

DRAYTON SOUTH MINE PROJECT
PRESENTATION BY DR CAMERON COLLINS, PRESIDENT HTBA,
TO PLANNING ASSESSMENT COMMISSION HEARING
10 SEPTEMBER 2015

Introduction:

- Good afternoon Commissioners. Thank you for your time.
- As you know, my name is Cameron Collins. I am a veterinarian with over 20 years experience in equine reproduction practice in the Hunter Valley and overseas. I am the Managing Director of the Scone Equine Hospital, a member of the Australian and New Zealand College of Veterinary Scientists and the President of the Hunter Thoroughbred Breeders Association.
- It is as the President of the HTBA that I appear before you today.
- The Hunter Thoroughbred Breeders Association represents over 150 organisations and many individuals who make their living from breeding horses.

Key Issues

1. The Hunter's multi-billion dollar thoroughbred breeding industry is the largest in Australia and one of the largest, most important and most valuable in the world.
2. It is interconnected, vertically integrated and concentrated in a critical mass in the Hunter Valley. It is recognized as state and nationally significant by the NSW Government.
3. Coolmore Australia and Darley Australia are the epicenter of this industry. They are the largest thoroughbred breeders in the world and the largest in Australia.
4. Our industry makes an annual contribution to the Hunter region (\$565m), to the state of NSW (\$2.6 billion) and to the Australian economy (\$5billion).
5. This industry is the largest agricultural employer in the region (with around 5,000 direct jobs); it is a significant employer in the state (contributing over 53,000 jobs) and nationally (where over 250,000 people are employed)
6. Our industry produces elite athletes – the equivalent of Olympic Gold Medal winners. It is one of Australia's oldest sports (with its origins in 1810 when governor Macquarie held the first race meeting in Hyde Park); remains the second most popular Australian sport (behind AFL) and attract over 2 million attendances every year.
7. The industry is fundamentally based on the value, performance and reputation of its premium stallions, their progeny and the environment in which they are bred and reared.
8. Current and future investment in our industry is highly mobile.

9. Any threat to the operational environment or key players and their stallions will precipitate exodus and disinvestment – not only for stallion farms but also other support farms and industries.
10. This is not an idle threat – it is the reality of the business model upon which this industry is based and we have already seen evidence of this.

Fundamental Flaws

- This is the third time I appear before a PAC to point out the fundamental and recurring flaws in the application before you. There are compelling reasons why this second application for a mine on this site should be refused. Not much has changed since the Determination PAC refused a similar application almost a year ago.
- I hope that the science and logic presented today and in our submissions will prevail in your report as it did in the two PACs before you.
- Evidence to be presented to you backed by science will show that this project:
 1. is not in the public interest;
 2. will result in a **net loss** to the State of over \$400m;
 3. will **place over 640 jobs** in the equine industry alone at risk;
 4. will make the **regional economy more than \$120 million a year poorer**;
 5. will **fragment and destroy** the Hunter Valley's equine critical industry cluster; and
 6. will **irreparably damage** Australia's reputation as a world leading breeding and racing centre of excellence – 1 of only 3 in the world.
- Scientific evidence will be presented to you by qualified professionals in the fields of water, soil, air quality, acoustic, mining, equine health, cultural and visual amenity to demonstrate that:
 1. **This project remains less than 1km from international scale studs.** Clients, tourists, travelers, staff and families living on the studs will be exposed to the mine from the studs, the Golden Highway and Edderton road – throughout the mine's lifespan;
 2. The proposal has **serious errors and omissions** which **mislead and understate** the air quality impacts of this mine on both humans and horses;
 3. The project is underpinned by a **flawed mine plan** which experts doubt will be able to be delivered due to performance risks, incorrect production and capital expenditure costs, inaccurate mine closure costs and high project and production costs;
 4. The project will **degrade and permanently destroy** over 370 ha of productive agricultural land, disturb and displace unstable subsoils, increase and compound salinity on the land and in river system, and make BSAL land disappear. These lands will not be offset (with like for like), will not be able to be rehabilitated to pre-mining conditions and will be lost to agricultural use forever;

5. The project will **exceed Industrial Noise Policy noise limits**. It presents a false reflection of current and future noise and blast impacts to the nearby studs, and will deliver noise levels that are unacceptable for humans and livestock;
6. The proposal reveals **serious risks to surface and ground water systems**, it will increase salinity in the Hunter River, fails to assess cumulative impacts and presents a final void scenario that is “scientifically, a physical impossibility”;
7. This project will generate a range of **risks and impacts on the cultural heritage** significance of the landscape **that will be irreparable and irreversible**;
8. The proponent has **failed to consult, acknowledge and assess the Aboriginal heritage impacts**;
9. The proposal presents **irrelevant and erroneous information on equine health** and presents incorrect and misleading information on the behavior and potential for habituation of elite thoroughbreds;
10. This project will, without doubt **taint the reputation of the Hunter Valley brand**, something which has taken centuries of dedication and commitment and hundreds of millions of dollars to establish.

