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Department of Planning & Infrastructure
Major Projects – Mining & Industry
GPO Box 39
SYDNEY 2001

Attention Stephen O'Donoghue

Dear Sir / Madam

COUNCIL SUBMISSION TO COBBORA COAL MINE PROJECT (10 0001)

I refer to the above Project and the exhibition of the Environmental Assessment. Council considered at report in relation to the exhibition of the Environmental Assessment on the 7 November 2012 and resolved to raise the following concerns in relation to the project. Council's submission is based on the following areas of concern:

- Transport and Traffic;
- Rail Transport;
- Rail Crossing Safety;
- Rail Noise;
- Noise and Vibration;
- Social and Economic Impact; and
- Ground and Surface Water

Transport and Traffic – the EA states that the mining and infrastructure areas of the project will be sited in the northern parts of the PAA and therefore access will generally be via a new road from the Golden Highway. A number of roads have been identified for upgrading, modification, closure and / or realignment, most of which are outside of Mid-Western's control (see Figure 3.12). However, the EA states that the southern access to the site will be for light vehicle traffic only and will be maintained via the existing Spring Ridge Road and Laheys Creek Road.

Council Comment – a review of the Transport and Traffic assessment was carried out by Council's Roads Engineer and has highlighted a number of inadequacies with the report. The philosophy and assumption adopted by the consultants that there are already mining labour shortages for the expansion of the mines at Ulan, Wilpinjong and Moolarben and therefore there will be lower proportions of work related travel from Gulgong and Mudgee is flawed, because many of the companies that service the mines are already located in this area. These service industries are

highly unlikely to relocate to Dubbo to service the Cobbora mine as it would take them further away from the existing established mines clustered at Ulan but also the proposed new mines for the Bylong area. Further, it is also likely that some people who already work in the mining industry and live in Gulgong or Mudgee and now travel to Ulan will gain positions at the new mine and change their travel pattern.

The consultants have severely underestimated the volume of traffic (both light and heavy) that will be travelling from the Mudgee/Gulgong area access the site via the southern route which means that adverse impacts to the network have not been adequately addressed. Council previously requested that travel distances and measures that would be implemented to address OHS issues in relation to those distances and the conditions of the routes should be addressed in the EA, this has not been dealt with adequately in terms of the southern route due to assumptions mentioned above. Further, the assessment of the condition of the road network that comprises the southern route is not considered satisfactory and it is considered that the previously requested detailed strategy for the upgrading and maintenance of the infrastructure and in particular Spring Ridge Road is still required.

Further, the report states that truck deliveries would not use the Laheys Creek / Spring Ridge Road route, suggesting that all heavy vehicles will be diverted via Dunedoo. This is another flawed assumption because provided the truck / delivery vehicle is legal then there is an entitlement for that vehicle to use any part of a road network that does not carry a weight restriction, eg a bridge loading. The Laheys Creek / Spring Ridge Road route is not encumbered by weight restrictions and therefore truck traffic would be able to legally use this route. The proposal to control heavy traffic on Laheys Creek Road "by signage will be prohibited from using this route to the mine" Any suggestion that the mines will police this by signage is unrealistic and truck traffic is not going to go out of their way to make deliveries when there is perfectly reasonable alternate route that is shorter and therefore this shorter route needs to be upgraded to accommodate the anticipated increase in traffic volumes and loads. This needs to be acknowledged and appropriate mitigation / remediation measures proposed to upgrade the affected roads, including the unsealed sections of the road network as increased volumes have significant impacts on the deterioration rates of such roads which requires maintenance grading to be carried more frequently. Council maintains that the impact on the road network from Gulgong / Mudgee is still inadequate, and does not take into account the activity of mining related industries that are already located in this region that are likely to service the Cobbora mine.

Council also questions the contention that the use of bus transport and car pooling will be encouraged. The EA states the 210 construction commuting workers would equate to 133 car trips each way daily – there is an embedded assumption that there will be more than one person per vehicle for the majority of the work force, this is a flawed assumption. It is Council's experience that this has generally not been adopted by the workers for the Ulan cluster of mines, with the minimal car pooling that does occur having little or no noticeable reduction of the ever increasing volume of traffic using Ulan Road from Mudgee and to a lesser extent Cope Road from Gulgong.

