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Dear Ms Donnelley



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DARLEY AUSTRALIA SUBMISSION ON MANGOOLA MODIFICATION No.6

Introduction

Darley Australia (Darley) appreciates the opportunity to comment on Xstrata's Mangoola Modification No. 6 Environmental Assessment (EA).

Darley's Woodlands Stud (Woodlands) is located on the Golden Highway between Denman and Jerrys Plains. Woodlands is situated on strategic agricultural land in the equine critical cluster in the Upper Hunter Valley.

Woodlands is located approximately 12 km from the Mangoola coalmine, directly downstream on the Hunter River.

The Mangoola Modification No. 6 proposes to increase the minimum rate of extraction from 10.5 million tonnes per annum (MTpa) run of mine coal to 13.5 MTpa. It also seeks approval, among other things, for an increase in equipment numbers to support mining intensity; changes to blasting conditions to increase frequency of blasting; redefining temporary ROM stockpiles to a permanent (life of mine) ROM stockpile and the discharge of saline water to the Hunter River.

We note that this is the sixth modification in six years for this mine.

As a key stakeholder directly downstream from the Mangoola mine, and dependent on the Hunter River for our livelihood, we are mindful of the importance of the Hunter River and any impacts which may adversely affect its health and therefore the health and future of our business. We are disappointed that we were not directly consulted by Xstrata with respect to this modification.

Advice we have received regarding the potential risks to the health of the Hunter River, are of significant concern to our business and our future. Advice we have received suggests significant shortcomings in the Mangoola EA which if not satisfactorily addressed could adversely impact on our operations. Given these shortcomings Darley considers that a transparent and independent assessment process is required and the matter should be referred to a Planning and Assessment Commission.

Darley Australia

Darley is HH Sheikh Mohammed bin Rashid Al Maktoum's global breeding business which operates in six countries around the world, including Australia's Hunter Valley, Newmarket in the UK, County Kildare in Ireland, Kentucky USA and Hokkaido, Japan and more recently China. HH Sheikh Mohammed is ruler of Dubai and Vice President of the United Arab Emirates.

Darley established its commercial breeding operation in the Hunter Valley in 2001 in recognition of Australia's growing force in international thoroughbred breeding and racing. In 2003 Darley Australia purchased the 1,700 acre Kelvinside Stud in Aberdeen in the Hunter Valley. The property has since been developed into a world-class facility with capacity to stand 18 stallions, comprehensive mare and yearling facilities and more recently a world class education and breaking operation. In 2008 Darley purchased Australia's largest integrated breeding and racing operation, Ingham Bloodstock, which included the **6,500 acre Woodlands Stud at Denman**. In addition to its Hunter Valley farms Darley operates a Victorian breeding operation from its stud Northwood Park, at Seymour Victoria.

Darley also owns and races in excess of 500 horses from its two training bases in Western Sydney and Victorian training base at Flemington racecourse in Melbourne, Victoria. It is estimated that Darley's ownership of elite thoroughbred racehorses amounts to approximately 10 per cent of all racehorses competing in metropolitan Sydney.

Darley employs 350 people in Australia, including 150 in the Hunter Valley across its two stud farms. These include horse handlers, bloodstock experts, gardeners, and others working in corporate functions including administration, finance, human resources, IT, and marketing and sales.

During the Southern Hemisphere breeding season the value of bloodstock under Darley's stewardship is in the order of \$500 million, with in excess of \$350 million located in the Hunter Valley.

Woodlands was settled in 1824 and it is believed that the current homestead was built in 1833. Woodlands' first recorded association with thoroughbreds dates back to the 1870's under the ownership of H.C. White, who bred and raced thoroughbreds, the most prominent of which was dual Caulfield Cup winner Paris in 1892 and 1893. Since then it has been operated as a thoroughbred stud by notable industry participants including George Ryder (founder of the Golden Slipper), Lord Derby and the Ingham brothers. Champion Sires that have graced Woodlands include Yeats, Canny Lad and Lonhro. Champion racehorses reared at Woodlands include Octagonal, Golden Slipper winner Marscay, and notably the last 2 Golden Slipper winners and Champion 3 year olds Pierro and Sepoy.

Darley's Woodlands Stud remains one of two international scale thoroughbred breeding operations in the Jerrys Plains/Denman area in the Hunter Valley. It is one of over 150 thoroughbred breeding farms and supplier companies located in the Hunter Valley's critical concentration of thoroughbred breeding and support operations. The industry in the Hunter Valley employs thousands

of people directly and indirectly (including the largest equine veterinary hospital in the Southern Hemisphere, farriers, saddlers, printers, equine transport industries, the racing industry) and contributes to the employment of hundreds of thousands of people across its value chain.

Darley's Future in NSW in Jeopardy

Darley Australia has assets worth hundreds of millions of dollars invested in NSW and its sustainable operations contribute significantly to the Hunter Valley economy. Indeed, Woodlands is Darley's singular most valuable asset in Australia and its viability as a thoroughbred farm is at risk because of the growing encroachment of mining in the Jerrys Plains/Denman areas.

