

NARROMINE SHIRE COUNCIL

ABN 99 352 328 405

"Times Change... Values Don't"



File No. 08.010

19 December 2011

The Department of Planning & Infrastructure
GPO Box 39
SYDNEY NSW 2001

Dear Sir/Madam,

**RE: Submission in response to the EA on the proposed Tomingley Gold Mine
(Major Project Application Number PA 09_0155)**

Thank you for the opportunity to table this Submission on the proposed Tomingley Gold Mine.

Narromine Shire Council, as the host council, believes the proposal has merit however our ultimate support is contingent upon prior agreement being reached between the proponent, Alkane Resources, and Council on two key issues, as outlined below:

- a) That the Proponent makes a fair and equitable financial contribution to Council, reflective of the impacts of the development on local infrastructure and services; and
- b) That the safeguards to be included in any planning consent are sufficiently comprehensive and robust to protect the residents and local community of the village of Tomingley from any adverse environmental, social and economic impacts.

The Submission now elaborates on these matters.

A. Council's Road Infrastructure

In general terms, Council requires the Proponent to meet all additional costs associated with local roads impacted by the project.

Such costs include road infrastructure upgrades and ongoing repairs and maintenance for the duration of the project. Thus Council requires an agreement with Alkane Resources regarding the detailed terms and conditions regarding road infrastructure matters before any planning consent is issued.

The Proponent plans to upgrade 1.6 km of the Tomingley West Road and build a substantial intersection with the new main site access road. This intersection is to be constructed as per Part 4 of Austroads (2009) standard and sealed.

Council understands that Alkane Resources proposes to pay for and undertake upgrading works to the 1.6 km of Tomingley West Road as follows:

1. Geotechnical investigations into the current pavement depths, materials and subgrade conditions and determine if pavement modification or strengthening is required;
2. Pavement modifications or strengthening works so required;
3. Construction of a sealed road with two lanes each at least 3 m in width;
4. Installation of line marking;
5. Installation of road guide posts;
6. Installation of more guide posts on the Gundong Creek culvert crossing; and
7. Placement of "narrow bridge" signs on the approaches to the Gundong Creek culvert crossing.

Council supports items listed 1 to 5 above, however Council requires an upgrade of the culvert on Gundong Creek such that it provides for two lanes, each with sufficient width to allow heavy vehicles carrying oversized equipment to pass safely. The present culvert was not designed to accommodate large numbers of heavy vehicles. Also, the culvert is close to the intersection with Narromine Road, thus there is limited sight distance turning onto Tomingley West Road from Narromine Road. Both matters are safety concerns that necessitate the culvert upgrade.

Council also seeks to reach an agreement with the Proponent whereby the Proponent pays for the ongoing damage repair and maintenance costs of this 1.6 km section of Tomingley West Road for the duration of the project.

Furthermore, Council also wishes to reach an agreement with the Proponent regarding:

- a) The adequacy to both parties of the intersection with the Tomingley-Narromine Rd (Main Rd 89). If it is not deemed satisfactory to both parties then it will be necessary to determine what alterations are required. The Proponent would be required to pay for any upgrade works together with ongoing repairs and maintenance for the life of the project. Council needs to be satisfied that the intersection subgrade and pavement surface is sufficiently robust to withstand sharply turning heavy and oversize trucks; and
- b) Financial contributions to other roads consistent with usage generated by the project.

B. Water Resources Management

Council notes that the Proponent plans to fund and construct a water pipeline from the "Woodlands" property, seven km east of Narromine to the project site, in a corridor 46 km long and 5 m wide within road and rail reserves. Council understands that the water source will be groundwater (accessing up to 1,000 ML per annum - 878 ML/yr for processing, 60ML/yr for dust suppression (p 2-57) and 1.2 ML pa for potable use (p 4-70)).