In addition, Council queries the notion that construction will only be carried out by a program of 12 hour shifts from 6.am to 6pm because based on past experience with the mining cluster at Ulan – construction usually has a 24 hour construction phase even if only for part of the construction period. 24 hour construction will increase adverse affects, particularly road noise and other road impacts and should be addressed in the assessment of the project.

Council raises concerns that the traffic assessment included in the EA is misleading and inadequate. Council considers that the reliance on signage to control traffic movement is unlawful and unrealistic and cannot be enforced. Council demands that both Laheys Creek Road and Spring Ridge Road be ungraded to a 10 metre wide formation with a 8 metre sealed prior to the commence of any construction work on site. In addition, Council requires that

that a dilapidation report and a structural assessment be undertaken of both roads and to determine the upgrade required to enable both road to cope with heavy traffic movements.

Rail transport – the EA states that it is proposed to construct a new rail spur line from the Gulgong-Dunedoo rail line at Tallawang, a length of 28 km including a balloon loop. The spur line will pass through a rural area containing a number of rural residences. No rail crossings will be required on either public or private land with the line being built in a cutting under the Castlereagh Highway with a bridge over Laheys Creek Road.

The existing rail line (ARTC controlled) Tallawang to Ulan has a length of 45 km with the rest of the route following the Ulan to Newcastle rail line through Sandy Hollow. ARTC plan to improve the Ulan-Gulgong-Tallawang line in respect to axle loading with a 30 tonne axle load capacity required for coal haulage. At full production the power station customers will typically require four (4) return train trips a day (eight train movements) seven days per week from the mine. There will also typically be one (1) additional export coal train return trip to the Port of Newcastle each day. About 20% of these trains will deliver coal to the two Hunter Valley power stations (Bayswater & Liddell), with the remainder going to Port of Newcastle or power stations on the Central Coast via the RailCorp Newcastle to Sydney line from Woodville Junction to Eraring and Vales Point.

It has been acknowledged in the report that the capacity of the ARTC rail network for coal transport increases progressively east of Ulan. Three (3) additional passing loops have recently been constructed on the single track Muswellbrook to Ulan providing a total of twelve (12) existing passing loops at approximately 10-12 km intervals. Eight (8) additional passing loops or extension of existing passing loops have been identified on the ARTC Muswellbrook–Ulan line, mainly on the central “Wilpinjong to Mangoola” section.

On the double track sections east of Muswellbrook, additional tracks are being provided on the steeper gradients and on the busier sections near Maitland to improve timetable headway and the route capacity. These and other identified works have been programmed by ARTC to be completed by 2015 and are intended to produce capacity increases on most sections of the Hunter Valley rail network.

Rail Crossing Safety – the EA contains an assessment of level crossing safety, for all existing active and passively protected level crossings has been carried out along the whole of the route adopting the criteria as set out in Level Crossing Assessment Model, ALCAM (Australian Transport Council 2010). The assessment is based against the generic collision risk rate which takes into account daily road and rail traffic volumes, road and rail geometry, visibility constraints and any risk reduction factors such as recent improvements to the crossing. In the Ulan, Gulgong and Tallawang areas, the level crossing with the highest road traffic volume currently is the Station Street crossing in Gulgong. It is stated that the road traffic volume at this crossing is in the range of 1,000 – 3,000 vehicles per day. This volume with the increase in the daily train traffic from 2 to 12 movements daily does not change the collision risk rate for this type of crossing control which is currently active control with flashing lights but no half boom barriers. There are two Ulan area level crossings, both have active control with flashing lights and bells but no half boom barriers, it is stated that the daily traffic volumes are currently in the range of 300-1000 vehicles per day. It is considered that these volumes do not warrant upgrade of these two crossings.

However, the report refers to the major investigation carried out by the NSW Parliament Staysafe Committee in 2009 of the current safety risk and priority for upgrading of all 1,460 level crossings on public roads in NSW. This study produced a priority ranking list of 300 level crossings where the need for upgrades was greatest. Three (3) of the level crossings along the route were included in this list with two being in the Newcastle area and the crossing at Station Street Gulgong being ranked 295.

Rail noise – the report acknowledges that there will be offsite noise impacts at night time to six (6) receptors (residences) that are within 30 m of the railway. The Proponents have committed to a number of mitigation and management measures, including ongoing purchase of properties along spur line or reach amenity agreements with willing landowners if EPA noise criteria are exceeded, use of acoustic barriers at two private owned homes who do not want to sell, undertake noise monitoring and ongoing assessment of mitigation along the route.

