

Coonabarabran:

20-22 John Street  
Coonabarabran NSW 2357

PO Box 191  
Coonabarabran NSW 2357

ABN: 63 348 671 239



Calls from within Shire  
1300 795 099

Calls from outside Shire area  
Coonabarabran:  
02 6849 2000

Coolah: 02 6378 5000

Fax: 02 6842 1337

Email:  
[info@warrumbungle.nsw.gov.au](mailto:info@warrumbungle.nsw.gov.au)

---

Coonabarabran - Coolah - Dunedoo - Baradine - Binnaway - Mendooran

---

Please address all mail to:  
The General Manager

Please refer enquiries to: **Steve Loane**

6 March 2013

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

***Application Number 10\_0001***

Dear Sir/Madam,

**Re: Cobbora Coal Project: Council's Reply to CHC's 'Response to EA Submissions' Document**

Thank you for the opportunity to comment on the Proponent's 'Response to EA Submissions' document.

**1. Introduction and Rationale for Council's Position**

As you are aware the project will be located in the Warrumbungle LGA and as the sphere of government directly responsible for the day to day governance of this community, there are several matters pertaining to this Project confronting Warrumbungle Shire Council ('Council') that are significant.

The Warrumbungle LGA contains 10,330 people spread over a relatively large land area of 12,380 km<sup>2</sup>. That represents a population density of only 0.8 persons/km<sup>2</sup>. In comparison, Sydney has a population density of 380 persons/km<sup>2</sup>.

For Council this means there are far fewer people to help service the required hard and soft infrastructure needs of the community. For instance, Council has approximately 1,700 km of unsealed roads and 1,000 km of sealed roads to repair and maintain. Furthermore, approximately 9% of the population is Indigenous with this group having a very high unemployment rate of 29%. The overall unemployment rate in the LGA is also relatively high at 6.7%. The Warrumbungle LGA is clearly at a socio-economic disadvantage.

In addition, the LGA is suffering, both now and into the future because CHC has bought up 33,000 ha of land formerly owned by 68 farming families (overall 90 farms involved), most of whom have left the district. That represents a very significant loss of agricultural production worth many millions of dollars. This wealth used to flow to the local service industries and they are now experiencing economic hardship with one rural supplies business alone losing \$100K turnover from just one client due to the buyout and closure of a significant piggery. Council maintains that any CHC land lease arrangements will generate much lower productivity and fewer dollars into the local community. Dunedoo has been financially crippled by the loss of these farming families and with the mine likely to be delayed there is no replacement of this revenue.

Against this backdrop, Council wishes to see the Proponent engage co-operatively with Council to achieve a Voluntary Planning Agreement that delivers acceptable environmental and socio-economic outcomes, mindful of the LGA's social inequity.

To elaborate, Council seeks an equitable distribution of resources and opportunities that gives clear recognition to the LGA's socio-economic disadvantaged nature and the fact that the mine will be physically situated within Council's LGA. Council is concerned to see that cost impacts are properly mitigated and there is absolutely no imposition of economic, social or environmental cost transfers to Council, its ratepayers or residents.

Hence, Council seeks commitments from CHC that the following matters will be addressed to its satisfaction:

1. The funding to upgrading of Dunedoo water and sewerage systems and other infrastructure works;
2. Annual financial contributions during the life of the project for community projects, road repair and maintenance and to compensate for Council project-related costs; and
3. Employment benefits for the residents of Warrumbungle LGA.

These matters are addressed below.

## **2. Infrastructure Funding**

Council seeks confirmation from the Proponent that it will provide the following funds for infrastructure upgrading:

- Dunedoo Water Supply: \$ 400K (is 50% of the total cost) - to increase system capacity to meet the increased population resulting from the mine;
- Dunedoo Sewerage Treatment Plant: \$3 Mil (is 50% of the total cost) - to increase system capacity to meet the increased population resulting from the mine;
- Dunedoo Wide Load Bypass: \$500 K - to redirect slow moving wide loads away from the town's business centre to avoid the safety hazard of mixing with smaller sized business traffic; and
- Fund the ongoing monitoring of traffic on Cobbora Road between the Golden Highway and Mendooran Road to determine whether traffic usage warrants, in Council's opinion, upgrade works. If so warranted the Proponent agrees to fund such works.

In the event that Project commencement is delayed, as seems likely, Council seeks the payments listed above be made in the FY 2013-14 to allow sufficient time for planning and implementation before impacts are experienced.

### 3. Workforce Predictions

In its EA Submission Council expressed concerns about the accuracy of the workforce modelling studies. As a result of the questionable assessment, we indicated there is limited value in the subsequent impact predictions regarding traffic, roads, accommodation and housing.