False Impressions

- Almost 2 years ago Semus French, the CEO of Anglo stood before the PAC and said, and I quote, “further changes to the mine plan and delays to the proposal would make the project financially unviable.”
- On no less than 14 other occasions throughout the previous assessment process Anglo American argued that the PAC recommended setbacks were “unnecessary”; would “render the project economically unviable”; would “have a material impact on project economics”; would “jeopardize the viability of the project as a whole” – and “if the Redbank pit is reduced or removed it is likely that the project would not proceed.”
- The Department in its assessment report noted and supported Anglo’s economic viability arguments.
- In this second application, Anglo American claims – and again, I quote: the proposal
 1. “complies with the recommendations of the 2013 Review PAC” – this is **false**
 2. “doubles the “buffer distance” to the horse studs” – **less than 1km is not an acceptable “buffer distance”**
 3. “significantly reduces environmental impacts” – this is **false**
 4. “ensures no impacts on equine health” – this is **false**
 5. “removes any views of the project from operational areas of the studs” – this is **false**
- Anglo American conveniently disregards the PAC recommendations which clearly state that “any open cut mining contemplated for this site should be required to demonstrate

that its impacts **will not affect the viability of the Coolmore and (Darley) Woodlands horse studs**

- Anglo American ignores the recommendations of the PACs and conclusions of Gateway Panels that “international scale studs and open cut coal mining are incompatible land uses” and that “Coolmore and Darley should be afforded total protection from the threat of mining.”
- The Department of Planning has also ignored these recommendations in its preliminary report.
- The Department considers that the current mine plan “shifts the weight of evidence significantly”. It goes on to say that the project is unlikely to have any significant impacts on the studs.
- With respect, and supported by our scientific evidence and equine health experts, we completely DISAGREE.

Previous PACs – Let Sense Prevail Once More

In Summary:

- 15 Independent Government experts (3 Previous PACs and the Gateway Panel) have concluded that international scale thoroughbred breeding and open cut coal mining are incompatible lands uses.
- 12 Independent Government experts (2 previous Drayton South PACs and the Gateway Panel) recommended that the studs be afforded the highest level of protection from mining.
- 6 Independent Government experts (2 previous PACs) recommended against a mine on this site in such close proximity to the studs;
- Last year this mine was rejected by the Determination PAC.
- In terms of the threats this mine poses to the Coolmore and Darley studs and to the Hunter Valley’s critical equine cluster and to the environment in which it operates.
Nothing has changed
- We trust that you will exercise your independence and find, as your predecessors did, that based on science and evidence, this mine poses unacceptable risks to our industry, our environment and is not in the public interest.
- At a time when the world energy economy is in transition, it is vital that the government provides support and protection for the contribution of the sustainable agricultural industries which will provide the ongoing, long term employment and wealth for our economy into the future. I speak on behalf of one of those industries.
- Thank you for your time and consideration.

ANGLO AMERICAN'S COMPLIANCE RECORD AND RISKS

Over the past decade, the NSW Department of Environment, Climate Change and Water, and its predecessors, conducted compliance audits and performance reports on NSW coal mines.

In 2004, the Environmental Protection Authority foundⁱ, based on its audits, that the industry failed to comply and could improve its compliance and environment performance in the following areas:

1. air pollution – mainly related to dust emissions from coal stockpiles, associated coal haulage and generated by rehabilitation operations;
2. noise and blasting – including noise from premises exceeding limits specified by an environment protection licence, blasting being undertaken outside the time limits specified by a licence and blasting overpressure exceeding the limit prescribed by a licence;
3. water pollution – including pollution of surface water when levels of total suspended solids or electrical conductivity exceeded levels specified by an environment protection licence and incidences of groundwater pollution where the volume of liquid discharge from premises exceeded the volume limit prescribed by a licence;
4. land management impacts – where there was potential for soil erosion or generation of high levels of suspended material as a result of inadequate vegetation on rehabilitated areas, or where vegetation had been inappropriately cleared;
5. monitoring for dust, noise and water pollution – instances were found where:
 - a. the dust monitoring gauge network was not operated in accordance with the relevant Australian standard;
 - b. blast monitoring was not undertaken at the specified location;
 - c. all pollutants specified by a licence were not monitored;
 - d. sampling was not undertaken at locations or frequencies specified; and
 - e. methods used for sampling and analysis were not in accordance with approved methods.
6. accountability – including issues in relation to environmental monitoring and the monitoring of pollution complaints.

These matters remain unresolved today.

Anglo's Compliance Breaches: Proof Mining Risks Cannot be Avoided

There is an adage – don't listen to what they say look at what they do.

An examination of Anglo's mining performance and compliance with licence conditions for the Drayton mine operation was undertaken as an indication of how well mining risks can be avoided, managed or mitigated using a real live example.

A review of Anglo's annual returns to the EPAⁱⁱ reveals that for the past 15 years of the Drayton mine life, Anglo American did not comply with their licence conditions - in 12 of those 15 years including failing to comply with their licence conditions every consecutive year since 2006.

During the past 15 years of Anglo's operations of the current Drayton mine there were:

- over 40 air quality breaches including:
 - failures to monitor PM 10 and TSP at key receptors;
 - odours from spontaneous combustion; and
 - failing to sample dust fall out.
- some 30 blast and noise exceedences including:
 - blasts fired outside permitted times and in excess of permitted limits;
 - exceedences of blast overpressure limits;
 - regular noise limit exceedences; and
 - failures to monitor and report on noise at all locations.

