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Ms Carolyn McNally
Secretary
Department of Planning and Environment
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SYDNEY NSW 2001

AND BY EMAIL:

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Attention: Matthew Sprott

Dear Ms McNally

Anglo American – Drayton South Coal Project
Response to Environmental Impact Statement – Submission in Response

This submission is made by Coolmore Australia (**Coolmore**) in relation to State Significant Development Application SSD_6875 lodged by Anglo American Metallurgical Coal Pty Ltd (**Anglo**) in respect of the Drayton South Coal Project (**Project**).

Coolmore makes this submission to the Department of Planning and Environment (**Department**) following the release of *'Drayton South Coal Project Environmental Impact Statement'* prepared by Hansen Bailey and dated May 2015 including Annexure Reports (**EIS**).

Coolmore welcomes the opportunity to make the following submission. It is set out as follows:

1. Introduction
2. Credibility of Drayton South Proposal
3. Merit Issues with EIS
4. Misrepresentations within the EIS
5. Factual Issues within the EIS
6. Consultation
7. Conclusion

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Appendix A	*NSW Planning Assessment Commission Determination Report Drayton South Coal Project, Muswellbrook LGA* dated 17 October 2014
Appendix B	Anglo American Statements on Economic Viability of Retracted Mine Options
Appendix C	Hunter Research Foundation Report Presentation by Alan Rai, Principal Economist
Appendix D	Industry Figures Petition to Refuse Drayton South
Appendix E	Newcastle Herald Article 5 June, Anglo American Discussion Board
Appendix F	Coolmore Australia Residences
Appendix G	Interconnectivity Map
Appendix H	Coolmore Australia Brochure 2015

This submission raises some major issues and questions the validity of information contained in the EIS, however our technical experts have only had 24 working days to review the reports. Therefore we anticipate making further and more detailed submissions as the planning process proceeds.

1. Introduction

1.1 Coolmore Australia:

Coolmore Australia is a leading thoroughbred racehorse breeding farm situated at Jerry's Plains, Hunter Valley, New South Wales immediately adjacent to the Project Application boundary.

Coolmore is located on approximately 3,600 hectares of prime agricultural land which has been identified as 'strategic agricultural land – equine critical industry cluster' by the *Strategic Regional Land Use Plan – Upper Hunter* (2012, p 84). Coolmore Australia is part of the international Coolmore group, the largest commercial thoroughbred breeding enterprise in the world, with operations in Ireland and the United States.

Coolmore's farm at Jerry's Plains services over 1,400 mares annually and stands Australia's Champion Sire, *Fastnet Rock*, as well as young stallions *Pierro* and *So You Think* and has 12 stallions in its full roster for 2015. Some of these stallions have required investments in tens of millions of dollars for the syndicates who own them.

Coolmore's stallions generate value for Australian breeders, including 2,048 breeders in New South Wales who employ 4,416 staff, by offering the best bloodlines, thereby creating opportunities to produce progeny that sell for higher prices.

As an example of the strength of the NSW breeders, of the 956 yearlings catalogues for the select sessions of the two premier sales in the Southern Hemisphere, the Magic Million Gold Coast Yearling Sale and the Inglis Easter Yearling Sale, 89.4% of those lots catalogues were eligible for the BOBS scheme, a breeder incentive scheme for NSW sired yearlings.

Coolmore directly employs up to 150 people during the breeding season, many of whom live on the farm, in fact Coolmore currently has 90 residents, including 30 children and trades with over 160 suppliers in the Upper Hunter.

The proposed open cut coal mine at Drayton South would come to within 1km of Coolmore's boundary at its closest point.

The EIS relies largely on the same set of technical experts and consultants whose work did not previously convince two Planning Assessment Commissions (**PAC**) or the Gateway Panel in relation to the previous mine proposal the subject of Major Project Application 11_0062 that was refused by the PAC on 17 October 2014 (**previous mine proposal**).

In this submission, we seek to address issues including:

- concerns over the credibility of the proposal;
- identification of further information requirements in highly sensitive impacts including air, noise, equine health, equine behaviour, visual, surface water, groundwater, soil and land capability;
- explanation of the impacts on Coolmore's viability; and
- correction of factual inaccuracies and challenging misrepresentations.

At its heart is the core concern that this mine plan does not have any economic, financial, commercial, environmental or independent merit; rather that it is, in Anglo American's own words, 'designed specifically to meet the recommendations of both the previous Review and Determination PACs' (EIS Volume 1, 2015, p 3-2). Furthermore, Anglo American's global Head of Coal, Seamus French, is quoted in a press release of 18 December 2014: "To be clear, we still believe we submitted the right plan for review last time". It is our view that the Department is being asked to assess something other than a genuine mine plan.

2. Credibility of Drayton South Proposal

2.1 Misrepresentation of PAC Recommendations:

There is some confusion in the EIS as to the status of PAC recommendations, made in relation to the previous mine proposal, as to the potential for a smaller mine plan. The refusal of the previous mine proposal by the PAC on 17 October 2014 (**Determining PAC)** was supported by the *NSW Planning Assessment Commission Determination Report Drayton South Coal Project, Muswellbrook LGA* (**Determination Report**; attached as **Appendix A**) in which the PAC made no recommendations at all other than determining the proposed project should not go ahead. The Determination Report endorsed the recommendation of both the Gateway Panel *Drayton South Coal Project Advisory Report* dated 10 December 2013 (**Gateway Panel Report**) and the findings of the review conducted by the earlier PAC (**Review PAC**) in the *Drayton South Coal Project Review Report* dated December 2013 (**Review Report**) — that both studs should be afforded the highest level of protection.

The Determining PAC's decision is binding and takes effect as if it was the decision of the Minister. If a right of appeal existed, the Determining PAC's decision could only be overturned by the Land and Environment Court.

In contrast, the Review PAC provided advice only. It made no decision and only made findings and recommendations which the Determining PAC was required to take into account and consider but was not bound to accept.

The EIS asserts at page 5-10 that 'The Project boundary and mining areas fall entirely within the extent of mining nominated by the Drayton South PAC'.

The Determination PAC did not nominate any area for mining, nor indeed did the Review PAC. The Review PAC said that it might be possible to consider an application for a mine plan that excluded the Redbank Pit. 15% of that pit remains in the new mine plan. The Review PAC also said that 'these setbacks are the absolute minimum required and additional work would need to be done to demonstrate that mining in the remaining northern area of the site would not threaten the viability of the Coolmore and Woodlands studs' (Review Report, p iii).

The Determination PAC did make two relevant statements in relation to the option of approving a smaller mine plan. It considered whether it could approve the mine plan with a requirement to meet the setback of the second ridge line as 'the **minimum acceptable line**' (Determination Report, p 17; original emphasis) (**Appendix A**) as raised by the Review PAC in December 2013. The Determination PAC also states that 'the Commission does not consider approval of a smaller mine is an option that it is able to pursue' (Determination Report, p 17) (**Appendix A**) because Anglo American, the Department of Primary Industries and the Department of Planning in its assessment report maintained that a mine at Drayton South without the Redbank mining area would be unviable.

In relation to the future, the Determination PAC stated 'the coal resource will remain in-situ for future generations. The development of new technology may allow the extraction of coal without adverse impacts on the two studs' (Determination Report, p 19) (**Appendix A**).

