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Presentation to the PAC, 10 September 2015

Thank you for allowing me to make a presentation on behalf of Darley and the Hunter Valley thoroughbred industry. I spoke last year of my connection with the Hunter Valley some 38 years as it is now. My early involvement in 1977 was at Widden Stud, the leading nursery of the time. I spent some time in the UK in the 1980's and returned to the Hunter in 1987 as the General Manager of Arrowfield, the property now known as Coolmore. Following that period of stud management I became an agent and although based in Melbourne, the best performed horses I purchased for various clients came from the Hunter Valley including the outstanding champion Mahogany and the Golden Slipper winner Merlene and last year's World Cup Sprint Champion Sterling City.

In 2001 I became a consultant to Darley in Australia and in 2006 I became their Stud Director with responsibilities for properties in the Hunter Valley and the development of Northwood Park in Victoria.

In 2008, following the purchase of the Woodlands bloodstock assets, I became Managing Director with overall responsibility for 1000 horses and 350 staff – predominantly based in New South Wales. In respect of the issue around the Drayton South proposal and its impact on Darley and Coolmore and the wider thoroughbred industry, I do not propose to go over old ground from last year because the fundamentals and therefore the impacts of the project remain. Mines and studs do not and cannot co-exist in such close proximity as is now proposed.

In its assessment report, the Department of Planning made several observations in respect to the potential impacts of the Drayton South project on both Darley and Coolmore. In those observations, the Department uses language such as:

“unlikely to have any significant physical impacts”,

“changes to the mine plan are not wholly consistent with the PAC's recommendations”,

“while the Department accepts that reasonable people may disagree about the significance that should be given to these impacts”,

these impacts “are common in the hunter Valley where mines are located in close proximity to several horse studs in the equine CIC”,

“are unavoidable consequences of coexistence between these two important industries” ,

“the project is unlikely to have any significant impacts on the quality or quantity of water used by either of the two studs”,

“even if the owners of these operations did decide to leave the area there is no reason the properties could not continue to breed thoroughbred horses in the future possibly by operations without the international reputation of Coolmore and Darley”.

Apart from the subjective nature of a number of those comments the Department continues to display a stunning level of ignorance about our operations and the thoroughbred industry in general. For example, there is only one stud farm that is located in what might be termed “close proximity” to a mine – and funnily enough it belongs to BHP. In the current landscape the closest operating mine to Darley is Mount Arthur, approximately eight to ten kilometres away. This mine is on or near our horizon, not across the road.

In terms of the water statement the key phrase is “unlikely to have”, which gives no certainty on an absolutely critical element of our success – clean water. In another statement the Department discusses the unavoidable consequences of competing land use and coexistence. I suggest to you that the only reason it is termed unavoidable is because no one in the Department is interested in making the fundamental changes that would acknowledge alternative pastoral industries. They have made an assumption about coexistence without having any real understanding and, quite obviously, no regard to the findings of two previous Planning Assessment Commissions that stated very clearly that we could not operate in close proximity to mining operations and should be afforded the “highest level of protection”. Horse studs and wineries are compatible land uses but they are not compatible with coal mining and power stations or steelworks.

Over the next two days you will hear from highly qualified scientific experts in noise, water, air quality, mine engineering, soil, heritage, equine health and behaviour, visual amenity and economics. They have closely examined and properly analysed this mine plan and responses by the Department. Those experts all agree that this mine plan is lacking in essential details, overstates the benefits and significantly understates, or totally ignores, the risks and impacts.

In their findings last year, the Determining PAC concluded “that the equine industry in the Hunter Valley is a vibrant, growing and sustainable industry – important to the region, to NSW and the Australian economy”. It was also persuaded that a clean, green environment was a critical component of the studs operations in the Hunter Valley and that point played a significant role in investor perception and confidence. They acknowledged the significant risk that the close proximity of an open cut coal mine would impose on a stud farm and were not convinced that the Anglo American had properly addressed those concerns.

But, in a further display of ignorance about our industry and how it operates, the Department assumes that both Darley and Coolmore farms could continue to operate as thoroughbred entities if the current owners walked away. In 2015 alone Darley and Coolmore have spent over 100 million dollars on stallion purchases to provide future champions for the breeders of NSW and Australia. That is the very core of our business model and our industry – that level of investment would be very difficult to replicate. Additionally it takes many years to establish a leading brand and reputation in the thoroughbred industry, they do not walk in or out of stud operations with a new proprietor.