- water related breaches including:
 - a pump on the main diesel facility pumping contaminated water into a dam (for which the company received an administrative penalty of \$103,700).
- other operational breaches including
 - Drayton's dragline operating in an area affected by spontaneous combustion; and
 - exceeding ROM licence limits.

These are significant issues in their own right but particularly alarming when this operator is proposing to extend the methods and operating practices of their current Drayton mine to a new location less than 1km from international scale studs, near communities, and near where people live, raise their families and breed and raise valuable livestock on properties whose operations underpin the Hunter's equine CIC and Australia's racing industry.

We note that the 2015 Secretary's report states:

"The Department's detailed assessment has found that the project would be able to comply with relevant air noise and blasting criteria at the Coolmore and Woodlands studs:

- *noise levels would remain well below the intrusive and amenity criteria in the NSW Industrial Noise Policy;*
- *blasting impacts could be controlled to ensure compliance with the relevant overburden pressure and ground vibration criteria in relevant ANZEC guidelines;*
- *air quality levels would remain well below the relevant cumulative annual average ambient quality criteria in the Approved Methods for Modelling and Assessment of Air Pollutants in NSW; and*
- *while the modeling indicated there could be up to 5 additional days in a year where the short term PM10 criteria may be exceeded when mining is closest to the studs, Anglo is likely to be able to avoid such exceedences occurring by implementing best practice dust control on site and curtailing its operations during adverse weather conditions."* SEAR 2015 (piv)

Experts appointed by Coolmore and Darley have brought to the Commission's attention serious flaws with the Anglo environmental impact assessment – highlighting errors, exceedences and unacceptable risks relating to air, noise and dust in particular. In addition to not undertaking any independent analysis of its own, the conclusion above reached by the Department demonstrates that the Department has also clearly not examined Anglo's current compliance record. **If Anglo cannot abide by their current licence/consent conditions – particularly in the sensitive areas of air quality, blasting, noise and water – how can anyone have any faith that they will be able to avoid or manage these risks in a sensitive location in such close proximity to studs and communities?**

Anglo's repeated non-compliances for practically every year bar 3 over the past 15 years is seriously alarming. Anglo's environmental management record to date demonstrates that human and operational risks cannot be avoided and when they occur again in the proposed Drayton South location they will have devastating, irreversible and irreparable impacts for the studs, their communities, the local community and our entire industry.

The HTBA has grave concerns about the nature of the current level of non-compliance and has no confidence that this will not re-occur at such close proximity to world leading thoroughbred horse breeding operations.

The HTBA is strongly of the view that:

- **the environmental, socio-economic risks and cumulative impacts associated with the proposed Drayton South mine are unacceptably high; and**
- **Anglo's record to date is proof of why a mine cannot and should not be permitted to operate in a location in such close proximity to international scale studs, communities of people and valuable livestock.**

CIC MAPPING & APPROPRIATE BUFFERS

CIC MAPPING

"I can tell you my intention as the planning minister is to have a process that works for the whole state but does actually achieve, no doubt about it, I want to see the Liverpool Plains, the thoroughbred industry and the viticulture industry protected."

The Hon Brad Hazzard interview with Alan Jones, 7 March 2012

The NSW Government has for the first time in the State's history mapped the Hunter Valley's strategic agricultural land. Despite this recognition, it remains unprotected from coal mining.

Through its Strategic Regional Land Use Plan for the Upper Hunter, the NSW Government has identified and mapped land with unique natural resource characteristics (biophysical strategic agricultural land) and clusters of significant agricultural industries (critical industry clusters - "CICs").

It has identified and recognised the equine and viticulture industries as two industries and critical industry clusters in the Upper Hunter region ***that are of national and international significance.***

The intended purpose of creating the CICs was to ***establish measures to protect these industries from the impact of coal seam gas and mining activities.***

In February 2013 the former NSW Premier announced tough new rules and no go zones for coal seam gas near suburbs, towns and on critical industry clusters. In his announcement on 19 February 2013 the former NSW Premier said the NSW Government has listened to community concerns about coal seam gas.

"My Government has listened and acted. ... Families in residential areas should not have to worry about their quality of life being affected by noise, visual impacts and other effects of coal seam gas mining."

Since that time the NSW Government has unveiled further plans to reset the areas open to coal seam gas, extinguished CSG licences which covered 43 per cent of the state and is setting a new framework to determine appropriate areas to extract gas taking economic, environmental and social factors into account.

The question Hunter Valley communities are asking is why is the NSW Government failing to apply a similar policy to coal mining which is more intrusive, invasive and impactful on regional communities quality of life, our environment, noise, health and visual amenity?

APPROPRIATE BUFFERS

The situation in the Hunter Valley is unique. Nowhere else in the world are coal mines allowed to encroach so close to world class thoroughbred breeding industries. During Premier Baird's and Minister Stoke's visit to the Hunter Valley in April this year, the Premier publicly stated that **"mining cannot go everywhere"** and that **"co-existence is not co-existence without boundaries"**.