2.2 Viability:

The EIS admits that "Anglo American indicated during the assessment of the previous application that it was uneconomic to remove the Redbank Pit from the mine plan" (EIS Volume 1, p 3-18).

This seriously misrepresents the force and frequency with which Anglo American and the NSW Minerals Council have repeatedly made this argument. At **Appendix B** is a summary of 12 occasions on which Anglo American has made such statements. Furthermore, the viability argument was not only related to the Redbank Pit, but previously established as a justification for the very first mine plan submitted which was, according to Anglo American, 25% larger than the current version.

While the Department may not be concerned with the ultimate profitability or otherwise of the project for the owners, it is relevant to note that Anglo American has an internal Return on Capital Employed investment hurdle of 15%, well-publicised in presentations to investors. Therefore, particularly considering the resources applied to the planning process and the disruption caused to Coolmore's business and clientele, it is relevant to understand whether this project is likely to be developed by Anglo American, even were it to receive planning approval.

This application by Anglo American must also be considered in view of the four New South Wales and Queensland coal assets which they have been put up for sale in past months. Anglo American has announced that it is selling its ownership interests in two open cut coal operations – its 51% stake in Dawson mine near Moura and 70% stake in Foxleigh mine near Middlemount, both in Queensland's Bowen Basin. The sale of these two assets is in addition to the already announced sales of Callide mine in Queensland and Dartbrook mine in New South Wales, brings the total sale portfolio to an annual 12.2 million tonnes of export production and 8.4 million tonnes of domestic production, and a combined resource base of over two billion tonnes.

Furthermore, Anglo American has mined much less than permitted at Drayton in 2013(-30% saleable coal) and 2014(-21% saleable coal). In the 2013 Annual Environmental Management Report (**AEMR**), Anglo explains at page 9 that this is due to a lack of economic viability:

The reason for lower production figures is due to market decisions not being conducive to capital upgrades in order to increase production. Drayton have decided in the current market that areas previously earmarked for mining such as the EN area are not currently economically viable. [November 2013: coal price US$88.13]

By 2014, with the November coal price 25% lower than the previous year, the reason for lower production is now attributed to the planning process:

The main driver for lower production resulted as Drayton moved from operating 24 hours, 7 days per week, to 24 hours, 5 days per week during the reporting period in response to the initial rejection of the Drayton South project application in order to reassess and strive to achieve continuity for the current Drayton workforce. [November 2014: coal price $67.02] (AEMR, 2014, p 11)

The Department, alone of all the parties in the planning assessment, recommended the previous proposed Drayton South mine plan for approval. However in reaching this view, the Department relied heavily on Anglo American's position that the project would not be viable if it were further reduced (emphasis added):

The Department also notes that Anglo has advised that mining the coal in the Redbank Pit is fundamental to the economic viability of the mine as a whole, and if this pit is removed ***it is likely that the project would not proceed.***
(*Secretary's Environmental Assessment Report* (*SEAR*), July 2014, p 34)

Anglo argues these setbacks are unnecessary, and would render the project economically unviable. (*SEAR*, July 2014, p iii)

The Department also relied in making its recommendation upon a much higher (and in fact never achieved) level of employment at Drayton and a higher level of royalty ($100m more than is proposed from the current proposal) (emphasis added):

Overall, the Department believes that the retracted mine plan strikes an appropriate balance between protecting the interests of the horse studs and realising the significant economic benefits that would flow to the region and the State if the mine is allowed to proceed, including ***$333m in royalties*** *for the NSW government and* ***continued employment for the 530 people*** *that currently work at the mine.* (*SEAR*, July 2014, p 34)

The main supports for the Department's previous position are no longer applicable to the proposed project.

3. Merit Issues with the EIS

3.1 Economics:

The economic merit of the proposal has been put forward by the company as a fundamental pillar - and in fact the only real justification - as to why the project should proceed. The economic analysis undertaken in the EIS Appendix E *Drayton South Coal Project Economic Assessment* dated April 2015 (**Economic Report**) prepared by Gillespie Economics on behalf of Anglo American does not provide full transparency on key assumptions to assist an independent review of the economic merits of the proposal, as was required by the Secretary's Environmental Assessment Requirements initially issued 19 April 2014 (**SEARs**).

Despite some additional detail, the validity of the economic modelling undertaken by Gillespie Economics for this current proposal merits even greater caution as to its credibility given the statements made by the company, their expert advisers (Gillespie Economics) and advisers to the Department of Planning and Infrastructure (Runge Pincock Minarco) during the last project application (detailed below), statements that subsequently informed the assessment of the project and supported the recommendation of the project by the Department of Planning.

An initial review of the economic report undertaken by experts on behalf of Coolmore has found that the economic modeling for the current project contains what appear to be inaccuracies in calculations or alternatively significant inaccuracies in assumptions.

Furthermore, significant aspects of the report do not provide the required detail to properly evaluate their credibility.

- There has been a reduction in capital expenditure of 73%, however there has only been a marginal reduction in the maximum annual coal production. It is unclear as to how this will be achieved.
- There is no explicit allowance for capital replacement over the life of the project, yet industry norms would imply significant capital items will require replacement after 10 years and this is assuming these items are new when being 'transferred' from the Drayton mine. We would again note the following comment from Anglo American's 2013AEMR at page 34:

> *"The reason for lower production figures is due to market decisions not being conducive to capital upgrades in order to increase production".*

- The annual operating cost of the mine has increased from that of the previous proposal with the annual extracted product coal increasing at a greater percentage, implying the extraction of the coal more cheaply. There is no justification for this (particularly in light of the less advantageous strip ratios).

- There is no objective evidence in the Economic Assessment to support the assertion that most of the potential external costs have been mitigated and internalized.

- The assumptions underpinning the sensitivity analysis lack necessary transparency and appear to underestimate how sensitive the result is to changes in key assumptions. For instance the sensitivity analysis reports that total economic benefit of the mine to Australia if the coal price falls by 20% is $189 million, a reduction of $275 million (NPV), (Economics Report, p E-40 Table 4.5). However, reducing the coal price by 20% (across the entire mine life) equates to a $600 million reduction in the NPV outcome (20% of $2,999 million) and would render the project sub-economic (NPV = -$136 million).

- The decommissioning and rehabilitation costs are estimated to be $66m by Anglo but no breakdown is provided. The closure costs provided for Drayton in their annual report is US$222m (Anglo American plc, *Annual Report 2014*, p 124)

3.2 Social Impact:

The proponent's *Drayton South Coal Project Social Impact Assessment* prepared by Hansen Bailey dated March 2015 at Appendix G of the EIS (**Social Impact Report**) is an eloquent argument for the importance of a diversified and sustainable local economy.

Table 31 at page G-51 demonstrates that in 2030 and 2031, the year Drayton South is proposed to close, 6,013 jobs will be lost from Hunter Valley coal mines, not including those that would come to an end at Drayton South. Should Drayton South apply for an extension at that time, it is likely that the pressure from the mining workforce for approval would be even greater than today. The mines due to close as per the Social Impact Report are:

2030: Mount Arthur (2,600 jobs)

Wambo (842 jobs)

2031: Bulga Underground (300 jobs)

Liddell (550 jobs)

Hunter Valley Operations North/South (1,721 jobs)

Drayton South (500 as per project proposal)

It would appear very problematic, and not responsible from a planning perspective, that in 15 years' time a huge number of mining jobs will be lost within a short time period, while other industries offering sustainable employment will have been pushed out of the area.