Council also notes that the NSW Government has agreed to provide financial assistance for a proportion of the water and infrastructure costs for the project, budgeted at \$9.7 M. (We understand that the Government funds will assist in upgrading electricity supply to the mine site, comprising construction of a 66kV electricity transmission line from the Peak Hill Substation and transformer at the mine substation and construction of a 22kV electricity distribution line of 950 metres to the water bore on "Woodlands"). We seek further details of this arrangement to understand how NSW taxpayers' dollars are being allocated, and the implications that may have for Council - Alkane Resources negotiations.

Council notes that the Proponent commits in the EA to 'make available' surplus water for Tomingley village for domestic purposes during the life of the project (p 4-217), and after mine closure the pipeline will remain and be 'potentially available for other developments' (p 2-10). Council understands from a meeting with Alkane Resources on the 15th December 2011 that the surplus water and the pipeline post closure would be donated free of charge to Council. Whilst Council appreciates the Proponent's offers in this regard, Council also needs to consider:

- a) How water from the pipeline would be reticulated throughout Tomingley and how it would be treated and at what cost; and
- b) What condition the pipeline will be in at the end of mining life; what the ongoing repair and maintenance and any upgrade costs may be. In essence Council needs to determine its policy position on the matter.

Because of the open cuts, the lateral extent of the groundwater drawdown cone is predicted to be between 2.3 km and 5.6 km– depending on the geology (p 4-86). Council requires confirmation from the Proponent that there will be no reduction in the yield or quality from Council's groundwater bores in the Gundong Creek Alluvium. To this end, Council requires that there be a consent condition that stipulates that Council's water supply on Quondong Creek will not be compromised by the mine and if it is then "make good" provisions will apply at no cost to Council.

Figure 2.1 shows the Eastern Surface Water Diversion Structure appearing to catch and transfer water from a large catchment area to a discharge point adjacent to the

Newell Highway. Council seeks advice as to the discharge arrangements for this water and its possible impact on the Newell Highway (eg culvert capacity, flow paths, etc)

C. Financial Contributions to Narromine Shire Council

As the sphere of government directly responsible for, and engaged in the day to day governance of the Narromine and adjoining communities, the issues confronting Council are significant, complex and diverse.

Whether it be roads and bridges, water and sewerage systems, waste, community buildings or recreation facilities, the availability and quality of this infrastructure impacts on the standard of living and economic prosperity of our citizens and ratepayers.

Infrastructure provision, housing affordability, workforce skills and recruitment, social and cultural cohesion, environmental protection, supply of essential services, public order and safety, town planning and amenity, increased administration, managing and maintaining industry relationships, and participation in legislative processes are some of the key challenges confronting Council as it seeks to balance the benefits of resource industry activity with community wellbeing and long term sustainability.

Generally speaking, the infrastructure funding needs of resource regions throughout Australia far surpasses the funding that mining companies have contributed to date.

Narromine Shire Council is keen to avoid making that mistake and wishes to ensure it derives direct and appropriate financial benefit from the proposed Tomingley Gold Mine, consistent with its needs to provide the social and hard infrastructure required to support the mining activities.

Council understands that the socio-economic features of the proposed gold mine as outlined in the EA are as follows:

- Production of 50,000 to 60,000 ounces of gold a year from **three of the four** gold deposits on the site, equating to approximately \$100 Mil pa in revenue;
- Securing over 660,000 ounces of gold (from **three of the four** deposits) worth approximately \$1.15 Bil at current prices (note the amount of gold in Caloma 2 has not been quantified and included in the abovementioned gold reserves);
- A capital cost of \$65.6 million – however it is noted on the Alkane Resources website in a Corporate Presentation dated November 2011 that the capital cost of the Tomingley gold mine is now estimated to be more than **A\$90 million**, which comprises a CIL plant (A\$43 million), infrastructure (A\$22.6 million) and owners costs of A\$23 million.
- 100 jobs during construction and 85- 90 jobs during operations (half contractors and half Alkane employees p 2-59);
- In Year Two the employment numbers will peak at 125;
- Wages and salaries to staff and contractors: \$13 Mil pa (\$95 Mil total);

- Payments to local service providers: \$15.4 Mil pa (\$112 Mil total);
- NSW Government royalties: \$1.8 Mil pa (\$13.4 Mil total); and
- State and national services and providers: \$18.5 mil (\$134.4 Mil total).