We agree with this sentiment. We are also of the view that co-existence cannot occur incompatible land uses in close proximity. Less than 1km in any reasonable person's mind would constitute close proximity. If this mine is approved, there will be no boundaries at all between these incompatible land uses.

What is an appropriate buffer?

A number of independent NSW Government expert reports have called for "suitable", "considerable" "appropriate" buffers to be put in place to mitigate and shield studs and wineries from the impacts of mining.

In December 2013 the Planning Assessment Commission noted *"It is difficult to define an appropriate buffer distance"*ⁱⁱⁱ

The NSW Government's independent Gateway Panel, in its report of December 2013 recommended that "an appropriate buffer should be established"^{iv}:

- A portion or distance of "buffer" land is required between the proposed mine and studs and Arrowfield Estate as these are amongst the most important of all core businesses within the Equine and Viticulture CICs;
- The "buffer" land should be sufficiently sized **to negate all potential impacts of the proposed mine on the continued viability of the studs and vineyard and winery**. This will include recognition of the importance of visual amenity and landscape values to both CICs and the core businesses within each;
- It is likely that an adequate buffer distance will be measured in kilometers, and be influenced by natural topography;
- The Panel considers that establishing a suitable buffer between mining activities and the CICs is the most appropriate mitigation strategy".

Advisers to the Commission concluded that "a buffer between mining and CICs is necessary. A buffer of several kilometers was nominated as appropriate".^v In its report to Government the Commission recommended "considerable buffering to shield the studs from the mine is necessary."^{vi}

The draft Strategic Regional Land Use Plan prepared by Government departments spatially defined equine cluster land with buffers of 15km of the New England Highway in the Upper Hunter LGA, and various buffers in the Muswellbrook, Mid Western Regional and Singleton LGAs including 10km from the Golden Highway.

Instituting appropriate buffers between mining and Critical Industry Clusters would help resolve the land use conflict and restore balance and certainty to the Hunter region – for all players.

The Planning Assessment Commission rightly acknowledged that both Kentucky in USA and Newmarket in the UK have protections in place to safeguard their equine industries from incompatible developments and recommended that **"similar protection should be provided to the Hunter Valley to ensure not only the survival of the equine industry, but also allow it to further develop"**^{vii}.

In Kentucky USA the closest distance between mining and the protected thoroughbred breeding industry is some 70 – 135 km.

We acknowledge that this is not practical in NSW. The closest operating mine to the north of our international scale studs is 8 – 10 kms away. Experience has taught us that while this is not ideal it is tolerable. What is not tolerable is mining at a closer distance and decades of uncertainty for our industries, employees and investors.

NATIONAL & INTERNATIONAL BEST PRACTICE

Equine

Of the three International Centres of Thoroughbred Breeding Excellence (Kentucky, USA, Newmarket UK, Hunter Valley, Australia) Australia is the only one that has no buffers or other protections in place to protect its equine critical industry cluster from incompatible land use developments.

Kentucky, USA

Kentucky's equine cluster entered on Lexington in Fayette County is recognised as the country's signature industry.

The equine cluster is protected against competing land development through:

- conservation easements,
- protection of agricultural and equine economies by conserving large areas of farm land,
- conservation and protection of the natural scenic, open space and the historic agricultural resources of rural Fayette County; and
- protection of the tourism economy by preserving the unique character and "sense of place" that attracts visitors from all over the world.

In Kentucky, over 240 farms totaling more than 27,443 acres are permanently protected by conservation easements.

Newmarket, United Kingdom

Newmarket is considered to be the birthplace and global centre of thoroughbred racing.

In Newmarket, the local government planning scheme affords the Newmarket equine CIC development protection from competing land uses.

The Forest Heath District Council's Core Strategy Development Plan recognizes that:

- the creation of the studlands around Newmarket relating to the horse racing industry has resulted in a unique area of landscape. When examining proposals for the development in these areas, the potential impact on this landscape will be an important consideration;
- the importance of the horse racing industry and Newmarket's associated local heritage and character will be protected and conserved throughout the plan period; and
- current planning policies aim to ensure these industries thrive and prosper.

Forest Heath's Development Plan does not permit:

- development proposals which would adversely affect the use or appearance of the racecourse or training grounds or result in their loss;
- changes of use of stud land for any purpose other than that essential to the horse racing industry;
- proposals for development that affect the appearance or landscape setting of the town. (The stud farms and racecourse training grounds are designed as an area of local landscape value).

Where their special character is of exceptional value, individual or groups of training establishments are designated as Conservation Areas.

Viticulture

Unlike their sister industries in South Australia and Western Australia, the Hunter Valley's historic and iconic wine industry is not protected from incompatible mining nor is its character, visual amenity and potential for attracting tourism protected.

Barossa Valley and McLaren Vale – South Australia

In recognition of special character of the South Australian Barossa Valley and McLaren Vale regions and their importance to the State's economy, in 2012 the South Australian Government legislated protections to these wine districts to protect them, preserve their character and provide for the economic, social and physical wellbeing of the community.