The report selectively quotes from ABC and BBC reports on the impact of the downturn in coal prices on Muswellbrook (Social Impact Report, pp G-37, G-40, G-43). It does not include equally prominent statements included in those same reports:

> *"[the downturn] brought the region's vulnerability into focus underlining the lack of diversity. The dairy industry had already collapsed following de-regulation and many traditional agricultural practices had been eaten into by mining"*(Mike Pritchard, 'Repositioning Muswellbrook after the coal downturn', ABC, 28 April 2014)

> *"Locals might find jobs in the region's wine and horse-breeding sectors... In a bid to offset mining job losses, the town is working closely with the tourism and equine industries"*
>
> (Julian Lorkin, 'From boom to bust in Australia's mining towns', BBC, 4 January 2015).

The Social Impact Report relies heavily on the work of the Hunter Research Foundation. A March 2015 presentation by Dr Alan Rai, Principal Economist of the HRF emphasises the need for the Hunter to focus on areas of competitive advantage which it identifies as agriculture, tourism, equine, energy (renewables) and wine.

His work included a survey of businesses which found that just one in four agreed that mining should expand at the expense of equine, with 55% opposing this statement (**Appendix C**). A note dated 21 May 2015 produced by the HRF with Tier One Equity Management concludes on the importance of 'developing new skills, innovating, leaving the mining boom in the past and finding new sectors for growth and employment'.

3.3 Air:

The efficacy of the conclusions in the Air Quality and Greenhouse Gas Impact Assessment, dated 1 April 2015 (Air Quality and Greenhouse Gas Report), prepared by Khalia Monk and Judith Cox of Pacific Environment Limited, is questionable when comparing the impact on air quality with annual average impact assessment criteria.

The use of annual averages has removed the short term resolution completely from the predictions presented in the EIS. Statistically speaking, this approach is known as smoothing or flattening of the short term dust peaks. Despite this smoothing and flattening of the data-set, it is notable that there are still predicted exceedances (R60).

The predictions of PM10 impact have also been presented in the EIS as "Project alone" for shorter term 24-hour averages rather than including existing background data, and does not refer to the cumulative addition of elevated background concentrations.

3.4 Noise & Blasting:

The *Acoustic Impact Assessment* prepared by Bridges Acoustics dated 1 April 2015 (**Noise Report**) at Appendix I of the EIS submitted does little to address the concerns that have been raised through the previous application as to the potential noise and blasting impacts of the proposal on Coolmore and the neighbouring properties. The Review PAC identified the stud farms as being 'particularly sensitive to noise and blasting impacts. Sensitivities relate to both people (including residents and also visitors and guests) and horses (said to have a highly evolved flight response)' (Review Report, p 19)

Based on an initial review by experts engaged by Coolmore, it is disturbing to note that the project has the potential to exceed noise limits by 2 – 5 dB(A) in accordance with NSW INP. Table 19 summarises noise levels at nearby residential properties and includes the use of "additional" noise mitigation detailed in Section 5.3. Table 19 demonstrates during the evening and night-time period the noise emissions will not comply with the project noise limits. Given the identified sensitive nature of the area neighboring the proposal, which both the Review and Determination PACs said should be afforded the 'highest level of protection', compliance with noise limits should be fundamental.

It is generally industry practice to provide sufficient information within EIS reports to enable the repetition of the assessment if required. The Bridge Acoustics assessment fails to detail algorithms used by ENM or particularly subset information, such as Metrological or Pasquill Stability categories often used with algorithms.

It is our understanding that it is best practice to exclude existing industrial noise sources when establishing project noise limits. Allowing the use of impacted data when establishing the project noise limits may adversely increase the project noise limits, since the project noise limits are a function of the measured background noise levels. Given the sensitive nature of the environment we would question the reasons for this deviation from best practice.

With regard to the Long Term Noise Survey, background noise measurements were undertaken four (4) years prior to completing the EIS. Bridge Acoustics does not provide commentary detailing the acceptability of these measurements for an assessment issued in 2015.

With regard to the Short Term Noise Survey, there appears to be inconsistency in the methodology undertaken by Bridge Acoustics. Unlike *Section 3.1.1 Mt Arthur Coal Mine EA Page I-11 Paragraph 3,* where the adversely impacted background noise measurements were disregarded, Bridge Acoustics accepts the use of the background noise measurements impacted by mining activity that was audible during the noise measurement period.

3.5 Equine Health:

Appendix J to the EIS is *Drayton South Coal Project Equine Health Impact Assessment* dated March 2015 (**EHIA**) was undertaken by Dr Nicholas Kannegieter.

We note once again that Dr Kannegieter is a specialist equine surgeon. None of Dr Kannegieter's publications or demonstrated clinical expertise is in the area of equine pulmonary health and the effect of airborne particles or pollution on equine health.

Despite the concerns of the New South Wales Planning Assessment Committee (NSW PAC) that the initial proposal "...has not demonstrated that [the project] will not adversely impact on equine health..." (Determination Report, p 20), Dr Kannegieter's report is substantially unchanged from his initial report dated July 2012 and contains little or no new relevant information. The primary concern with Dr Kannegieter's current report (as with his initial report) is that it contains no information regarding the possible effects of coal mine dust on the respiratory health of horses.

It should be noted that although the report appears to be very long (over 140 pages in length), it is unnecessarily repetitive and many sections are repeated three or more times. That, according to expert opinion received by Coolmore, the literature review and references cited do not represent an exhaustive review of the current literature and a large number of key scientific articles related to dust exposure in horses have not been cited.

In fact, the author relies heavily on reports that are not peer-reviewed and is therefore formulating conclusions based on information that is not the most scientifically sound.

The continual reference to Inflammatory Airway Disease (**IAD**) is not particularly relevant when considering horses living ***at pasture*** and exposed to dust originating from ***coal mining operations*** (as opposed to dust generated from hay, feed and manure within a stall). Additionally , a number of statements within the report make it unclear whether the author truly understands what IAD is. IAD is most definitely not "a condition that covers most lower respiratory tract (LRT) diseases of horses apart from COPD" and it would be extremely unlikely to result in the death of an affected horse as stated by Dr Kannegieter. Although not particularly relevant in this context, Inflammatory Airway Disease (IAD) does demonstrate the exquisite sensitivity of the equine airways to inhaled particulate material. Dr Kannegieter's contention that horses living in a dusty environment with IAD "perform well" is incorrect and contradicted within the body of his own report. Dust is an important contributor to IAD and respiratory health improves when strategies are implemented to reduce dust in the horse's environment. Numerous studies have shown that IAD impairs lung performance and IAD is one of the leading causes of poor performance in horses. It should be noted that, in the Thoroughbred horse in particular, respiratory function is a 'bottleneck' for performance. Even small impairments of respiratory function caused by subclinical lung disease (such as IAD) can adversely impact performance.

Dr Kannegieter does not provide a basis for his opinion that horses will be *unaffected* by dust from coal mining activities. It is clear from Dr Kannegieter's own literature review that increased environmental dust is an important and direct contributor to respiratory disease in horses and, in particular, can adversely affect performance in athletic horses.

Many of the statements made by Dr Kannegieter are not based on published facts but mere opinions and in some cases these statements are incorrect.

