CML2) under development consent DA 29/95. DA 29/95 was granted by the Minister for Urban Affairs and Planning in 1996, enabling coal extraction from the Greta Seam using a conventional retreat longwall extraction method to a height of up to 4.5 metres. An EIS for the project was prepared by HLA-Envirosciences Pty Limited on behalf of the Newcastle Wallsend Coal Company Pty Limited. The DA 29/95 EIS Application Area and conceptual mine plan for the project is shown in Figure 1.3 of the EA. The mine plan provided in the EIS was conceptual and subject to refinement as more information on the geology and resources within the application area became available.

As described in Section 1.1 of the EA, the proposed LW A5a is located wholly within the DA 29/95 application area in the same position as longwalls 20 and 21 of the conceptual mine plan. The modification sought to DA 29/95 is to:

- increase the maximum allowable extraction height of coal within the area to be mined by LW A5a from 4.5 metres to 6.5 metres; and
- undertake coal extraction in LW A5a using LTCC technology.

As described in Section 3.1 of the EA, the project has the following attributes and therefore does not involve a substantial change to the original project approved under DA 29/95.

- Subsidence impacts are predicted to be within the envelope of those set out in the 1995 EIS and approved in DA 29/95.

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- No change is proposed to the existing underground mining area approved under DA 29/95.
 - No change to the life of DA 29/95 is proposed.
 - The project will not result in any increase in the rate of extraction or total extraction tonnage approved under DA 29/95.
 - No change is proposed to the surface infrastructure required for the mining, handling, processing and transport of coal from the DA 29/95 approval area.

The EA prepared for the proposed Stage 2 Extension Project addresses the impacts of what is proposed to be mined via an environmental risk assessment to determine the potential environmental impacts of the project, and detailed assessment of the potential impacts, including assessment of subsidence, vibration, surface water and drainage, groundwater, energy and greenhouse gas, heritage, ecology, socio-economics and cumulative impacts. The EA prepared addresses the potential impacts of the proposed mining and shows that the potential impacts of the proposed Stage 2 Extension Project are within the envelope of impacts previously set out in the 1995 EIS and approved in DA 29/95.

4. Mining of LWA5a will exacerbate subsidence impacts from approved LWA6.

Response

As shown on Figures 7.3 and 7.4 and Appendix 5 of the EA, the addition of LWA5a will result in up to an additional 400 mm of subsidence on the western boundary of the Muxlow property. As discussed in Appendix 6, the predicted total subsidence at the structures on the Muxlow property resulting from the extraction of LWA3 to LWA5a are all less than 20 mm. The maximum predicted tilts and strains at these structures resulting from the extraction of LWA3 to LWA5a are small and are expected to be in the order of survey tolerance. On this basis it is expected that all structures on the Muxlow property will remain safe, serviceable and repairable for the duration of mining of LWA3 to LWA5a.

5. EA does not mention impact of the project on Muxlow property value

Response

Concern that mining will impact on property values is a common reaction to any proposed development, including mining. These concerns are based on a perception that mining in Stages 2 and 3 will have an adverse impact on the land and water resources and hence will result in reduced property value. Detailed assessment as set out in the EA and as previously set out in the Stage 3 EA has indicated that the proposed development will not have a significant impact on the land or water resources and therefore will not reduce the value of properties.

There is no valid research to suggest that property values are depressed by the existence or otherwise of mining and in many instances it can be demonstrated that land values surrounding new mining developments have increased.

Property values are impacted by a wide range of factors including:

- the state of economy;
- availability of credit;

-
- location to employment and services; and
 - aesthetic features such as rural amenity.

Approval of mining under properties will not affect rural amenity and locational attributes of properties within the development area.

Although there is no evidence of underground mining affecting property values per se there is anecdotal evidence such as that described in the Muxlow submission that public perception driven by things such as protest signs etc may have a short term psychological impact on buyers making comparative assessments of properties. Typically this perception changes once mining commences.

As has been noted previously in response to community concerns regarding property value, protection for improvements on land is given via a process under the *Mining Act 1992* whereby property owners may be eligible for compensation from the Mines Subsidence Board (MSB) in the event of impact to improvements from subsidence. It is noted that mining of LWA5a (the subject of this application) is not expected to cause noticeable impact to the structures on the Muxlow property.

In addition, Austar Coal has offered property owners with coal resources under their properties that are proposed to be mined an opportunity to participate in its 'Sharing the Benefits' policy. This policy allows landholders to opt-in to an agreement for a fixed \$ per tonne payment for each and every tonne of coal mined beneath their landholding. This initiative is voluntary and provides for a commercial return that can potentially add to the property value.

One of the objectives of the 'Sharing the Benefits' policy is to manage perceptions about property values over time, particularly where mining may not occur for many years into the future.

The voluntary opt-in agreement does not remove the existing protections for property owners for compensation under the Mining Act concerning impact to improvements from subsidence.

As discussed at a community meeting during late 2009, Austar personnel are available to discuss proposed mining and the Sharing the Benefits policy with potential buyers of properties within the Stage 2 and Stage 3 mining areas, or real estate agents acting on their behalf. Austar is of the opinion that the distortion of the real impact of mining due to misinformation is more likely to devalue property values than the real impacts of the mining. Austar welcomes and encourages any opportunities to meet with interested or concerned parties to ensure that the details of the impact assessments undertaken within the Stage 2 and Stage 3 mining areas and the Sharing the Benefits policy are clearly explained.

6. Austar is not providing anything in return for hardship caused.

Response

Austar has offered property owners with potential minable coal resources under their properties that are proposed to be mined an opportunity to participate in its Sharing the Benefits policy. This initiative provides for a commercial return to those property owners. An opportunity to opt-in to the Sharing the Benefits policy is available to affected property owners up until the commencement of mining beneath their property. Austar remains available to meet with the Muxlows to discuss this initiative.

7. Financial/psychological/health impact of proposed mining to the Muxlows is not addressed in the EA.

Response

It is acknowledged that mining within the Stage 2 and Stage 3 areas is potentially a source of concern for land owners within the Stage 2 and Stage 3 areas. As set out in the EA, a program of consultation, environmental impact assessment and management has been put into place for all stages of mining at Austar to address the environmental, social and economic impacts of the mine. This includes the Sharing the Benefits policy on offer to all affected land owners within the Stage 2 and Stage 3 areas. In addition the provisions of the Mining Act provide for compensation for impacts to improvements caused by subsidence from underground mining.

It is considered that the program of assessment, monitoring, management and consultation measures put in place at Austar Coal Mine, coupled with the provisions of the Mining Act in relation to compensation for subsidence impacts to improvements, is able to address any potentially negative impact on property owners.

The EA for the Stage 2 Extension Project included an assessment of the impacts of the project. Austar has sought to include community feedback in the assessment process as set out in Section 6.3 of the EA. The Muxlows were provided with opportunities for input into the process prior to exhibition of the EA via several attempts by Austar to arrange meetings as a part of the consultation program with all Stage 2 landholders. Austar has not been able to meet with the Muxlows to date regarding the proposed Stage 2 Extension Project.

Austar remains committed to working with the community to ensure that concerns are raised and addressed in an open and transparent manner. The concerns raised in the Muxlow submission have been discussed in this report. Austar remains available to meet with the Muxlows to discuss the proposed Stage 2 Extension Project and the Sharing the Benefits initiative.

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