Council's concerns remain about the EA workforce modelling and it does not believe that it is sufficiently robust to confidently predict:

- a) The sources of the construction and operations staff;
- b) The spread of employed locals across the four LGAs and hence the traffic movements, accommodation needs, etc.;
- c) The labour capacity in Mid Western Regional Council (MWRC) to provide workers given the demand from current and other new major projects within its jurisdiction; and
- d) The labour capacity in Dubbo given it, like MWRC, is at or close to full employment yet there are other major projects on the horizon.

The Proponent's 'Response to EA Submissions' effectively concurs with Council's observations about the doubtful value of the modelling by acknowledging on page 306 ***"Due to inherent uncertainties in making long term forecasts of population growth and its precise distribution CHC sees no benefit in any further workforce modeling at this time"***.

The 'Response' document on page 296 elaborates on this point where it states:

*"It is important to note that forecasts of this type are complex and dependent on a wide range of variables that will change over the life of the Project. The key variables include the rate and timing of the development of the Project and all the others that are scheduled to occur concurrently. In turn, these factors depend on world economic conditions, particularly the demand for energy and climate change policy over the coming quarter century. Various national economic and social factors, such as GDP growth and immigration rates, are also relevant. Locally, many other factors will have an influence, particularly the cost and availability of housing and other facilities, and any major improvements in regional transport infrastructure. **Given this complexity, it would be possible to produce a very wide range of workforce distribution estimates"**.*

Council also notes that the EA predicts that with 'effective training programs' 65% of the operations workforce will be locally sourced by 2020 with 70% by 2027.

**However, without effective training programs only 20% of mine employees will be locals. If no additional training occurs, the worker shortfall is predicted to be 46 in 2015, 344 in 2020 and 465 in 2027.**

This places major importance on the need for the implementation of effective training programs that will deliver a large number of suitably trained workers.

The EA and the subsequently tabled information about the training program does not explain how the proposed TAFE training courses will actually deliver in accordance with CHC's workforce needs and targets.

We urge the Department of Planning & Infrastructure and the Planning Assessment Commission to closely examine this matter and show for the public's benefit the consequences of what is proposed. Council would like to know:

- How what is proposed will actually deliver in accordance with CHC's 70% local workforce needs;
- Details of the commitments and undertakings by the various service providers to deliver stated outcomes; and
- The number of apprenticeships, traineeships and scholarships committed to by CHC for the first 10 years.

The EA workforce model factored in other coal mine proposals in the Ulan, Wollar and Bylong areas.

However there are a significant number of non-coal mining developments, for example wind farms, progressing through the planning system which should definitely be considered in the workforce modelling. These are listed in Table 1 below. These other projects demand large numbers of workers and will also impact on accommodation/housing, roads and traffic and will have consequences for Cobbora as well.

**Table 1: Local Major Non – Coal Projects & Their Workforce Needs**

<b>Project</b>	<b>Construction Workforce</b>	<b>Operations Workforce</b>
Bodangora WF	70 - 100	5
Uungula WF	250	40
Crudine Ridge WF	75	15
Liverpool Range WF	200	20
Wellington Gas Fired PS	>300	10
Young/Wellington Gas Pipeline	60	5
<b>Total</b>	<b>1,000</b>	<b>315</b>

In summary, Cobbora Coal Project requires a construction workforce of 550. The projects listed in Table 1 require a construction workforce of about 1,000, about twice that of Cobbora. We urge the Department of Planning & Infrastructure and the Planning Assessment Commission to address these labour demands when assessing the impacts of Cobbora.

#### **4. The Voluntary Planning Agreement: Annual Financial Contributions during Construction and Operational Phases**

Council seeks a Voluntary Planning Agreement (VPA) with CHC that meets the primary objectives as outlined by DIPNR in 2005, inter alia:

- *To meet the demands created by the development for new infrastructure, amenities and services;*
  - *Securing off-site planning benefits for the wider community so that the development delivers a net community benefit; and*
  - *Compensating for the loss of or damage to a public amenity, service or asset by the development through replacement, substitution, repair or regeneration.*
- (Source: DIP&NR Planning Agreement Practice Note July 2005).

CHC's initial intentions were to base the VPA calculations on an 'employee' model with certain dollars per worker and where they are domiciled. Council is disappointed that there was no discussion with it as to what would be an acceptable funding model. Council has serious reservations about using the 'employee' model for determining financial contributions as it believes the model output is of questionable value and furthermore it understates the true costs borne by Council as the host LGA. As the host Council, it, together with the local community and ratepayers will have to bear the inherent concentration of proximity impacts that inevitably occur. These impacts must be acknowledged and compensated in the VPA.