The material relating to Coolmore's Chinese involvement while detailed is completely wrong in terms of data presented and geographies. This gives little confidence in the methodology employed in this report. Notwithstanding its length, it is lacking in depth, scientific soundness and quality.

3.6 Equine Behaviour:

(a) Horses at Drayton:

The EHIA undertaken by Dr Kannegieter on behalf of Anglo American confirms the existence of a potential behavioural reaction (flight response) in horses due to the proposed mining activities, yet it fails to elaborate the significant potential longer term consequences of these reactions on horse behaviour or stress related breeding consequences.

Additionally, the report fails to fully appreciate the potentially significant behavioural ramifications of the thoroughbred's selectively bred heightened flight response to novel and/or unexpected stimuli and the potential hazards and risks of sudden flight response of horses to the safety of both the horses and staff at our property. This opinion is supported by Dr Andrew McLean, Director, Equitation Science International and Honorary Associate, University of Sydney.

Humans domesticated horses thousands of years ago, and through selective breeding, some breeds of horses have been bred to be quite docile, particularly certain large draft horses. Other breeds were developed for speed, alertness and endurance, which builds on the natural qualities of their wild ancestors. Racehorses are of the thoroughbred breed, in which the flight response has been selectively bred to a very high level of expression in order to make faster and more reactive. Consequently, thoroughbred horses have the strongest flight responses of all horse breeds.

The propensity of an individual horse to show flight responses is a result of the interaction of its ethogram and its past experience. Therefore, a flight response can show a variable expression between individual horses and this variation is not always predictable. This variation in reactivity among breeds and individual horses is prevalent and not only present 'in extreme cases' as stated on page 57 of the EHIA. The EHIA does correctly state that the highly reactive breeds and individual horses will be more reactive not only to unexpected sound bursts, but also in a wide variety of situations including those stipulated as normal.

(b) Conditioning and fear (habituation):

Fear conditioning has been studied in numerous species including humans. For horses, Saslow (2002) indicated their remarkable ability to identify certain auditory stimuli with certain consequences, suggesting they can link specific experiences to specific sounds rapidly. This means that if a horse's startle response to a sudden blast is followed by a certain experience, their fear response can subsequently be triggered solely by that experience. It was shown that such fear response in horses can be learned in just one experience which can inhibit habituation (McGreevy and McLean, 2010). In horses, fearful locomotory responses are reinforced by speed and distance from the stressor (McLean, 2010).

Simply said, this means that if a horse is able to successfully express its flight-or-fright response to a fearful stimulus, its fear reaction in subsequent occasions will potentially be exacerbated and habit forming. Horses that develop flight response reactions to stimuli are subsequently more likely to repeat the behaviour thus potentially increasing their risk of harm and reducing their commercial and breeding value.

On page 25 of the EHIA, a mention was made on the potential calming effect of other horses on a startled individual. However, the horse's innate herd instinct will make the reverse reaction more plausible.

If the fear response is of sufficient magnitude, a horse may react without regard to self-preservation (McGreevy and McLean, 2010). In fact, the greater the fear response, the greater the acceleration and the more the horse becomes unresponsive to other stimuli.

The EHIA refers to an analysis made on the impact of sonic booms on horses (p 27) in which it clearly acknowledges the startle response of the animals under study. However the statement of 'no impact' focuses on the general status of equine health and does not evaluate the possible consequences of the startle response on the safety for horses and handlers. Furthermore, the testimony of Dr Deborah Jane Racklyeft is refuted by Saslow (2002), who reported on her experience as an expert witness on equine behaviour that unexpected sounds were the most likely trigger or augmented the horse's misbehaviour.

(c) Other:

Like most other prey species, the horse's sensory systems have adapted to facilitate early detection of danger. It is believed that horses probably use a combination of visual, auditory and possibly olfactory cues for detection of danger.

The statement that horses are 'somewhat deaf compared to humans' (p 19) made in the EHIA is incorrect. Equine auditory abilities range over a greater frequency ranges than that of humans (Heffner and Heffner, 1985).

The statement in the EHIA (p 52) that 'the noise will have stopped before any flight response can be initiated' is unsupported and inconsistent with (Christensen et al, 2005) who noted that in prey species, the initial reaction of an aversive stimulus is amongst the strongest.

The evidence is that:

- the horses resident at Coolmore are among the most valuable in Australia

- the horses resident at Coolmore are all thoroughbreds and particularly successful ones with a maximised flight response

- the experience of other breeds such as stock horses are not analogous to the horse population at Coolmore

- horses do react to sudden and loud noise, and this is a risk to them and to their handlers.

There is an important additional impact relating to noise, dust, equine health and equine behaviour – and that is the impact on the decisions of broodmare owners as to whether to send their assets to board at Coolmore. Investment decisions in the bloodstock industry are treated no differently to those of any professional investment decision. The participants and decision makers are highly informed and a great deal of research and assessment goes into all decisions from the initial mare selection right through to where the animals live and where their care, health and well-being will be managed. We know that the major clients and trainers in this industry have been clear and public in raising their concerns about the proposed project (**Appendix D**). This goes directly to threatening Coolmore's viability.

3.7 Visual:

The PAC in its Determination Report noted at page 10:

> *On the evidence, the Commission is persuaded that the image of 'clean green environment' is a critical component of the Coolmore and Darley operations in the Hunter Valley and plays a significant role in investor's perception and confidence to invest. It is therefore an issue that must be considered. There is a significant risk that the close proximity of an open cut coal mine and the indirect and residual impacts of the mine operation will tarnish the image of the area, causing not only damage to the equine industry, but to the viticulture and tourism industries as well.*

The Gateway Panel Report at page 19 recognised that "landscape value extends far beyond its physical characteristics" . The PAC in its Determination Report reiterated that "[t]he evidence supports that the landscape creates the perception and image of the area. Any significant change to the current rural idyllic landscape to intensive industrial landscape would negatively impact on the perception and image of the area" (Determination Report, p11) (**Appendix A**).

This is supported by Dr Lance Bell, President and CEO of LGB, the New York headquartered advertising and creative arts agency, (Dr Bell is also a qualified veterinarian) "The market has expectations of what to expect from a world-class Thoroughbred operation. If anything does not "feel right" to some of the most discerning and valuable breeders, they will simply take their business elsewhere".

The proponent's proposed solution of moving the mine footprint back by 500m from that determined as unacceptable by the PAC is a further demonstration of Anglo American's failure to understand our industry or reasons for the PAC's previous determination. The close proximity of the proposal being less than 1km away, still has the capacity to expose our clients, staff and their families to significant indirect visual impacts including dust and gas plumes from blasting, dust from machinery and the exposed open cut and overburden surfaces, as well as light spill due to the 24 hour operation.

People, including clients and tourists, travelling along the Golden Highway and on sections of Edderton Road will have direct views of the mine, both key transport corridors for our clients who regularly visit our farm. The proposal to mitigate this impact through tree screening is highly questionable given it will theoretically take five to 10 years in an environment unaffected by drought, fire, pests or disease to reach an effective density and has been proven to be ineffective in the past.