The Character Preservation (Barossa Valley) Act 2012 and Character Preservation (McLaren Vale) Act 2012:

- (a) recognise, protect and enhance the special character of the district while at the same time providing for the economic, social and physical well being of the community; and
- (b) ensure that activities that are unacceptable in view of their adverse effects on the special character of the district are prevented from proceeding; and
- (c) ensure that future development does not detract from the special character of the district; and
- (d) otherwise ensure the preservation of the special character of the district.

Any person or body involved in the administration of an Act must, in exercising powers and functions in relation to the district, have regard to and seek to further the objects of this Act.

Character values of the district in theses Acts include:

- (a) the rural and natural landscape and visual amenity of the district;
- (b) the heritage attributes of the district;
- (c) the built form of the townships as they relate to the district;
- (d) the viticultural, agricultural and associated industries of the district;
- (e) the scenic and tourism attributes of the district.

Margaret River – Western Australia

In July 2012 the Western Australian Government took steps to prevent future coal mining in the Margaret River area by terminating all pending applications for coal exploration activities within the area.

The decision was taken pursuant to Section 111A of the Mining Act 1978 and on the advice of the Environmental Protection Authority which indicated that coal mining in the area posed unacceptable environmental risks.

Four coal applications were terminated or refused; five applications were withdrawn. Titleholders of nine granted mineral titles within the zone were advised that if any of the titleholders lodge a coal mining proposal it would be refused^{viii}.

"This decision send a signal to the industry – applications will not be accepted to explore for or min in this area" the Mines and Petroleum Minister, Norman Moore said when announcing the Western Australian Government's decision.

STATE ENVIRONMENTAL PLANNING POLICIES

The NSW Government has the legislative tools at its disposal to act now to redress decades of bad planning, protect sustainable industries, long-term jobs and retain NSW's attractiveness as an investment location.

Strategic Regional Land Use Plan

There has been a long history of Coalition Government members' stating their intentions to protect our strategic agricultural lands, critical industry clusters and vital water resources. These date back to the 2011 Liberal and National Party election policy platform: *The NSW Liberals & Nationals Strategic Regional Land Use, Triple bottom line assessment to protect our regions* which states:

- A key part of the strategic land use planning process will be to identify strategic agricultural land and associated water **and ensure that it is protected from the impacts of development.**" (p2)
- The NSW Liberals and Nationals **believe that agricultural land and other sensitive areas exist in NSW where mining and coal seam gas extraction should not occur.**" (p2)
- The NSW Liberals and Nationals have committed to rewriting the State's planning laws. Our planning policy includes three key elements:
 - Scrapping Part 3A of the EP&A Act;
 - Ensuring local input into regional strategic plans
 - Commencing an overhaul of the planning system soon after March 2011, with community input prior to the final determination of the DA. This would include a thorough examination of **enhanced buffer zones and "ring fencing" with particular reference to proximity to communities and effect on established industries.**" (p4)

The Government's Strategic Land Use Policy is the product of this election commitment. While not as stringent as the election commitment in its final form, the intention to protect strategic agricultural lands, critical industry clusters and vital water resources remains. Along with the formalisation and institution of the Gateway Panel, the Gateway process and the need for transparent, scientifically based and independent Government analysis and advice - particularly that of the Government's Independent Planning Assessment Commission.

The Government's Strategic Regional Land Use Policy (SRLUP) recognised the Hunter Valley's thoroughbred breeding industry as having state and national significance and identified it for **heightened protection**. The industry has been mapped and is recognised as a critical industry cluster. Further in line with the Government's 2014 policy on coal seam gas, the equine CIC is protected from CSG developments.

The Government's SRLUP is clearly designed to restore balance and resolve land use conflicts – particularly in the Hunter Valley and ensure that our **rich agricultural sector is protected along with our strategic agricultural lands, critical industry clusters and vital waterways.**

Former and current NSW Premiers, the Deputy Premier and Government Ministers have publicly attested to the fact that the Government's new policy is intended to **protect** strategic agricultural lands and industries. Two examples include:

*"The message I want to leave you all with today is this: if any proposed mining or gas extraction activity is likely to harm our prime agricultural land or other important rural industry clusters or the water resources associated with those areas, **it will not go ahead under this government.**"* (Emphasis added). Deputy Premier's Address to the May Day Rally 2012.

*"The processes we have set up, which will apply to the whole state when it is mapped, **will guarantee that the sorts of high agricultural land you have described will be safeguarded, will be protected, no doubt about it.**"* (Emphasis added, Alan Jones interview of Minister Hazzard, former Planning Minister and architect of the SRLUP – high agricultural land referred to here includes the Hunter Valley's thoroughbred breeding industry).

The decision on the Drayton South project was the first test of the Government's new policy commitments and processes. This was and remains a watershed decision. It will signal whether the Government was genuine in its commitments and whether the processes it has instituted actually work to deliver its states policy outcomes – to protect the Hunter Valley's equine Critical Industry Cluster.

The SEAR's recommendations are in direct contrast to the findings and recommendations of previous Drayton South PACs, the advice from the Government's Independent Gateway, the conclusions and recommendations of a previous PAC, former Government decision (prohibiting open cut mining at Bickham) and we submit the Government's Strategic Regional Land Use Policy.