Council seeks clarification on the following matters:

- a) What is the total amount of gold to be extracted, including the Caloma 2 reserve?
- b) Does the \$90 Mil capex include development of the Caloma 2 reserve? If not, what is the capex when Caloma 2 is included?
- c) Given the amount of gold to be extracted from Caloma 2 is not declared in the EA, do the impact assessment predictions for the project address the development of three or four gold deposits (eg overburden placement, tailings volumes, noise, dust and visual impacts, etc)?

On page 2-59 of the EA it states that the 'Council rates and community contribution' to be provided by Alkane Resources will amount to \$35K pa and \$254K over the life of the mine. Council believes this financial contribution offer by the Proponent is unreasonably low. It believes a more appropriate and equitable figure is at least 1% of the \$90 - 100 Mil capital cost, namely about \$1 Mil over the life of the project. Such an amount is more in line with current state planning policies and precedents. In addition, a mining rate will be applied to the mine site land at Tomingley.

Council seeks therefore to establish a Planning Agreement with Alkane Resources whereby:

- a) Financial contributions are agreed for the upgrading, repair and maintenance of various roads and intersections for the life of the mine;
- b) Financial and technical arrangements are determined regarding the water pipeline during and after mining operations, for water that might be taken from the pipeline for use by Tomingley residents and the treatment and reticulation of this water supply for the town;
- c) Appropriate waste management strategies and fees are determined for the various types and volumes of waste generated by the mine, together with the wastes generated by Tomingley residents, such that the town may receive an improved waste management service; and
- d) Financial contributions for general community enhancement to address social amenity and community infrastructure requirements arising from the project.

Agreed contributions are to be as per March 2012 and are to be CPI indexed each year.

D. Management of Potential Adverse Impacts on the Residents of Tomingley Village

In evaluating the EA Council is concerned that the residents of Tomingley will be exposed to potential impacts that will compromise their quality of life. We urge the Office of Environment & Heritage and the other planning and regulatory authorities to be vigilant in their examination of the EA to ensure there are no adverse impacts beyond compliance limits. To this end Council is concerned about the following:

a) Noise & Blasting Impacts

With the mine operating 24/7, the predicted noise exceedances are:

- First 3 months: three houses (daytime);
- At 15 months: up to 8 houses affected during calm winter nights (inversions);
- At 24 months: up to 18 houses affected during calm winter nights (inversions) (p 4-49); and
- At 48 months: One house affected during calm winter nights inversions.

Furthermore, night time noise is expected to be problematic especially during temperature inversions (p 6-26).

Council is concerned to ensure that the onus is not unfairly placed on aggrieved residents to negotiate noise mitigating controls, for instance air conditioning, double glazing or noise retarding fencing.

Blasting will occur 9am-5pm six days per week, with the closest residence to blasting sites being some 700 m away (p 4-185). Council seeks to have this distance reassessed as it appears from the diagrams that Residence No 3 in Tomingley is only 500 m from the Caloma 1 Pit. There will be ground and air vibration from blasting and there is a risk (albeit slight) of structural damage to buildings and subsidence of land in the village due to the collapse of historic mine workings under the village. Council requires the inclusion of a consent condition that protects residents and landowners in the event of subsidence and structural damage to buildings and other infrastructure, together with 'make good' provisions.