3.8 Surface Water / Groundwater:

During the previous application by Anglo American for the Drayton South proposal, Coolmore Australia advised by Owen Droop of OD Hydrology raised significant concerns regarding the lack of clarity between the 'final void' and 'spoil' water/salt balance assessments. Despite this, the reported inputs and/or assumptions of the *Surface Water Impact Assessment* dated 2 April 2015 (**Surface Water Report**) prepared by WRM Water & Environment Pty Ltd at Appendix Q of the current EIS and the *Groundwater Impact Assessment* dated May 2015 (**Groundwater Report**) prepared by Australasian Groundwater and Environmental Consultants Pty Ltd (**AGE**) at Appendix R of the current EIS appear inconsistent at best and physically impossible at worst.

Furthermore significant sections of the Groundwater and Surface reports are either lacking in clarity or full disclosure of key inputs and assumptions, resulting in it not being possible to verify the reported results on any potential impacts to ground and surface water using the reported information.

Additionally with regard to the information that is provided, critical assumptions do not appear based in science nor representative of real-world surface water / groundwater behaviour. Most notably, no evidence is provided to support the statement "the gradients will enable gross flow of water from the void into the spoil of about 100ML/a" (Groundwater Report, p R87).

The current mine plan shows a significant change in the overall site water balance from a net producer of water under the previous proposal to a zero discharge Project. There is no scientific support for the statement "this analysis confirms that the Drayton Complex will not be required to discharge mine water under any rainfall scenario".

The three options identified to address water management and tailings/reject management plans to be implemented are a source of significant concern. At a most basic level there is an inconsistency / lack of clarity between Scenario 3 details as described in the EIS Main Report (Volume 1, p 3-6 Section 3.5.3) and Surface Water Impact Report (Appendix Q, p Q-53 Section 4.3.2.3). Main report described East (North) void as used to store coarse rejects during the life of the Project, while Appendix Q describes the East (North) Void as storing water from 2023.

More fundamentally, the South Void for the current Drayton Mine represents a critical component of the proposed water management plan, providing approximately 92.5% (14,788 ML out of a total 15,976 ML) of the assumed on-site mine water storage capacity over the life of the project. A legal agreement between the Proponent and AGL Macquarie to utilise the South Void ceases on 1st January 2023 – some 10 years before the proposed end of Project operation. Surface water assessment indicates significant (>10%) risk of water build-up over the life of the Project (> 10,000 ML), and if the South Void is not able to be maintained as a component of the water management system due to continuation of the existing agreements, equivalent storage capacity will be required from an alternative source yet this does not appear to be addressed at all.

3.9 Soil and Land Capability:

Currently the majority of lands in the project area are covered with productive soil. However, following a preliminary review by experts engaged on behalf of Coolmore, that most of these soils within the proposed mining void area are vulnerable to disturbance that exposes the unstable subsoil.

The selection of soil samples used in the EIS for laboratory analysis was based on establishing the physical and geochemical suitability of surface and near surface soil horizons for use as top dressing in rehabilitation works. The report also sought to identify soils that may require particular management.

It is not obvious as to whether the soils were bulked for testing and only a very general reason for soil sample selection for analysis was reported.

The *Soil and Land Capability Impact Assessment* dated October 2012 (**Soil and Land Capability Report)** prepared by Environmental Earth Sciences is at Appendix T of the EIS. Based on the results tabulated in Table 7 on page T-21 of that Report, soils in the southern portion of the mining void are sodic and saline (see data for soils from site TP115). These features make rehabilitation extremely difficult. Given the concerns raised by the Determination PAC (p 17) on Anglo Americans rehabilitation performance at the Drayton mine this would compound our concerns at the credibility of Anglo American's rehabilitation plans for the Drayton South proposal.

Stockpiling these soils will create a significant risk of sediment mobilisation and contamination of local drainage lines with unstable clay and salt. It would be preferable that these soils not be disturbed. Exposed sodic, saline soils are notoriously difficult to revegetate, yet the report suggests that they can be used for rehabilitation. It is highly unlikely that such soils can be rehabilitated to pre mining conditions.

There are no contour maps provided for the site. If the land is to be disturbed, the topographic location of the test pits in the landscape is important. For example, site TP115 is sodic and has a saline subsoil. It appears to be in the lower area of the landscape. Mining in this area (TP115) will release the salt from the soil resulting in hard setting subsoils and an increase in runoff potential, subsequent erosion and poor vegetation response. The salt will be released into the drainage lines and these drainage lines with salt loading will flow into the Hunter River. This has major consequences for downstream horticultural crops.

4. Misrepresentations within the EIS

4.1 Actual Production Number:

Anglo American reports the following production figures at Drayton since 2008.

Year	2007 EA Prediction Product Coal Mt	Product Coal Mt Produced	% difference
2014	4.47	3.521	-21.2%
2013	6.04	4.208	-30.3%
2012	7.05	4.153	-41.1%
2011	6.76	4.527	-33.0%
2010	6.98	4.77	-31.7%
2009	7.01	4.13	-41.1%
2008	7.0	4.171	-40.4%

4.2 Actual Employment Opportunity:

The principal public interest argument put forward by the proponent relates to intended continuity of employment for workers from Drayton to Drayton South: 'the continuation of employment for the local workforce of up to 500 people' (EIS Executive Summary, pg 4). The figure of 500 jobs has been repeated by Anglo American in its applications to the planning authorities, its economic assessments, in advertising and media interviews. This employment figure has remained consistent notwithstanding changes in the mine plan.

This is not a credible employment number either by relevant industry comparison or by comparison with Anglo American's own operations at Drayton.

The Annual Environmental Management Reports of Drayton show the following production and employment figures:

Year	Production ROM Mtpa	Production Saleable Coal Mtpa	Employment
2014	4.755	3.521	410 (approx)
2013	5.488	4.208	410
2012	5.457	4.153	442
2011	5.312	4.527	445
2010	5.425	4.77	410
2009	4.821	4.13	328
2008	4.171	4.171	332
2007	4.691	n/a	n/a
2006	5.021		378 (300 + 78 con)
2005	4.73		313 (246 + 67 FTE con)
2004	4.98		290 (230 + 60 con)
2003	5.04		272 (224 + 48 con)

Based on the above AEMR reports, Drayton has never employed more than 445 people, and this was to produce 4.527 M tonnes of saleable product coal (5.312 Mt ROM). Peak production from Drayton South in Year 12 is projected to be 4.634 M tones of saleable product coal (6.309 Mt ROM).

The table of employment numbers at Hunter Valley operational and proposed open cut coal mines provided at Appendix G pp 46-50 demonstrates that the average number of jobs per Mtpa ROM is 47. Drayton appears to be dramatically less efficient and productive than its peers, with 86 jobs per Mtpa in 2014 (the figure comparative figure in 2013 was 75 jobs per Mtpa).

Open Cut Mine	ROM Mtpa	Current Workforce	Maximum Workforce
Ashton	8.8	386	386
Bengalla	25.7		900
Bulga	12.2	660	660
Integra	*6.0*	*care & main*	*250*
Lidell	8.0	460	550
Mangoola	13.5	300	540
Mt Arthur	36.0	2150	2600
Mt Thorley/Warkworth	28.0	927	1217
Muswellbrook Coal	2.0	91	108
Ravensworth	21.0	434	550
Mt Owen	10.0	437	404
Ravensworth & Glendell	8.5	275	184
HVO	38.0	894	1721
Mt Pleasant	*10.5*	*380*	*construction not started*
Wambo	14.7	871	842
Average excl non-operational	17.4		820

The proponent's own Social Impact study states at page G-51:

> *It is important to note that the workforce numbers provided in Table 30 and Table 31 do not reflect the actual employment numbers at each mine site. This point is significant, as the slow-down in the mining industry, combined with the push for improved productivity and reduced operational expenditure, has resulted in the down-sizing of numerous mine workforces across the Hunter Valley.*

Even so, accepting the maximum workforce numbers and looking at ROM tonnes, the average is 47 jobs per Mtpa of ROM coal.