In his advice to the Department of Planning, the Director General of Trade and Investment of February 2014 stated:

"DPI confirms the Panel and PAC identified the Coolmore and Woodlands horse studs as core businesses that are pivotal to the sustainability of the Equine CIC due to their scale, financial value, international reputation and representation."

"DPI additionally supports the Gateway Panel and PAC's findings and recommendations that:

- The Coolmore and Woodlands (Darley) thoroughbred stud enterprises are pivotal (core businesses) to the sustainability of the Upper Hunter Equine Critical Industry Cluster and should be protected: and*
- The potential impacts from the Drayton South mining proposal should be mitigated by providing additional buffers (set back distances) between the mining activities and the Equine and Viticultural CIC and the landscapes that are recognised as critical for the continued operations."*

Despite the intentions of the Government's SLURP, the recommendations of the Review PAC and the conclusions of the Government's Independent Gateway Panel (many of which continue to be disregarded by the SEAR) and public pronouncements by NSW Government Ministers, the SEAR made the following comments and conclusions:

- That mining impacts "are unavoidable consequences of co-existence of these two important industries in the valley." (piv)
- The Department does not consider these impacts to be significant enough to cause the thoroughbred operations to leave the Hunter Valley" (pv)

These comments are a carbon copy of the Department's previous position, despite the expert independent conclusions and recommendations of the two previous PACs and Gateway Panel. In 2014 the previous Secretary's report stated:

- that the impacts on the thoroughbred breeding industry are "unavoidable consequences of co-existence" (piv)
- "It also does not consider these impacts to be significant enough to cause the thoroughbred operations to leave the Hunter Valley, **even though there is always a risk that this may occur.**" (piv)

This interpretation of Government policy does not reflect the public statements made by Government Ministers nor the underpinning intentions of the SRLUP, which was developed in an iterative manner with input from the Stakeholder Reference Group (including the HTBA) and the community more broadly. Nor do they represent the findings of the Determination PAC

"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". (Determination PAC 2014, p10)

Despite all advice to the contrary, without any scientific or independent analysis, and contrary to the intentions of the SRLUP, the Department seems predisposed to advance this mine despite the significant and irreversible environmental impacts of this mine and the detrimental impacts on the studs and the Hunter Valley's equine critical industry cluster.

The absence in the SEAR of a fulsome net economic cost and benefit analysis, which should take into account the social and economic costs of this proposed mine, reinforces this bias. Importantly it does not present a full or true picture of the economic impact of this mine to NSW – which Marsden Jacob Associates find will result in a net economic loss to the NSW community and is not in the public interest.

We submit that the Review PAC should give no weight to the SEAR report and recommend the refusal of the Drayton South open cut coal mine proposal because:

- **the environmental risks are either not properly addressed or unacceptable;**
- **it will threaten the viability of Coolmore and Darley; and**
- **it will threaten the future of the Hunter Valley's equine CIC.**

State Environmental Planning Policies

There are legislative mechanisms in place for the NSW Government to prohibit mining and /or protect State Significant Agricultural Land.

We submit that the NSW Government has already recognised that the equine CIC is of state and national importance, that mining is clearly an incompatible land use in close proximity to the studs, and that protection of the studs will result in a public benefit and should be protected.

State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007

Clause 9 of the State Environmental Planning Policy (Mining Petroleum Production and Extractive Industries) 2007 provides for prohibited development. Schedule 1 of this SEPP specifies development which is prohibited.

To date three cases of open cut mining or extractive industries within the local government area of Lake Macquarie City, Gosford City and the Upper Hunter Shire have been specified as prohibited development in this SEPP.

This SEPP could be used to *immediately* introduce a 10km buffer to protect the Hunter's Critical Industry Clusters.

State Environmental Planning Policy (Rural Lands) (2008)

In 2007 the then Minister for Planning and Primary Industries released the Report of the Central West Rural Lands Panel. A key recommendation of that Panel included the preparation of a new State environmental planning policy (SEPP) to support a strategic approach to rural planning across councils to manage land use conflicts^{ix}.

In response to the Panel's findings, the State Environmental Planning Policy (Rural Lands) 2008 (Rural Lands SEPP) was introduced.

The aims of the Rural Lands SEPP include to:

- facilitate the orderly and economic use and development of rural lands for rural and related purposes;
- identify rural planning principles to assist in the proper management, development and protection of rural lands for the purpose of promoting the social, economic and environmental welfare of the State;

- implement measures designed to reduce land use conflicts;
- identify State significant agricultural land for the purpose of ensuring the ongoing viability of agriculture on that land, having regard to social, economic and environmental considerations;
- amend provisions of other environmental planning instruments relating to concessional lots in rural subdivisions.

Part 4 of the Rural Lands SEPP relates to State significant agricultural land. The objects of this part of the SEPP are:

- a to identify State significant agricultural land and to provide for the carrying out of development on that land,
- b to provide for the protection of agricultural land:
 - i that is of State or regional agricultural significance, and
 - ii that may be subject to demand for uses that are not compatible with agriculture, and
 - iii if the protection will result in a public benefit.