During this entire process which has taken us over four years, successive Governments have promised a range of protective measures that will ensure the future of pastoral industries based on prime agricultural land. The Upper Hunter thoroughbred industry has been mapped under a strategic land use policy because of its regional significance; it has been recognised in Government terminology as a critical industry cluster. Various politicians have made public statements about the need to protect and preserve those industries that can shoulder the load as the mining boom winds down. What exactly does all of that mean?

The Gateway Panel for preliminary assessment of a mining project does not have the power of veto. The strategic land use policy has not been introduced over and above a piece of paper and, although there is discussion about critical industry clusters, nothing is done to offer protection or certainty to those industries. The language from Government and the Department is about coexistence, the right balance and unavoidable consequences. However those consequences are only unavoidable if one

relentlessly pursues the expansion of coal mining at the expense of other, fully sustainable and vibrant industries.

The export quota for thermal coal has risen from 81 million tonnes ex Newcastle in 2006 – 2007 to 154 million tonnes in 2013 – 2014. In the past 20 years, apart from the Bickham Coal project at Murrurundi and the previous Drayton South proposal, no other mining application has been refused nor have any modifications or extensions been turned down. The Upper Hunter, apart from the active mining footprints, is covered with further exploration licences. So what does the future hold for us in what the Government terms a critical industry cluster?

The Bylong Valley is in our cluster, next to the world famous Widden Stud is some of the best agricultural land in New South Wales. It was famous for breeding cattle and for the stud farms it supported – the Buffier family bred many champions off Wingarra Stud including the Golden Slipper winner Sir Dapper and the champion mare Birthday Card. Bylong is about to become an open cut coal mine and, in order to facilitate the process, the local church has been sold to the coal company and they are exploring ways in which the remaining bodies in the graveyard can be exhumed and moved in order that they do not obstruct the mining process.

At Camberwell, further down the Valley one remaining dairy farmer, 72 year old Wendy Bowman, stands isolated by the continuing expansion of Yancoal's Ashton mine – the only thing between Mrs Bowman and complete obliteration, a Land and Environment court order in her favour – currently being appealed by the mining company. There are other examples of complete indifference to both competing industries and more importantly the people who represent those industries and communities. The continued expansion of the coal industry is often justified by both federal and state government on the basis that Australian coal will provide much needed energy to the emerging nations of South East Asia. But, in providing a light bulb moment for those countries, that policy within the Hunter Valley is allowing the trashing of large areas of prime agricultural land and destroying the communities it once supported.

We are told that this issue is about the assessment of the Drayton South proposal and its impact on Darley and Coolmore and the wider thoroughbred industry. However, it is difficult to make an objective analysis of the problem unless the wider considerations I have discussed previously are examined. The Hunter Valley coal industry is still productive, meeting its export quotas and domestic energy requirements and its annual export tonnage ex Newcastle has risen exponentially each year for the last ten years. However we are now at five minutes to midnight in terms of the far reaching impacts of any further expansion and I respectfully ask that the Commissioners also consider the global position on coal – that both the developed and developing world is becoming increasingly cautious about fossil fuel use and the carbon footprint that it leaves. You may say that has little relevance in this context but I say it is an important consideration because it brings into question the future – the next fifty years.

In my presentation last year, I stated that the thoroughbred industry in the Hunter Valley is absolutely pivotal to Australia's national racing industry. It is fully sustainable and is revered around the world as a producer of high class thoroughbreds that race competitively across the globe. Collectively it is a massive employer and importantly it is fully sustainable and completely capable of generational change. We maintain and echo the Government's own statements that thoroughbreds, the wine industry, agriculture and tourism should be encouraged and protected as viable

alternatives to mining in order to safeguard the future for employment and wealth creation in the Hunter region. If the coal mining industry is allowed to expand without boundaries or protection zones, their footprints will come to an end in about thirty years. However in thirty years those alternative industries will be so impacted and will have effectively disappeared.

In closing, while it is important for this Commission to study objectively the immediate criteria as presented by Anglo American and the thoroughbred industry, it is equally important that the Commission understands the wider implications of this mine. The approval of an open cut mining operation less than one kilometre from the two biggest stud operators in the Hunter Valley is sending our industry a signal that we are expendable. That economic diversity is not important. It sends the message that we are governing for the short term and not planning for the future, not concerned about the next generation and that transition to viable and sustainable alternative industries. They use the word coexistence without having any real understanding of what that means in the context of the Upper Hunter. The idea of co-existence cannot and should not be used to try to explain away fundamentally incompatible neighbouring land uses.

The Government must respect the decisions of previous PACs when they stated that thoroughbred horse breeding and open cut coal mining are incompatible land uses – they cannot coexist in close proximity.

I thank you for the opportunity to speak on behalf of Darley but, more importantly, the wider Hunter thoroughbred community.