Applying the industry average in the Hunter Valley to Drayton South's proposed peak production in Year 12 of 6.309 Mt ROM, this suggests requirement for a workforce of approximately 300.

Turning to Anglo American's existing operations at Drayton, based on the figures reported in the 2008-2014 AEMRs, actual Product produced in that seven year period has been 65% of that set out in the 2007 EA Mine Schedule, during a period of all-time record coal prices. It is reasonable therefore to consider that Drayton South may produce 20% less product than that outlined in the application. The application states production is to peak in Year 12 at 4.634Mt, if 80% of this is achieved that will be 3.707Mt and therefore again, it is not credible that Drayton South will ever sustain 500 jobs.

Furthermore, this position has been confirmed by the company to the workforce (see Newcastle Herald Article 5 June and Discussion Board Interaction at **Appendix E**).

We also note Anglo American's Chief Executive has set a target of removing 60,000 jobs from the organisation by 2017, and that Anglo is carrying out automation trials. In a conference call with investors on 9 December 2014 Anglo American CEO Mark Cutifani stated: "Today we have, inclusive of Minas-Rio, 162,000 employees, contractors and Anglo American employees. By 2017 we will be around 100,000 employees". (Mark Cutifani, Anglo American Conference Call Transcript, 9 December 2014, P25)

However, a key justification for the Drayton South proposal has been the transition of 500 employees to Drayton South. This justification would appear to be inconsistent with the global corporate strategy, with the matter further confused by Anglo American's AEMR reports from 2003 to 2013 for the Drayton operation. This puts their employee numbers at 272 in 2003, peaking at 445 in 2011 and most recently dropping to 410 in 2013 (the full sequence is detailed in a latter section of this submission). Anglo has also made clear in Queensland that it does not consider that the government should have any role in determining employment practices or numbers at its operations.

It is extremely likely therefore that:

- Drayton South will never require a workforce of 500
- Drayton South will not produce the volumes outlined in the EIS.
- That industry cost pressures and advances in automation technology are likely to result in further productivity improvements and downward pressure on wages and salaries during the 15 year life of the proposed mine.
- That over the life of the proposed mine that workforce requirements will be progressively reduced.

This reality must be factored into the economic and social impact assessment of the proposal with consequent reductions in local employment opportunities and payroll taxes.

4.3 Contested Terminology:

Coolmore disputes some of the terminology adopted by Anglo American in describing its proposed project. Some of these points are less significant, however the Department should be aware of some continual misrepresentations by the proponent.

(a) **Key Operational Areas:** Coolmore Australia does not accept Anglo American's assertion that our property can be defined as having 'key operational areas'. This is a phrase used repeatedly in Volume 1 of the EIS. This is akin to describing a mine's offices and facilities as the key operational area rather than the active mining face. The facts are that each part of the Coolmore property fulfils a different function as horses transition through the property. Each part of the property is essential and integrated into the core of Coolmore's breeding operations.

(b) **Horse Stud Working Group:** Coolmore has always agreed to meet Anglo to discuss the proposed project at Drayton South and has committed a considerable amount of time and resources to these interactions. A working group entails a group of people working together towards a shared and stated objective. This terminology seriously misrepresents the quality and level of engagement between Anglo American and Coolmore.

(c) **Extension:** On page 1-1 Volume 1 EIS, Anglo American describes the proposed project as a 15 year mine life extension of the existing Drayton open cut coal mine. In fact, as the Department of Planning is well aware, the application is for a new mine, and its legal status is as a new mine. The new mine will be at its closest point 6km from the existing mine at Drayton and will require a 13km long haulage road from the mine pit to the existing infrastructure at Drayton. It is misleading and inaccurate to persist in describing the proposed project as an extension.

(d) **Adjacent:** In the Executive Summary of the EIS, Anglo states that the "project is adjacent to the Drayton mine" (p 1). The dictionary definition of 'adjacent' is "next to or adjoining something else" (OED).

(e) **Remoteness:** On page 5-26 of Volume 1 of the EIS Anglo refers to "the remoteness of the mine from the horse studs". Remoteness is defined as distance or farness. In fact, the proposed project is adjacent to the Coolmore and Darley studs and more remote from the Drayton mine.

(f) **Ceasing Drayton Mine's operations prematurely:** In the EIS Volume 1 page 3-16, Anglo American refers to the premature cessation of operations at Drayton.

This is not accurate. Drayton is approaching the end of its mine life, as envisaged going back at least to 2008. Anglo American has made a provision of US$222m in its 2014 accounts to cover the costs of this closure.

5. Factual Issues

5.1 Land Use Timeline

The Land Use Timeline presented at Figure 5.1 of EIS Volume 1 is incorrect.

Coolmore first invested in the property now known as Coolmore Australia in 1991, but did not acquire the property outright until 1995.

According to the timeline prepared by Anglo American, both the Mining Lease and Development Consent over the Saddler's Creek land had lapsed by that point. Our information at the time was that the deposits were uneconomic up to and including the point at which Anglo acquired the EL in 1998.

When Anglo acquired the EL, Coolmore and Arrowfield were already large, well-established, leading stud farms in the Hunter Valley. The proponents must have been very well-aware of the land use conflict and sensitivity of the stud farms to their operations.

The fact that it was a further 13 years before the start of any project application process, and the economic assessments that have been carried out to date, demonstrate that this advice was well-grounded and that Coolmore had sufficient security to invest in its land, infrastructure and bloodstock.

In fact commentary on the status of the Coolmore property (then known as Arrowfield) as an established stud farm go back to the early part of the last century. The New Zealand Quarterly Magazine of September 1923 commented "the mob of mares at Arrowfield provided a glorious eyefeast. There was a lot of money well invested. In the year (1923) the yearlings from Arrowfield realized higher process than ever. Apparently the ones that had composed the previous season's draft had been well advertised by the winners amongst them. The stud produced Poitrel (Melbourne Cup Winner), Heroic (Caulfield Guineas winner and 7 times leading sire) and many other great performers".

5.2 Coolmore Operations in China

The data relied upon at page 7-32 of Volume 1 of the EIS is misleading.

Table 7-18 relates to PM_{10} Annual Average Concentrations at Horse Breeding and Racing Venues. No source is provided for this information. It does not appear to be an independent report.

We would make the following points:

- There is a major distinction between the environment required for a breeding establishment rather than a race track. This relates not only to the greater vulnerability of young and pregnant horses but also the commercial importance of landscape and environmental protection to clients. Horses spend a very short portion of their lives at racetracks.