Council Comment - it is considered that the report does not include sufficient specific detail regarding the volume of mine related rail traffic from the Ulan cluster of mines, these details should include both all existing movements and any predicted increases in rail traffic from in particular the development of Ulan West and Moolarben Stage 2. Therefore the conclusions drawn in respect to the rail network's capacity to adequately accommodate increased rail traffic from this project cannot be tested. Further, the cumulative impact of the increasing volumes of rail traffic, taking into account the Ulan mine cluster has not been satisfactorily addressed in the EA.

The report does not specify the date or source of the road traffic counts that have been used to assess rail crossing safety. Council questions the volumes particularly for the two crossings on the Cope Road route, ie the one referred in the report as Station Street, Gulgong and the other as 10m west of Ulan Road. The rapid and continual expansion of the three (3) coal mines at Ulan has seen increasing volumes of road traffic not only between Mudgee and the mines along Ulan Road but also between Gulgong and Ulan along the Cope Road.

Council considers that the Station Street crossing **must** be upgraded to include half boom barriers. This is on the basis that it has been identified in the top 300, and it is likely that if an up to date traffic count were undertaken then the road traffic volumes are likely to be more than stated in the report. Further, it is considered that other crossings in the Gulgong vicinity should be similarly re-assessed, particularly the one on Spring Creek Road as there has been a relatively serious accident fortunately not fatal, at this crossing in the last twelve (12) months. A number of traffic counts taken by Council in the general area in early 2011 suggest that road traffic volumes are continue to increase due not only to the expansion of the Gulgong township but also to traffic generated by mining and ancillary / associated industries.

Council previously requested that an assessment be made in terms of impact of rail transport on the township of Gulgong and in particular with regard to emergency vehicles and the standard of rail crossing previously highlighted by Council but not included in the DGRs. The report does not address any of these concerns.

Council considers that the Environmental Assessment fails to recognise the need to upgrade the crossing at Station Street which has been identified as a priority crossing for upgrade. In addition, the EA fails to recognised increases in traffic generated by increased mining activity in the area with a reliance placed on out of date traffic counts leading to an inadequate assessment of the upgrades required at other crossing including Spring Creek Road. Council demands that the crossing at Station Street Gulgong be upgraded to comply with a barrier standard that includes half boom barriers and that the other crossing be reassessed and upgraded.

Noise and vibration - the modelling adopted for the assessment of noise generated during construction and operation of the mine including rail and road traffic would appear to meet DGRs. However, this is a very technical field that should be independently reviewed by experts to ensure that the conclusions drawn, particularly in terms of potential for impact on receptors are reasonable.

Council Comment – as previously raised on a number of occasions Council considers that the existing Industrial Noise Policy needs to be reviewed as it is inappropriate for rural areas where background noise levels are significantly lower than the 35dBa threshold. Industrial noise therefore has much greater impacts on rural residences who are not use to living with noise at these levels.

Council again requests that the above Policy be reviewed with a view to more accurately recording and reflecting background noise in rural areas with these being set as the threshold levels.

Council considers that the potential impact of noise is underestimated due to the application of the flawed Industrial Noise Policy.

Social and Economic – the Economic Assessment has been carried out by Gillespie Economics and the while the Social Assessment was undertaken by officers attached to the main consultancy. The Economic Assessment states that the project is estimated to have net benefits to Australia of between \$1,946M and \$2,138M and is therefore desirable and justified. It is also stated that costs and benefits may be distributed among a number of different stakeholder groups at the local, State and National level and include CHC shareholders; Commonwealth Government (various taxes); the NSW Government via royalties (estimated at \$407m or \$158M present value at 7% discount rate) to fund infrastructure and services across the State, including the local region; coal fired power generators and NSW electricity consumers through provision of lower cost electricity and local community in form of voluntary contributions. The Social Assessment estimates that only 10% (scenario 1) or 30% (scenario 2) of the operational workforce will be expected to come from the Mid-Western Regional LGA. It also states that workers who are re-locating with have a preference for larger centres, will a clear leaning towards Dubbo.

Council Comment – the social and economic assessments have been reviewed by Council's Economic Development Officer and found to be inadequate in a number of ways. Council does not accept the benefits and costs of the Project as identified in Table 2.3. This table does not include potential social and cultural costs which have an important impact at a local level. The note below the table indicates that costs will be mitigated, however there is insufficient evidence in the report to show how mitigation will reduce the costs to insignificant as is claimed.