There is no doubt that:

- NSW's equine and viticulture critical industry clusters are of state and regional significance;
 - The NSW Government has already mapped and identified them as such as part of the Strategic Regional Land Use Policy.
- both industries are subject to demands for uses that are not compatible with agriculture;
- the economic and social contribution provided by both these industries is both state and nationally significant and result in important public benefits (as illustrated in Annexes 1 and 2 of this report); and
- the protection of NSW's equine and viticulture Critical Industry Clusters will result in a public benefit (in terms of value added to the State, sustainment and creation of long term jobs, tourism and significant investment).

Legislation for Permanent Protection

- Protections under the above SEPPs are an important first step and will demonstrate leadership and goodwill to deliver on commitments made in 2011 to ring fence and protect the Hunter Valley's Critical Industry Clusters and help reduce land use conflicts in NSW.
- But as subordinate pieces of legislation they do not provide long-term certainty and protection for NSW's State Significant agricultural lands and industries and do not provide the certainty needed to protect long-term sustainable jobs, regional communities and investment.
- In line with international and domestic best practice, and the findings and recommendations of previous PACs, permanent protections are needed.

HUNTER VALLEY – HORSE CAPITAL OF AUSTRALIA

INTERNATIONALLY RENOWNED, NATIONALLY, STATE AND REGIONALLY SIGNIFICANT

The heartland of Australia's premier thoroughbred breeding industry is concentrated in the NSW Hunter Valley.

Economically Significant

The Hunter Valley's multi billion dollar thoroughbred breeding industry is a vibrant, world renowned and economically significant agricultural industry. It contributes \$5b every year to the national economy and supports over 230,000 sustainable long term jobs throughout Australia.

In NSW it contributes over \$2.6 billion to the NSW economy, supports over 50,000 people generating sustainable jobs and investment. It attracts tourism to our regions and delivers a diverse economic base for regional Australia.

In the Hunter Valley it is the largest agricultural industry and employer. It is 2 times the value of irrigated agriculture, 4.5 times the value of dairy and 10 times the value of meat and cattle.

It supports some 5,000 jobs^x, 150 broodmare farms and a sophisticated network of equine supports industries. Industries ranging from fodder and lucerne producers, farriers, saddlers, equine transport companies, hospitality and retail, and the largest equine hospital in the Southern Hemisphere. Industries that would not exist in the Hunter but for the thoroughbred breeding industry.

Our industry is also important in the city. In Western Sydney and Sydney it supports over 15,000 people and a wide range of industries including wholesale and retail trade, accommodation, food, beverage, entertainment, education, training, arts and recreation.

The NSW Government's own studies affirm that the thoroughbred and racing industry is a significant employer and contributor to the NSW economy.

Internationally Renowned

As one of three Centres of Thoroughbred Breeding Excellence in the world – alongside Kentucky in the USA and Newmarket in the UK – the Hunter Valley's thoroughbred breeding industry has a proud and envied reputation of producing and exporting the best thoroughbred champions in the world.

The Hunter Valley's industry represents the second largest concentration of studs in the world, second only to Kentucky USA. This concentration of world-class thoroughbred breeding operations reflects world scale operations and world's best practice.

World class operations attract world class investment. Over the past 15 years more than \$5b has been invested in the Hunter Valley's breeding, training and racing operations.

The record-breaking 2015 Magic Millions sale grossed over \$100m representing the biggest yearling sale conducted in the Southern hemisphere in almost seven years – over 80 per cent of which were by Hunter Valley stallions. The top 120 lots sold were all sired by stallions based in the Hunter Valley.

The 2014 Inglis Easter Yearling Sale produced similar results with over \$90 million in sales and the majority of the catalogue (over 80 per cent) produced by Hunter Valley. The 2015 Inglis Easter Yearling Sale is poised to be the biggest sale conducted in the last 5 years.

Operating in a unique environment

The Hunter Valley's unique environment – its heritage, scenic landscape, plentiful water systems, rich soils and undulating lands – are essential attributes for breeding and training world leading thoroughbred athletes, attracting investment and maintaining sustainable jobs and diverse economies.

Producer and Exporter of Champions

The Hunter Valley is the heart and home of Australia's premier breeding industry. It produces:

- over 50 per cent of all thoroughbreds born in Australia;
- 70 per cent in volume and 80 – 90 per cent in value of Australian thoroughbred exports;
- 75 per cent of all horses racing in Sydney and Melbourne;
- over 80% of all yearlings at Australia's premier yearling sales.

Discerning clients travel far and wide to invest in Australia's premier stallions in the Hunter Valley.

Exports

The Hunter Valley's is Australia's premier thoroughbred export hub. The caliber and reputation of Hunter Valley thoroughbreds is reflected in the demand for Australian thoroughbreds from our Asian and Middle Eastern neighbors.

In 2013 Australia supplied over:

- 80 percent of thoroughbred imports into New Zealand,
- 58 per cent to the Philippines,
- 51 per cent to Macau,
- 46 per cent into South Africa,
- 43 per cent to Malaysia and
- 38 per cent to Hong Kong.

This trend will grow as the Asian markets grow and expand. Australia has an enviable reputation and track record of producing world champions. It is well positioned to take advantage of this growth and the value added opportunities it offers.

Part of Australia's sporting heritage and history

Since the first race staged by Governor Macquarie in Hyde Park in 1810 horseracing has been an important part of Australia's sporting history and heritage and is a quintessential part of our way of life.