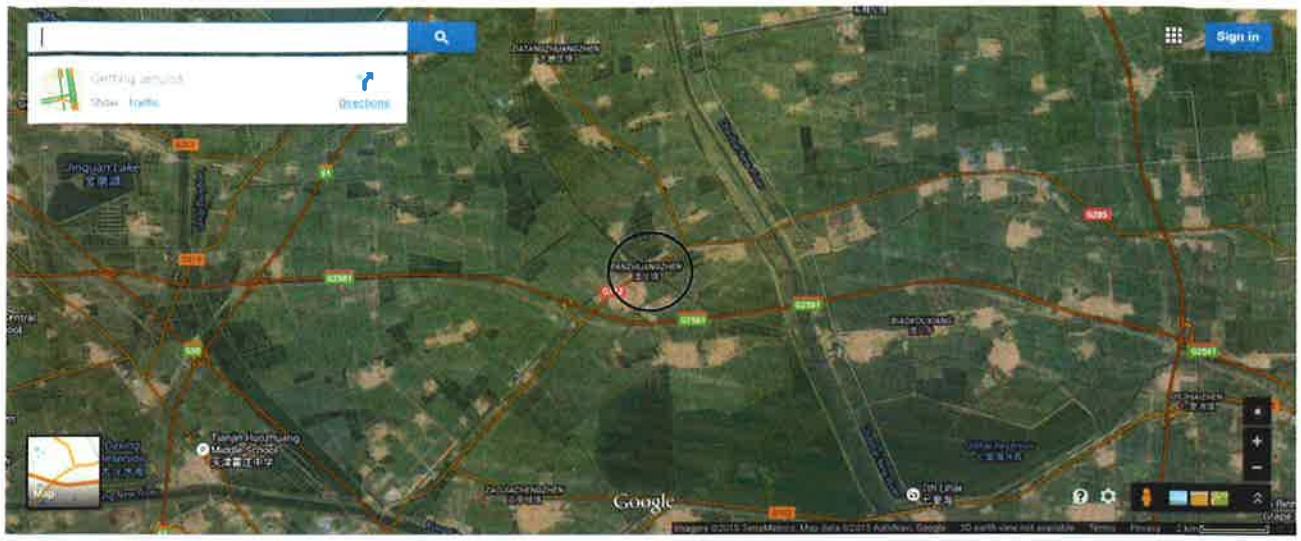
- It seems apparent that the air quality monitors used for this exercise are largely located in urban centres, rather than in the rural setting of stud farms or even on stud farms. Therefore it has very little relevance in the context of the Drayton South application. The locations of Randwick and Footscray in Australia, Saudi Arabia, Sha Tin and Eastern in Hong Kong, Louisville and Richmond in the United States, Cork city and Dun Laoghaire in Dublin have no significant breeding enterprises. Cork city which is reported on twice does not even have a racecourse. The air quality measures from general locations in which breeding does occur – Hunter Valley, Lexington, Tipperary / Kildare / Meath and Newmarket are taken from the local urban centres and bear no relation to air quality at breeding farms.

Specifically in relation to Coolmore's involvement in China, the challenges faced by Chinese cities in relation to environmental pollution are well-known. Indeed, much of the challenge arises from coal fuelled power plants with the burning of coal responsible for at least half of the air pollution in Chinese cities. (Huey Fern Tay, 'China Air Pollution Levels may Improve if Coal Burning Reduced', ABC, 15 November 2014).

Tianjin is not as described in the EIS 'on the outskirts of Beijing' (Volume 1, p 7-32), but is actually 120km away. Tianjin is fortunate to have several wetland reserves and a large green belt.

The actual proposed location at Panzhuangzhen, Ninghe County is 41km from the centre of Tianjin. As is clear from the satellite image below, this is a green rural area with small towns. There are no air quality monitors anywhere near this location which has been visited and assessed by Coolmore management. It was originally selected by our highly experienced partners in China. There are no air quality issues as described in the EIS.

Ultimately, the horses sent by Coolmore to China in 2013 were in fact sent to a rural area outside of



Hohhut in Inner Mongolia. Details on this initiative are widely available on the internet and easily accessible (for example **http://www.racenet.com.au/mobile/article_breednet.asp?id=91205**).

Hohhut city is generally regarded as having good air quality standards and once again, the Coolmore activity was based at some distance from the city, in a rural area. There are no air quality monitors in that area, which has been visited and assessed by Coolmore management and was selected by our Chinese partners.

5.3 Edinglassie

As has been previously explained by Coolmore, the broodmare operation based on BHP Billiton owned land is not analogous to Coolmore's business and cannot be used as a predictor of Coolmore's future viability for the following reasons:

1. Edinglassie does not stand any stallions;
2. The farm accommodates approximately 50 mares compared to over 600 at Coolmore;
3. Edinglassie has a small client base.

The independent expert report by La Tierra, commissioned by the Review PAC states :

"BHP Billiton's Edinglassie Stud near Muswellbrook is neither a useful example of co-existence between the thoroughbred breeding and coal mining industries nor any benchmark of co-existence because:

(i) The case study [NSW Minerals Council, 2012] contains false information.

(ii) The mine purchased the stud 'as it was considered to be within an area which would be impacted by the mine' and these actual impacts have never been independently assessed or published.

The co-existence case study contains misleading inaccuracies and misrepresentations, lacks any creditable data about the impacts of coal mining on thoroughbred breeding and generally obfuscates the issues." (PAC, La Tierra, p.35)

Britain's *Racing Post* in a piece on Coolmore at page 6 on 4 June 2015 stated: "there is no-one else in the world capable of producing brilliant horses at the same level of excellence". We do not believe that it is reasonable for Coolmore to be expected to lower its standards of operation to those of a single, small, local operation.

More significantly, of the stud farms which stand stallions, and are competitors to Coolmore, none are in closer proximity to a coal mine than Coolmore.

The next closest stallion station to a coal mine is Patinack which is 11.2 km distant from the Mangoola coal mine. Coolmore has sought to inform the planning authorities of the particular sensitivities and commerciality of stallion stations in previous submissions.

Finally, we are not aware of any long-reaching, independent health assessments of the bloodstock on Edinglassie to support Dr Kannegieter's conclusion that Edinglassie 'provides certainty to the findings and conclusions of his assessment' (EHIA, pJ-71).

5.4 Agriculture Impact:

The *Agricultural Impact Statement* dated April 2015 is at Appendix U to the EIS. Page U-ii contains the phrase: *'The project will not reduce the availability of land for agricultural purposes'*. This is patently incorrect. The Soil and Land Capability Report at Appendix T to the EIS, at page T-41 Table 15 clearly shows degradation of land from that suitable for agriculture (Class 3), to Class 5 land that can only be used for limited grazing.

6. Consultation

6.1 Stakeholder Engagement:

The Secretary's requirements for the proposed project include that the proponent should consult with affected landowners as well as relevant authorities and community groups.
The SEARs issued for the proposed Drayton South project states: "The EIS must describe the consultation that was carried out, identify the issues raised during the consultation and explain how these issues have been addressed in the EIS."

The NSW Department of Trade & Investment published *Guidelines for community consultation requirements for exploration* in March 2012, states at page 5: 'A licence holder's compliance with these guidelines will be considered when determining an application for renewal or any further approvals under the exploration licence'. While we appreciate that the terms of the EL precede these guidelines, the principles of 'genuine and effective consultation' are still relevant.