Council believes noise compliance will be difficult because the proposed measures rely in part on daily management of the use of plant and equipment, with adjustments required especially for night-time operations. Such a measure is considered likely to pose major logistical challenges and we seek demanding consent conditions applied to protect our citizens and ratepayers from noise and blasting impacts.

b) Dust Impacts

Whilst the EA states there will be minimal increase in dust levels (p 4-181) with exceedances at up to six houses one day every 3-4 years (p 6-28), Council is concerned however that, given the close proximity of the mine to the village, there is likely to be some increase in dust on occasions, and that the amount will vary depending on the seasons/weather conditions and the stage of operations of the mine. Council requires consent conditions to be applied that are rigorous enough to protect citizens and ratepayers from dust nuisance and amenity impacts.

c) Visual Impacts

Waste rock (spoil) emplacements numbered 2 (west of the highway) and 3 (east of the highway) will abut the southern edge of Tomingley village. They will be built to a maximum height of 40 m, with a 15 m acoustic and visual bund on the northern edge of the stockpiles. This vista represents a dramatically different one compared to the current landscape (see Figure 4.34).

Clearly the post-mining visual profile from the town looking south will be significantly different. Night time lighting from the mine during its lifetime will also be evident. Robust consent condition safeguards are required to prevent excessive illumination.

d) Water Impacts

Given that gold processing activities will occur at the site, Council seeks the issuance of comprehensive and robust water quality safeguards to mitigate the risk of pollution of groundwater and/or surface water due to the leaching of cyanide contaminants from the slurry stockpile and acid mine drainage from waste rock. We also wish to ensure that birds and animals are protected from cyanide-contaminated water.

The EA states there are no registered users of groundwater from deep fractured rock aquifers within 10 km of the mine (p 4-89). Council wishes this statement to be verified by the state water authorities to ensure that no farmer's bores will be adversely affected by the water drawdown cone in the fractured rock that, according to the EA, extends from 2.3 km to 5.6 km.

E. Planning Agreement

As mentioned, Council requires a Planning Agreement with the Proponent whereby the matters mentioned above are addressed. The Planning Agreement shall also contain the following elements:

- a) The Agreement is strictly limited to the scope and intent of the proposal as outlined in the current EA. Council reserves the right to modify and amend the Agreement in the event of any change in the scope or intent of the project or there is any subsequent expansion or modification of operations;
- b) The Agreement will be subject to amendment when the gold resources in Caloma 2 are fully defined and quantified; and
- c) Council reserves the right to modify and amend the Agreement in the event of any change in ownership of the Company.

F. Transparency in Department of Planning & Infrastructure Deliberations

Council seeks close co-operation and dialogue with the Department as it deliberates on the mine proposal. To this end we request:

- a) A meeting with the Department to discuss this Submission during its evaluation of the EA and other submissions;
- b) Receiving a copy of the Proponent's response to all submissions; and
- c) Receiving a copy of any draft consent conditions at the same time that they might be forwarded to the Proponent for comment.

These steps are important to Council as we wish to be kept fully informed and engaged in the planning decision process.

G. Conclusion

In conclusion, Narromine Shire Council has carefully examined the contents of the 1,500 page EA for the proposed Tomingley Gold Mine. As the host council we believe the proposal has merit however our ultimate support is contingent upon prior agreement being reached between the proponent, Alkane Resources, and Council on two key issues.

These issues are:

- That Council seeks a fair and equitable financial contribution from Alkane Resources, consistent with Council's needs to provide the social and hard infrastructure required to support the mining activities. Council believes a figure of more than 1% of the capital cost is fair and reasonable, namely over \$1 Mil. Such a percentage is consistent with current state planning policy principles and precedents. Matters where an appropriate financial contribution is sought includes roads, water, waste, social amenity and community infrastructure. Land rates at the applicable mining rate will also be applied in addition to the contribution; and
- That the safeguards to be included in any planning consent are sufficiently comprehensive and robust to protect the residents and local community of the village of Tomingley from adverse environmental, social and economic impacts including noise, vibration, subsidence, dust, water impacts and visual impacts.

We thank you for your willingness to understand and appreciate the matters raised and we look forward to the incorporation of appropriate consent conditions being included in any planning approval such that interests of Narromine Shire Council and its citizens and ratepayers are adequately protected and enhanced.

If you have any queries regarding the abovementioned matters please don't hesitate to contact Mr Greg Lamont, General Manager on telephone 0428 412 683.

Yours faithfully,



Greg Lamont,
General Manager.



Cr Bill McAnally,
Mayor.