Today the Hunter's thoroughbred breeding industry is vertically integrated to the NSW racing industry which supports:

- 134 race clubs - many of which are located in, and form an integral part of, regional communities
- over 31,000 owners and syndicate members;
- over 1,000 trainers;
- nearly 11,000 horses in training; and
- over 250 jockeys.

Thoroughbred breeding has had a proud place in our sporting history (and remains Australia's second most popular sport behind Australian Rules), our communities and way of life for over two centuries – and if protected can continue to grow and prosper.

ECONOMIC SIGNIFICANCE

HUNTER VALLEY THOROUGHBRED BREEDING INDUSTRY

Internationally Significant	
1 of 3	International Centres of Thoroughbred Breeding Excellence in the World – alongside Kentucky in the USA and Newmarket in the UK
Largest	Concentration of thoroughbred studs in the world outside Kentucky USA
Largest	Australian producer & supplier of premium thoroughbreds
Largest	Australian exporter of premium thoroughbreds, representing:
• 80.35%	Imports from Australia to New Zealand
• 58.65%	Imports from Australia to the Philippines
• 51.63%	Imports from Australia to Macau
• 43.54%	Imports from Australia to Malaysia
• 38.83%	Imports from Australia to Hong Kong
Nationally significant	
\$5b	Contribution to national GDP annually
230,000	Jobs generated and sustained nation wide
State Significant	
\$2.6b	Contribution to NSW economy annually
53,696	People employed or participating in thoroughbred breeding and racing in NSW
34,000	People directly involved in breeding, racing or training in NSW
21,837	Thoroughbred owners in NSW
134	Racing Clubs in NSW
\$175m	Investment in NSW Racing infrastructure underpinned by the quality of bloodstock & racing product produced in the NSW Hunter Valley

Regionally Significant	
55% +	Of the \$2.6b total value added occurs in regional NSW
Largest	Agricultural industry in the Hunter Valley:
2 times	The value of irrigated agriculture
4.5 times	The value of dairy
10 times	The value of meat and cattle
150	Broodmare farms dependent on Hunter Stallion stud farms
Sophisticated	Network of equine support industries dependent on Hunter Valley stud farms – including farriers, fodder producers, saddlers, equine transport companies and the Southern Hemisphere’s largest equine veterinary practice, Scone Equine Hospital
Significant Regional Employer	
42,586	Employees and participants in regional NSW:
• 5,745	in the Hunter
• 4,979	Full Time Equivalent Employment in the Hunter
• 10,159	in Sydney
• 5,633	in Western Sydney
• 6,783	in Mid North Coast, Central Coast, Illawara and South Coast
• 14,266	throughout the rest of regional NSW
Significant Regional Investor	
\$5b +	Invested in the Hunter Valley’s thoroughbred breeding industry in the past 10 years (and rising)

SOURCE: IER Pty Ltd Report 2006; IER Pty Ltd Report 2014, Marsden Jacob Associates Report 2014, Australian Stud Book

AT A GLANCE

Hunter At A Glance	
470	Breeders
4,797	Full Time Equivalent Employment
5, 745	Employees and Participants*
6	Race Clubs
78	Race Meetings – including the only Saturday Stand Alone meeting in regional Australia
595	Races
100,416	Attendances
\$564.6m	Value added injected in the local economy by the thoroughbred breeding & racing industry

Sydney At A Glance	
10,159	Employees and Participants
3	Race Clubs
66	Race Meetings
494	Races
291, 858	Attendances
\$11.1 billion	Value added injected into the economy by the thoroughbred breeding & racing industry

Western Sydney At A Glance	
5, 633	Employees and Participants
1	Race Club
76	Race Meetings
392	Races
237, 411	Attendances
\$321.9 million	Value added injected into the Western Sydney by the thoroughbred breeding & racing industry

* Participants are the lifeblood of the industry. They provide investment, time, skills and passion that underpins the horse racing industry in the State.

Source: IER Pty Ltd, Size and Scope of the NSW Racing Industry, 2014.

FOOTNOTES

- ⁱ Industry Sector: Coal Mines, January 2004, Compliance Performance Report, Department of Environment and Conservation (NSW)
- ⁱⁱ Department of Environment, Climate Change and Water website – Environment Protection Licences, public register (POEO) for licences, applications or notices (<http://www.epa.nsw.gov.au/prpoeo/index.htm>)
- ⁱⁱⁱ Planning Assessment Commission Review Report, Drayton South Coal Project, December 2013, p 19
- ^{iv} NSW Government Mining and Petroleum Gateway Panel, Drayton South Coal Advisory Report, 10 December 2013, p 24- 25
- ^v Planning Assessment Commission Review Report, Drayton South Coal Project, December 2013, p iii
- ^{vi} Planning Assessment Commission Review Report, Drayton South Coal Project, December 2013, p iii
- ^{vii} Planning Assessment Commission
- ^{viii} No coal mining for the Margaret River, Media Statement, the Hon Normal Moore, 24 July 2012.
- ^{ix} Department of Planning Circular, PS 08 - 022
- ^x IER Pty Ltd, Size and Scope of the NSW Racing Industry, 2014.