In relation to this application, Anglo American has had a single meeting with Coolmore Stud on 9 February 2015. At this meeting Anglo American requested that Coolmore Australia sign a confidentiality agreement prior to sharing details of the mine plan. This was agreed to in writing as the Department will be aware and receipt confirmed by Anglo American. However no confidentiality agreement was received and no further contact from Anglo ensued.

Most significantly, in that letter Coolmore raised a critical point, which was also raised at the Determination PAC public hearing in August 2013: the question of how Anglo proposed to 'sterilise' the land between Coolmore's property and the open cut pit. The letter states

> *No detail of future plans for these [Houston and Redbank] areas was addressed at our meeting of 9 February. Your intended approach to these areas is a major concern for us and needs to be comprehensively and definitively addressed in order for us to fully evaluate potential impacts on our business and we would like to invite you to share your proposals with us.*

Anglo does note that Coolmore has raised the issue of "Managing future mine creep to the south of the Drayton South disturbance footprint" and states that this is addressed at section 3.2.1 of the EIS. However this section is completely silent on protection of the area not included in the mine plan. The only reference to the future increases uncertainty: it states "The progression of mining on these plans is indicative only and may vary due to the ultimate production profile achieved" (EIS Volume 1, p 3-2). The SEAR is not fulfilled.

On 11 June 2015 Anglo American released a media statement titled 'Anglo American Commits to No Further Open Cut Mining at Drayton South'. At no time prior or subsequent to the release of this statement has Anglo American sought to engage with Coolmore Australia.

There was no consultation or information provided to Coolmore Stud prior to the issuance of Secretaries Environmental Assessment Requirements.

There was no consultation meeting with the Hunter Thoroughbred Breeders' Association which represents the Critical Industry Cluster.

Anglo's submission relies on meetings carried out in relation to the previous project application. This process was also wholly unsatisfactory, as outlined in Coolmore's submission to the PAC of 2 September 2013.

6.2 Community Consultative Committee

Coolmore notes that the current membership of the Drayton CCC does not meet the NSW Department of Planning & Environment June 2007 *Guidelines for establishing and operating community consultative committees for mining projects*.

The guidelines state that the committee should be independently chaired. They state that it should comprise two or three representatives of the company – typically about five company representatives attend the Drayton CCC.

It says there should be one representative of the local council. It comprises two Councillors and one Council staff member who is also the manager of the Solar Boat Challenge of which Drayton is a long-standing sponsor.

The guidelines state that there should be three to five representatives of the local community and other stakeholders. There are two residents on the committee, one of whom lives within the Drayton voluntary acquisition zone.

7. Conclusion

This is the fourth proposed footprint put forward by Anglo American. Following the Review Report issued in December 2013 which recommended against the proposal, Anglo American released the *Drayton South Coal Project Justification* in February 2014 (**Justification Report**). In this Report, Anglo concluded that 'the validity of the Planning Assessment Commission's report is undermined by the numerous shortcomings identified. As a result, this report should be given little to no weight" (p iv of 40).

Subsequent to the Justification Report, Anglo American submitted a *Consequential Environmental Impact Assessment For Retracted Mine Plan.* In October 2014, the PAC determined that that proposal should not proceed on five grounds including that it was not in the public interest.

We have grave concern as to the credibility of the assertions and assurances made by Anglo American regarding significant aspects of this project and the potential impact they may have on the viability of our business. These concerns have been well founded through our interactions with the company during the planning process over the past number of years and many have been substantiated by the PAC.

Anglo have continually provided assurances that the mine would have minimal impacts on our business and those living on our farm yet the Review PAC found that:

> *the proposed mine would threaten the stud's reputation and brand, and potentially their onsite operations as well... Both studs have residential populations on site as well as visitors and guest accommodation. The threats and impacts identified centre on the visual and amenity impacts, particularly for clients and guests as this would influence the stud's reputation and business. Nonetheless the mine would also impact on residents and employees on the studs and the Commission is not convinced that the air quality impacts would be acceptable, particularly given the latest modeling predictions do not appear to represent the worst case scenario'*(p ii).

For your reference, please note **Appendix F**, which provides a map of the residential properties on Coolmore. Currently there are 90 residents on Coolmore, including 30 children.

Similarly, Anglo American and their experts advised that the mine would have no impacts on the horses living on our farm yet the Determination PAC found that "there is insufficient scientific evidence to support the contention that meeting these criteria will not adversely impact on equine health, and hence the operation of the studs" (p 1).

This is a further reason raised by the independent members of the PAC in determining the application where Anglo's assertions have been considered insufficient and unsubstantiated, assertions that still remain insufficient and unsubstantiated.

Most critically, Anglo American has failed to demonstrate that the proposed project will not impact on the viability of our operations. Anglo Americans failure to understand the sensitive nature of our business and our industry throughout this process is disappointing. Dr Lance Bell identifies that the continued success of a stud farm is dependent upon meeting the expectations of the market in providing the best possible environment to rear thoroughbred horses.

> *'The farm represents the stallion owner's storefront, from which to showcase his wares. The esthetic appeal is fundamental in the creation of value for a stallion itself, as well as for the farm and the promise it represents to its customer. Other than the fashion industry, there is no other industry where visual appeal is so fundamental to establishing value. The market has expectations of what to expect from a world-class Thoroughbred operation. If anything does not "feel right" to some of the most discerning and valuable breeders, they will simply take their business elsewhere.'*

> *'Perception is most often reality in the breeding business. There are no secrets in what is truly a hyper-competitive environment. Every stallion farm owner is looking to make a great impression from the first note as his customer drives to the property. If one section is out of sync, you have a major problem. More importantly, if the sentiments of certain key breeders lead them astray from a given operation, in my experience it is often very difficult to get them back.' 'The Thoroughbred horse world is a very tight-knit community where impressions and word travels fast'.*

Thoroughbred breeding enterprises are not interchangeable. Coolmore has been developing it's business over the past 40 years and is now the largest independent breeding operation in the world. It has access to the finest bloodlines, an international stallion roster and a highly skilled workforce. The access to these bloodlines, aided by significant capital investment in the property at Jerry's Plains over the past 20 years, has enabled Coolmore Australia to become the leading thoroughbred stud farm in Australia. The proposition that Coolmore could be replaced is simply not credible as no other operator would have access to the same experience, scale, resources, international presence and most importantly blood lines.

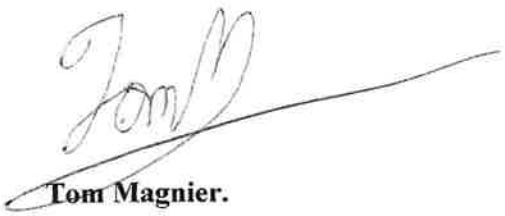
In conclusion, this new proposal set back just 500m from the previous proposal, again fails to address the concerns not just of Coolmore but those identified by the Independent Planning Assessment Commission in determining that the project should not proceed.

Significant concerns remain about the credibility of air, noise, equine, visual, water, soil and land capability studies undertaken by the proponent. Furthermore the public good benefits of the proposal most notable the proposed royalty and employment numbers are open to strong challenge. The information on which is scant, inconsistent, and precludes any reliable conclusions.

The EIS for the new mine plan has not demonstrated that it will not impact the viability of our operations, that it will not threaten the value of our investment in our business here over the past 20 years and that it will not risk the future of the equine critical industry cluster.

We therefore request the Department recommend against approval of this proposal.

Yours sincerely



Tom Magnier.