Proposals for new mines such as Drayton South, Doyles Creek and Spur Hill surround and threaten the future of Darley's operations in NSW. They amplify, and compound the cumulative impacts of any modifications to existing mines, such as the Mangoola modification.

- Darley has invested in major capital expenditure projects at Woodlands including:

- refurbishing the historic Woodlands Homestead;
- major staff housing and amenities;
- developing guest houses;
- major fencing infrastructure;
- development of pastures; and
- major irrigation upgrades.

Many millions of dollars have been spent on these and other capital projects on the Woodlands property. Much of this (some 85%) has been spent in the local economy supporting local businesses and local employment.

Darley Woodlands Community

Darley's operations are highly labour intensive. We provide stable, long term jobs for our employees, many of whom live on-farm with their partners, family and children.

Darley invests heavily in housing and amenities so that we can provide attractive and appropriate living quarters and living standards to our employees and their families.

Over 70 people permanently reside at Woodlands. This included 10 families with children, 10 couples and 16 single residents.

Given this, Woodlands should be recognised as a small community which can be directly impacted by the open cut coal mine's operations and negatively affected by:

- blastings;
- health impacts;
- dust impacts;
- visual impacts;

- noise, light and vibration;
- traffic and road safety issues;
- adverse impacts to water quality and quantity.

Concerns in the Mangoola Modification EA

While we are concerned about the increasing level and intensity of mining operations in the Hunter Valley (including the increased level of mining modifications and mining creep) and the socio-economic and health consequences that presents, the Mangoola modification causes serious concern with respect to its potential to impact on the Hunter River which is our lifeblood.

Given the relatively short time provided to comment on this EA, many of our concerns relate to the water impacts of this proposed modification.

Darley concurs with the HTBA's assessment that the EA:

- is deficient in its assessment of the surface and ground water impacts of the proposal. We agree that the water risks associated with the proposed Mangoola Modification have not been properly assessed, or updated since 2006, and could pose serious and irreparable problems for both surface and groundwater systems of the Hunter River and downstream industries dependent on the Hunter River system;
- is based on outdated (2006) and incomplete (given the number and significance of modifications since 2006) modelling and assessment of ground and surface water impacts which do not provide sufficient information to understand and assess the likely impacts on the Hunter River over the life of the mine;
- presents flawed water assessment or conclusions which in turn pose serious concerns regarding the final void, its management, the potentially adverse risks to and impacts on downstream landholders and the legacy for both future generations and the State;
- lacks any discussion of the downstream impacts of this proposal including the effects of declining water quality, the likelihood of void spills; and the impact of the void on the long term suitability of water for downstream users;
- inadequately accounts or justifies the final void quality and consequent salinity impacts of this proposal with the possible result of salinity far in excess of that quoted in the EA;
- understates the risks of uncontrolled mine water discharge due to the modelling approach adopted;
- fails to properly assess the impact of this proposed modification on all downstream users dependent on the Hunter River, including our thoroughbred breeding operations and those of our neighbours.

It is of serious concern to us that such an important matter relating to the health of the Hunter River system and the many downstream landholders and users has been based on very outdated information (2006) which has been the subject of significantly revised mine plans. This to us presents not only a serious flaw in the analysis but a serious flaw in the planning system if this is allowed to proceed unquestioned and unrectified.

Darley is also of the opinion that:

- inadequate time is provided to landholders to inform themselves and comment on the impacts of mining modifications and new mining proposals. We support the HTBA's call for a minimum of eight weeks not four to examine, assess and properly input into a process that is of significant relevance to our future;
- EA's often overstate the economic benefits of the project, understate the costs and ignore key stakeholder concerns and interests - which if corrected could alter the proposal's net economic benefits;
- the Mangoola EA has failed to adequately assess the impact of the modification proposal on the Hunter Valley's thoroughbred breeding industry and community downstream of the current mining operation. In this respect we consider the Agricultural Impact Assessment to be seriously lacking in credibility and accuracy;
- the Mangoola EA has failed to account for the cumulative health impacts of this proposal on the Hunter Valley community;
- the Mangoola EA does not adequately acknowledge and assess the cumulative impacts of existing mines together with this proposal on the local community, sustainable business operations, air quality, noise, traffic and road safety.

Conclusion

Darley Woodlands is situated on strategic agricultural land in the equine critical industry cluster in the Hunter Valley. Under the Government's new strategic land use policy all mining modification projects are not the subject of independent evaluation under the Government's new Gateway process.

We disagree with this position. The size, nature, extent of impact on agricultural communities, critical industry clusters, health, social and environmental impacts (including the health of our River Systems) should determine whether a project should be the subject of a Gateway process.

Regardless, the deficiencies in the Mangoola Modification Environmental Assessment on water matters alone raise serious concerns and doubts.

We agree with the HTBA's recommendation that the proposed Modification should be referred to an independent Planning Assessment Commission.

Yours sincerely

Henry Plumptre
Managing Director