Over the past few years various mining companies have negotiated a number of VPAs with Councils. Table 2 shows some examples.

**Table 2: VPA Annual Contributions from Coal Mine Developers to Councils**

	<b>C&amp;A Bengalla Coal Mine (2011) 267 ops employees</b>	<b>C&amp;A Mount Pleasant Coal Mine (2011) 350 ops employees</b>	<b>BHP Mt Arthur Coal Mine (2010) (\$1.1 Bil capex)</b>	<b>Maules Creek Coal Mine (Oct 2012) (\$798 Mil capex &amp; 470 ops employees)</b>
Muswellbrook Council - Community Fund	\$400K pa	\$500K pa	\$500K pa	See below
Muswellbrook Council - Road Maintenance	\$125 K pa	\$220K pa	\$120K pa	See below
Muswellbrook Council - Environmental Officer	\$15 K pa	\$20K pa	\$20 K pa	See below
Apprentices	4 (Min)	4 (Min)		?
Narrabri Shire Council - to determine allocation of these funds				\$100K up front + Council annual top up of 1.5% of the CPI component of funds from the sale of coal.  Plus \$0.075/tonne x 220 Mil tonnes 'saleable coal' = \$16.6 Mil over 21 years = \$790 K pa
<b>Total</b>	<b>\$540K pa</b>	<b>\$740K pa</b>	<b>\$640K pa</b>	<b>\$850K pa</b>

These projects provide a useful yardstick and an indication of the quantum of funds that Council believes should be provided. Based on the information in Table 2 above, the Cobbora Coal Mine should be providing a quantum representative of a \$ 1.3 Billion capex and approximately 500 operational workers. In Council's view an appropriate quantum for the project would be in the order of \$800K pa + CPI pa.

As the host Council for the mine, Council seeks the majority of the VPA funding available in recognition of the social equity issues confronting the LGA, the fact that it will suffer most of the environmental, social and economic impacts, including hosting the 400 construction worker camp for at least three years.

Thus Council seeks appropriate financial contributions:

- a) For the repair and maintenance of various roads and other hard infrastructure for the life of the mine;
- b) For general community enhancement to address social amenity and community infrastructure requirements arising from the project;
- c) To compensate for adverse environmental, social and economic consequences; and
- d) To offset Council's project-related administration costs.

Whatever funding model is finally decided, Council seeks the following funding arrangements:

#### **4.1 Funds to Offset the Wealth Loss caused by Farm Buyouts and Project Delay**

For each year, or part thereof, that construction of the project is delayed beyond 1<sup>st</sup> September 2013 the Proponent will pay Council \$1 Million. This amount is in recognition of:

- a) the loss of income in the community caused by the acquisition of approximately 68 (possibly up to 90) family farms and the farm income foregone;
- b) the Proponent's farm lease program not returning the same level of income to the community as the former family farms; and
- c) Insufficient economic activity generated by the Cobbora Coal Project to offset the loss.

These funds will be used by the local community to improve local hard and soft infrastructure, for example local community halls, sporting facilities and community environment projects, which will boost local employment to fill the void left between the time of farmland buyout and project commencement.

#### **4.2 Project Construction Phase (Three years)**

The Proponent will pay Council a minimum of **\$400 K pa + CPI, or \$1.2 Mil + CPI** over the three year construction period. If the construction period runs longer, then the same rate of payment is required for additional years and months.

The rationale for this amount is that the Project is actually located in the Warrumbungle LGA, including the construction camp for 400 plus workers, and almost all of the construction impacts are localised and confined to this LGA.

The \$400K pa is to be the minimum amount, with the actual amount paid to be based on the head count of workers as at 1 April each year (with 400 being the minimum for funding calculations), paid at the rate of \$1K/pa/worker. The worker payroll will be provided to Council to enable an audit if desired.

The construction worker head count is to be defined as including, inter alia:

- Full time and part time CHC/owner employees;
- Full time and part time contractors;
- Casual and other part time workers; and
- Any other persons residing in the construction village for more than one month.

### **4.3 Project Operational Phase (21 years)**

The Proponent will pay Council a minimum of **\$300 K pa + CPI, or \$6.3 Mil + CPI** over the 21 year operational period.

The \$300K pa is to be the minimum amount, with the actual amount to be based on 75% of the actual number of operational workers, paid at the rate of \$1K/pa/worker. The actual amount of funding will be based on the head count of workers as at 1 April each year (with 400 being the minimum for funding calculations). The worker payroll will be provided to Council to enable an audit if desired.

The operational worker head count is to be defined as including, inter alia:

- Full time and part time CHC/owner employees;
- Full time and part time contractors; and
- Casual and other part time workers.

