

28 August 2012

Wilpinjong Coal Mine – MP 05_0021 MOD 4

PROPOSAL

This application seeks modification approval to:

- increase maximum coal production rates from 12 to 12.5 Mtpa;
- increase the average number of laden coal trains leaving the site from 5 to 6 per day;
- increase the maximum number of laden coal trains leaving the mine from 6 to 10 per day; and
- install and operate a reverse osmosis (RO) plant on site to treat excess mine water prior to discharge.

The Proponent for this application is Wilpinjong Coal Pty Ltd, a wholly owned subsidiary of Peabody Energy Australia Pty Ltd.

A detailed description of the proposal and background is contained in the Department's Environmental Assessment Report.

DELEGATION TO THE COMMISSION

The project was referred to the Commission for determination under the terms of the Ministerial delegation dated 14 September 2011.

Mr Garry West and Ms Gabrielle Kibble were nominated the Commission members for the project. Mr Garry West chaired the Commission.

DEPARTMENT'S ASSESSMENT REPORT

On 17 August 2012, the Commission received the Director-General's Environmental Assessment Report. The report provided a detailed assessment of key issues including:

- noise impacts;
- surface water impacts;
- aquatic ecosystems;
- transport impacts

The report also considered air quality, flora and fauna, aboriginal heritage, visual impacts and socio economic impacts.

The Department's assessment report concluded that the proposal is in the public interest and recommended that the proposal be approved subject to conditions to manage impacts associated with the proposal.

Meetings with Key Stakeholders

Mid Western Council

On 23 August 2012, the Commission held a teleconference with the Mayor and Council officers to discuss the application. The key issues raised by Council included, the cumulative impact on roads and community services from mining, the Ulan Road Strategy, the condition of Ulan-Wollar Road and the proposed Voluntary Planning Agreement (VPA).

Department of Planning and Infrastructure

On 23 August 2012, the Commission was briefed by officers from the Department. The key issues discussed at the meeting included Ulan-Wollar Road and the terms of the VPA.

COMMISSION'S COMMENTS

The Commission considers that the Department's assessment report and recommended conditions adequately address the issues associated with the proposal. Notwithstanding, the Commission gave further consideration to the following issues:

- Community Infrastructure and Amenity Contributions;
- Road Upgrades/Maintenance;
- Future Contributions/Agreements; and
- Reverse Osmosis Plant.

Community Infrastructure and Amenity Contributions

In 2006, Wilpinjong paid a \$450,000 lump sum and agreed to pay community infrastructure and amenity contributions equivalent to a rate of \$12,000 per employee (spread over 20 years) for 100 workers employed at the time. However, the mine currently employs 333 workers.

In response, to this issue the Proponent agreed to pay \$12,000 (spread over 20 years) for each permanent employee/contractor, in excess of 100 employees.

However, Council raised concern regarding the quantum of the recommended contribution and requested that it be increased from \$12,000 to \$20,000 per employee.

After careful consideration, the Commission accepts the Department's recommended contribution rate of \$12,000 per employee. The Commission considers the contribution is reasonable as it is consistent with previous contributions agreed by Wilpinjong and also recent contributions agreed by Council with Ulan and notes Moolarben's contribution is likely to be reviewed under a modification currently being considered by the Department.

The Commission did however, raise concern with the drafting of the recommended condition (new Condition 12A). The Department has subsequently redrafted the condition which is now considered to be acceptable.

Road Upgrades/Maintenance

Council raised concern regarding mine traffic deteriorating the Ulan-Wollar Road. Council requested that the road should be upgraded to a bitumen sealed surface from the mine entrance to the village of Wollar.

The Commission notes mine employees, contractors and other traffic associated with the mine access the site from Wollar. However, the Commission considers the current modification proposal does not provide sufficient nexus to justify a condition requiring an upgrade of the road or to seek additional funding for its upgrade. The modification will not result in additional employees or contractors working at the mine, therefore there would be no increase in mine-related traffic movements on the local road network.

The Commission also notes that Council received \$50,000 for re-gravelling the eastern section of the road in 2010 and continues to receive an annual payment of \$30,000 for the maintenance of the Ulan-Wollar Road. Future upgrades and/or additional maintenance contributions for Ulan-Wollar Road should be considered further if the mine is expanded in the future.

Council also raised concern regarding Ulan Road, however the Commission notes that under an existing condition of approval Wilpinjong is required to contribute to the preparation of the Ulan Road Strategy (along with the other mines in the region) to determine future upgrade and maintenance requirements for the road. The Strategy is currently with the Department for consideration and arbitration.

Future Contributions/Agreements

The Commission understands that local infrastructure (particularly roads) is subject to increasing pressure from the cluster of mines within the area. The Commission notes the current contribution arrangement is complex and that any lag time in executing agreements, puts greater pressure on existing infrastructure, particularly public roads. The Department should consider streamlining contributions/planning agreements in such mine affected areas.

Reverse Osmosis Plant

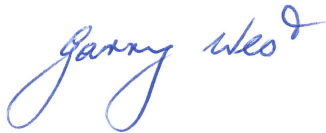
Wilpinjong proposes to install and operate a reverse osmosis plant on site to treat excess mine water prior to discharge. As noted in the Department's Assessment Report the Environment Protection Authority (EPA) indicated it had already varied the mine's environment protection licence (EPL) to permit the offsite discharge of excess mine water, including discharges associated with the Reverse Osmosis plant.

The Reverse Osmosis plant produces brine (a saline water by-product) as part of the process. The EPA in its submission considered that Wilpinjong should implement a brine disposal hierarchy. Wilpinjong has accepted this brine disposal hierarchy and the Department has indicated that these brine disposal methods and off-site discharge arrangements will be included in the Surface Water Management and Monitoring Program, which is required to be updated under the existing project approval within 3 months of approval of the modification.

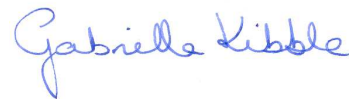
COMMISSION'S DETERMINATION

The Commission has carefully considered Council's concerns, the Department's Assessment Report and agency and public submissions.

On balance, the Commission agrees with the Department's recommendation that the proposal should be approved. The Departments recommended conditions (as modified) will adequately manage the impacts associated with the proposal.



Commission Member



Commission Member