Council has concerns that a number of social and cultural costs have not been adequately addressed in the report. This ranges from population growth which relies upon out of date data and where local services and facilities are not sufficiently upgraded to cope (particularly health, education and childcare services); labour skill shortages in both Dubbo and Mid-Western LGAs as both are close to or at full employment (if the local labour force is to provide up to 70% of the operational workforce, then this will impact on non-mining related business); impact on other industries (particularly agricultural and tourist oriented industries) through competition for scarce resources and visual impacts and finally loss of identity as a clean agricultural region. Council considers that an analysis of the costs and benefits should take into account the above concerns, which Council acknowledges may be difficult but that these costs should not be discounted out of hand.

The Social assessment states that only 10% (scenerio1) or 30% (scenario 2) of the operational workforce will be expected to come from the Mid-Western LGA and also states that workers will have a preference to locate in larger centres. The Mid-Western LGA is the second largest centre and it would be expected that more than 10%- 30% of the operational workforce would be sourced from this area because Gulgong is approximately 25km from the Project site which result in considerably shorter travel times for those working 12 hour shifts; a considerable coal industry workforce, including ancillary and service industries are already located in this LGA. Our LGA is 3-4 hours travel from Newcastle and Sydney which is of benefit for those experienced workers from the Hunter region who may choose to leave their families in their established residence, travelling back to visit at the end of a working period.

The report states that the population of the Mid-Western region is expected to remain stable and then decline. Council rejects this information because it is out of date and does not reflect the future growth of the Region accurately. An independent assessment that has recently been undertaken by the NSW Government verified that the population of the Mid-Western LGA will exceed 30,000 by 2020 which represents 30% population growth or an average of 3.75% per annum. Further, the

2011 Census Data also supports this strong population growth, with population growth of 5.1% between Census periods and the Mid-Western LGA is the fastest growing LGA in the Orana Region (Dubbo had growth of 2.5% over the same period).

Council reject suggestion that there will be economic benefits associated with utilising unemployed labour resources. Council considers that these suggestions are flawed because the two largest LGAs in proximity to the Project are at or close to full employment levels. The local labour pool is non-existent and new jobs are likely to be filled by those already participating in the workforce putting considerable pressure on non-mining business in the region who cannot compete with mine wages.

Council disagrees with the distribution of benefits as the majority of coal mining royalties will be retained by the State with a very small percentage if any flowing to the local community. Council considers that the local cost / benefits analysis should be expressed as a percentage of the total costs and benefits such that it is clear what percentage of the estimated \$2,206M benefit will flow to the local community and what percentage of the \$249M in costs will be local. Council's reading of the report would suggest that local costs would appear to be close to 100% of the total, yet it receives only a small part percentage of benefits.

Council considers that the EA fails to identify the full social and economic impact on the Mid-Western Local Government Area or take into account the cumulative impact of mining. The EA fails to recognise the existing level of housing stress and access to medical and child care services being experienced in Mudgee and Gulgong and therefore does not identify measures to address these issues.

Project Justification – part of the Project justification is based on the arrangements that CHC has with Macquarie Generation, Origin Energy and Delta Energy to supply coal for a 17 year contract period and that these contracts will supply about 33% of all the coal used for electricity generation in NSW. It is also stated that coal from Cobbora will be used for four (4) of the seven (7) large coal-fired power stations operating in NSW.

Council Comment – Council notes that on 3 July 2012 Delta announced the closure of Munmorah Power Station which is located in the Central Coast and forms one of the four identified in the report. The closure is as a result of decreasing energy demand in NSW which has created an excess in supply and Munmorah's place in the market place has been overtaken by newer and more efficient generators and alternative electricity sources. This surely puts into question the ongoing viability of the Project which is one of the concerns that Council has previously raised with this matter not being adequately addressed in the EA.

Council considers that there is adequate justification of the project in light of the numerous and unmitigated adverse impact on the environment and communities of the Mid- Western Local Government Area.

Voluntary Planning Agreement - the Statement of Commitments indicates that the Proponent will negotiate with the four councils (the three that are directly impacted by the PAA and the Upper Hunter due to rail transport impacts) to provide in kind and monetary to mitigate potential social effects of the Project.

