

Appendix A:
Extracts from PAC Reports relevant to the roles of Coolmore and Woodlands
in the Equine CIC and implications should they be forced to leave

Drayton South Coal Project Review Report: December 2013

1. *The Commission agrees that the studs are highly important to the equine Critical Industry Cluster and consequently to the broader region, and should be protected from the impacts of mining. The Commission found the proposed mine would threaten the studs' reputation and brand, and potentially their onsite operations as well. (p ii)*
2. *The Commission has found that the Coolmore and Woodlands studs are critical to the broader equine Critical Industry Cluster and should be protected. Advice to the Commission from Mr Short and Dr Lamb has suggested that a buffer is necessary. A buffer of several kilometres has been nominated as appropriate. The Commission notes however that a natural ridgeline would provide the minimum barrier between the studs and a smaller mine. (p ii)*
3. *The Commission has concluded that this open cut mine should not proceed at the planned scale in this location. The Commission's view is that any future application for a much smaller mine on the northern portion of the site must remain north of the natural ridgeline marked in Figure 5 on page 25 of this report. 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. (pii)*
4. *Recommendations*
 - 1) *The Coolmore and Woodlands horse studs should be recognised as essential to the broader Equine Critical Industry Cluster and given the highest level of protection from the impacts of mining.*
 - 2) *The mine plan proposed for the site should not be approved.*
 - 3) *Any open cut mining contemplated on the site should be required to demonstrate that its impacts will not affect the viability of the Coolmore and Woodlands horse studs.*
 - 4) *If mining on any portion of the site is to proceed, a new mine plan would be need to be developed to plan for extraction from a considerably reduced mining area. As a minimum, the mine plan would need to be constrained to adopt the following physical restrictions:*
 - a) *Open cut mining must be setback behind the existing natural ridgelines;*
 - b) *Considerable buffering to shield the studs from the mine is necessary and, having regard to the topography of the area, open cut mining must not be allowed to extend through the second ridge to the north of the Golden Highway (marked in yellow on Figure 5).*

These physical constraints are put forward as minimum setbacks and any proposed mining area on the site would need to be subject to rigorous assessment to ensure compliance with recommendation 3 above.

5) Any new mine plan for the site would need to be further assessed to ensure the visual, blasting, noise and dust impacts could be managed to an acceptable level at the neighbouring stud properties and should take into account worst case scenarios. Other impacts would also need to be carefully considered both in relation to any impacts to the horse studs and more broadly, particularly in relation to the long term water impacts and the final landform.

5. *In this instance options to purchase, acquire or grant acquisition rights to the two highly significant and valuable thoroughbred breeding studs are not considered either appropriate or practical. The Commission has found that the two studs are highly significant to the broader Equine Critical Industry Cluster and considers that they should be maintained as core equine properties, with their considerable residential populations retained on site. There are special cultural landscape values to the two properties, which are linked to their current use and the high level of maintenance and care provided. The level of maintenance is intrinsic to the current operations but would be almost impossible to maintain with any other use. In addition to these barriers to acquisition, the operations that occur on the studs are highly sensitive. As established by Mr Short (see Appendix 4), a core pillar of these businesses is founded on reputation and image. Any perceived impact on the bloodstock could be detrimental from a business perspective. Even in the absence of any risks to the horses, the visible presence of the mine in such close proximity has the potential to tarnish the reputational image that has been so carefully developed on and around the properties. (pp14-15)*
6. *The properties are not purely agricultural operations, both have guest accommodation and historic homesteads. The sites, especially Coolmore, host organised events and also cater to VIPs. Any signs of mining, whether causing real or perceived impact, could create questions and doubt in the minds of buyers, investors and other industry representatives. In this fiercely competitive industry the Commission has little doubt that the studs would have to consider their futures in this area. The combined risks to horses and breeding operations from the mine's noise, blasting, lighting and perhaps even air quality impacts are considered to represent a real concern for the studs and their clients. When combined with the visual and perception impacts identified by Dr Lamb, the Commission considers that there is a real risk that if these impacts are unacceptable to Coolmore and Darley and they were to leave this area, there would be significant impacts on the whole Upper Hunter Equine Critical Industry Cluster. (p20)*
7. *First, the mine adjoins two thoroughbred studs of critical importance to the equine critical industry cluster. In short, because these two stud's operators own most of the key breeding stallions, broodmare farms throughout the upper hunter are largely reliant on these operators for continued operations. An impact on either one of these studs has the real potential to cause the studs to leave, which would affect the cluster as a whole. (p27)*

NSW Planning Assessment Commission Determination Report Drayton South Coal Project, Muswellbrook LGA; 17 October 2014

1. *The equine industry in the region is identified as a critical industry cluster (CIC) in the SRLUP. Both Coolmore and Darley stud farms are the critical central players in the equine CIC. If they decide to relocate because of perceived or actual mining impacts on their operations, it would impact on the 'clean green' image and reputation of the region. Without this status, it is unlikely a similar calibre*

thoroughbred industry operator would replace those lost given the importance the industry has placed on the need to have a pristine environment for the breeding and care of thoroughbred horses and the perception of the investors. The equine industry may survive, but is unlikely to retain its economic significance and international reputation. The loss of 'clean green' branding will also have a flow - on impact on the viticulture and tourism industries. (p 1)

2. *The Commission considers the economic benefits of the proposed mine must be weighed against not only the potential economic loss of the equine industry, if Coolmore and Darley decide to leave the region and the flow on impacts on the viticulture and tourism industries, but also the negative impact on the international reputation of NSW and Australia. Given the uncertainty that the operation of the proposed mine, if approved, would not negatively impact on the operations of Coolmore and Darley, the Commission finds a precautionary approach should be adopted and determines that the application should not be approved as proposed. (p 1)*
3. *The Commission agrees with the SRLUP that co-existence should be taken to mean that both industries should be able to remain in the Hunter Valley and flourish. The evidence supports the view that the mining industry will continue in the Hunter Valley regardless of whether Drayton South is approved or not given the recent approval of the expansion of the Mt Arthur Coal Project and other existing mining operations and exploration works in the region. However, if Coolmore and Darley decide to relocate, the equine industry in this region would decline as it would be extremely unlikely those studs would be replaced by others with a similar international reputation. (p10)*
4. *On the evidence, the Commission agrees that Coolmore and Darley studs are at the 'epicentre' of the thoroughbred breeding industry in NSW and Australia. They are 'pivotal' to the sustainability of the Upper Hunter Equine CIC because of their size and market share. They are the largest international scale thoroughbred studs in Australia and have economic and reputational significance to the region, NSW and Australia. The Commission supports the recommendation of the PAC Review Report and the Gateway Panel report that both studs should be afforded the highest level of protection. (p11)*
5. *The Commission agrees and accepts that if Coolmore and Darley decide to leave the area because of perceived/actual mining impacts on their operations, it is unlikely any similar calibre operators will be willing to move in given the image conscious nature of the industry and investor's perception of the area. The properties may continue to be used for agriculture or horse breeding, but would be unlikely to have the same economic and reputational significance of Coolmore and Darley. (p12)*