The proportional allocation of the development contributions will be as follows:

- Community Benefit Fund: 40%;
- Road Maintenance: 50%
- Project related Council costs: 10%

## **5. Environmental & Social Impacts on Landholders in Close Proximity to the Mine**

Council seeks assurances that the environmental planners and regulators, including OEH, EPA and the Office of Water are being extraordinarily diligent in ensuring the impact predictions are accurate, and that the environmental safeguards are satisfactory for rural residences located in the Warrumbungle LGA within four kms of the proposed mine operations.

## **6. Traffic Impacts**

In Council's view the daily traffic during the construction phase is likely to be:

- 155 mine worker cars (allowing for some car pooling);
- 60 cars associated with the accommodation facility (allowing for some car pooling);
- 35 visitor cars (allowing for some car pooling); and
- 100 trucks.

That is 350 vehicles per day, including 100 trucks impacting on the local Council roads in the immediate vicinity of the mine.

During the 21 year operating life of the mine the workforce will range from 170 in 2015 to 590 in 2027.

The ramifications for traffic and roads during this phase include:

- At the peak of operations there will be 250 workers and 30 management staff per 24 hours commuting to the site (say 215 cars allowing for some car pooling)
- 50 visitors/day (say 35 cars allowing for some car pooling)
- 41 trucks/day

That is 291 vehicles per day, including 41 trucks impacting on the local Council roads in the immediate vicinity of the mine.

Based on the evidence from other mining regions, Council does not agree that car pooling will be as high as mooted in the EA, namely:

- 63% car driver ratio for workers during construction;
- 50% car driver ratio for workers during operations; and
- 75% car driver ratio for mine management during operations.

Hence, in Council's view the traffic impacts are understated and we urge the Department of Planning & Infrastructure and the Planning Assessment Commission to closely examine the matter.

## **7. Housing**

The EA mentions 'housing development strategies' for relocated workers and their families in Dubbo, Wellington and Warrumbungle LGAs (App S, E9). However there is no detail pertaining to this matter. Council would appreciate the Department of Planning & Infrastructure and the Planning Assessment Commission examining the project's proposed housing plans to maximise the number of workers residing in subsidised housing in Dunedoo, as this place of residence will offer minimal commuting times to and from the mine. Council also recommends that CHC establish an office in the Dunedoo CBD to provide a convenient access point for locals and visitors seeking information about the mine. Council recommends that CHC relocate its head office to Dunedoo.

## **8. 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; and
- b) 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.

## **9. Post Consent Management Plans**

Council has concerns that the EA offers solutions to many of the social and environmental issues by proposing the development of management plans, for example to mitigate the impacts of dust, lost agricultural production and lighting emissions, however these plans will not be available for public scrutiny prior to the determination of the project. Council believes that the effectiveness of these plans would be greatly enhanced if Council was provided with an opportunity to review and comment on the plans before being finalized and implemented.

As mentioned above, Council has particular concerns about the immediate negative economic impact of CHC purchasing productive agricultural lands which has resulted in a reduction of agricultural production, flowing on to economic hardship for Dunedoo businesses. To alleviate this impact Council recommends that the Proponent be required to establish an Agricultural Management Plan in consultation with Council within three months of project determination. It is Council's view that this plan needs to be informed by and founded on a local economic impact assessment on the residents of Dunedoo and district and that this assessment should be sourced by Council with its costs met by CHC. A key aim of the plan ought to be to maximize agricultural production of CHC lands and integrate with the businesses of Dunedoo and other nearby service centres.



## **10. Economic Impact**

Due to the detrimental impacts of this project currently being experienced in Dunedoo through the loss of jobs resulting from CHC buying formerly productive farmland that supported 68 families and local businesses. Council recommends that CHC establish its head office within Dunedoo as a matter of urgency to boost economic activity in this town.

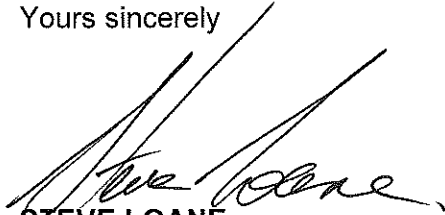
Another vital action recommended for the Proponent is the funding of a local economic impact assessment, referred to in Section 9 above.

## **11. Conclusion**

We thank you for your willingness to consider the matters raised and we look forward to further discussions at your convenience. If the Government is of a mind to approve the Project then we wish to see consent conditions that protect and enhance the interests of Warrumbungle Shire Council, its citizens and ratepayers.

If you have any queries regarding the above mentioned matters please don't hesitate to contact Mr Steve Loane, General Manager, on telephone 0418 848 593.

Yours sincerely



**STEVE LOANE**  
**GENERAL MANAGER**

cc: Planning Assessment Commission