Council comment – Council considers that it will be at a disadvantage when trying to negotiate an appropriate VPA for this area due to the flawed assumptions and conclusions that have been drawn in terms of the potential impacts of the Project on this area. The established model for negotiating VPAs is based on the agreed impact to infrastructure, which in this case has been estimated by the EA to be zero or minimal and a formula based on workforce numbers in terms of community contributions which has been estimated to be 10% for our area. Council disputes these figures and seeks an assurance from CHC that it will enter into meaningful negotiations in terms of

infrastructure upgrades and that community contributions will be based on a census of those employees who lived in LGA.

Water Matters - As discussed previously in this report the Environmental Assessment is incomplete in relation to water. This has been acknowledged on at least two occasions by the DoPI. Whilst Council is relying on the DoPI's undertaking that the Council's consultants will have an opportunity to review the relevant data when it is available this same opportunity is not provided to the general community or other relevant stakeholder. A copy of the relevant letter from the DoPI is attached for your consideration. Council considered that proceeding to exhibition with an incomplete EA is contrary to the object of the Environmental Planning and Assessment Act. In response to Council concerns regarding the potential impact on water availability and licensing Council arranged to meet with Mr David Harris, the Chief Executive Officer of NSW Office of Water, on 7 November 2012. Mr Harris cancelled his attendance at this meeting at the 5 November 2012 making it impossible for Council to gain further information prior to the close of the submission period.

Council has numerous concerns in relation to water issues, including ground and surface water, and considers that the EA is incomplete. On this basis it is considered that the community consultation is inadequate, limiting the transparency of the process and contradicts the objects of the Environmental Planning and Assessment Act namely to provide increased opportunity for public involvement and participation in environmental planning and assessment.

Financial Implications - It is acknowledged that mining contributes to the economy of a region, however there are also pressures placed on public and private resources of the community. Some of these costs can be directly attributed to the activity of the mining industry. The mines should not only acknowledge this but should also take on board that they have a responsibility to local communities to assist in mitigating those costs.

Currently there would seem to be an imbalance with Council and the local community bearing a disproportionate level of the burden created by mining activity in our region which will be further exacerbated by the Cobbora project. This includes the direct costs to upgrading infrastructure and indirect costs such as upward pressure on housing costs and impacts on the local health system.

Council considers that the Cobbora Coal Project EA fails to adequately identify the true cost of the development to the local community. Council demands that the EA be reviewed to honestly assess the impacts and that infrastructure upgrade be required prior to the commencement of any construction work.

Generally it has been the case that mining applications and the determination of those applications have not adequately addressed the cumulative impacts that mining is having across the region, including impacts on other existing industries and long established uses, particularly agricultural pursuits and tourism as well as the cumulative impacts on the towns and villages. The EA for the Cobbora project also fails to adequately address these concerns and issues.

Council considers that the cumulative impacts have reached such a level that requires careful consideration and management through the development of a Regional Strategic Plan for our area and the placement of an Officer from Office of Environment & Heritage on a permanent basis in the region.

Should you have any queries in relation to this matter please contact Catherine Van Laeren or myself on 6378 2850.

Yours faithfully



CATHERINE VAN LAEREN
GROUP MANAGER PLANNING AND DEVELOPMENT



Mr Warwick Bennett
General Manager
Mid-Western Regional Council
PO Box 156
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12/18046

Dear Mr Bennett

Warwick

I refer to your email dated 17 October 2012 regarding the review of the surface and groundwater assessments for the Cobbora Coal Project.

At our meeting on 16 October 2012, we indicated that the Department was satisfied that the water assessment in the Environmental Assessment of the project was adequate for public exhibition. However, we also indicated that the Department had sought independent expert advice on the potential water impacts of the project, and asked the Cobbora Holding Company (CHC) to provide a range of additional information to address some of the concerns raised by both these and Council's experts.

The CHC has subsequently advised the Department that it is carrying out additional surface water and groundwater modelling, and intends to submit supplementary water reports with its formal response to submissions (RTS) report, which should be in mid-December.

I therefore suggest that you defer your detailed assessment of the potential water impacts of the project until this information is available, and can assure you that the Department will give you sufficient time to review and comment on the supplementary water reports, and provide any comments you may have on these reports to the Planning Assessment Commission for consideration in its independent review of the merits of the project.

In the meantime, however, I would appreciate it if you provide a formal submission on any other concerns Council may have with the project by 16 November 2012.

Yours sincerely


Richard Pearson
Deputy Director-General
Development Assessment & Systems Performance

9/11/12