

MJT/DF08032013

8 March 2013

Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

Cobbora Coal Project: Council's Reply to CHC's 'Response to EA Submissions' Document
(Application Number 10_0001)

Dear Sir/Madam

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 part, within the Wellington LGA and as the sphere of government directly responsible for the day to day governance of this community, there are issues confronting Wellington Council ('Council') that are significant, complex and diverse.

The Wellington LGA contains 8,493 people spread over a relatively large land area of 4,113 km². That represents a population density of only 2.2 persons/km². In comparison, Sydney has a population density of 380 persons/km².

For Wellington 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 1,000 km of unsealed roads and 550 km of sealed roads to repair and maintain.

Furthermore, approximately 20% of the population is Indigenous with this group having a very high unemployment rate of 24%. The overall unemployment rate in the LGA is also relatively high at 9.3%. The Wellington LGA clearly suffers socio-economic disadvantage.

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. 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 upgrade Cobbora Road between the Golden Highway and Wellington;
2. Annual financial contributions during the operational 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 Wellington LGA.

These matters are addressed below.

2. Funds for Road Upgrading - Cobbora Road (MR 353)

Council seeks confirmation from the Proponent that it commits to providing the following funds for MR 353:

- a) To upgrade and seal the 8 km section that is currently unsealed, so that it complies with *Austrroads - Guide for Road Design* and *Austrroads - Guide to Bridge Technology* (at a cost of approximately \$5.09 Mil);
- b) To construct a widening of the Saxa Bridge approaches, install guardrails on the bridge approaches and improve signage and delineation (at a cost of approximately \$113 K);
- c) To undertake pavement deflection testing and a road safety audit to determine the adequacy or otherwise of other sections of MR 353 (at a cost of approximately \$40 K);
- d) Following on from point c) above, to provide the funds necessary to undertake any additional road improvement or upgrade works deemed necessary by Council as a result of the testing and audit studies; and
- e) To undertake upgrading works for the intersection of Cobbora Road and the Golden Highway (at a cost of approximately \$176 K).

In the event that Project commencement is delayed, as seems likely, Council seeks the payments listed a) to e) above be made in the FY 2013-14.

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 little value in the subsequent impact predictions regarding traffic, roads, accommodation and housing.

Council's concerns remain about the EA workforce modelling and 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 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 Mid Western, 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 modelling 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.

In an endeavour to gain a better understanding of the CHC/TAFE training arrangement, Council has initiated a meeting with TAFE Western to be held on the 13th March 2013.

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

Matters that require answers include:

- 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 say, 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 and Their Workforce Needs

Project	Construction Workforce	Operations Workforce
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
Total	1,000	315

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 and Infrastructure and the Planning Assessment Commission to address these labour demands when assessing the needs and 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: DIPNR 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 we believe it understates the true costs borne by Councils and is subject to the vagaries of the workforce model.

Over the past two years various mining companies have negotiated VPAs with Councils. Table 2 shows some examples.

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

	C&A Bengalla Coal Mine (2011) (267 ops employees)	C&A Mount Pleasant Coal Mine (2011) (350 ops employees)	BHP Mt Arthur Coal Mine (2010) (\$1.1 Bil capex)	Maules Creek Coal Mine (Oct 2012) (\$798 Mil capex & 470 ops employees)
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
Total	\$540K pa	\$740K pa	\$640K pa	\$850K pa

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 \$ 1.1 Bil 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.

In essence, two Councils are physically hosting the mine, namely Warrumbungle Shire and Wellington. Council accepts that the Warrumbungle LGA will experience most of the impacts, however Wellington will be the next most impacted, especially given the social equity issues. Given this situation Council believes it should receive about \$150 - \$200K pa + CPI of the VPA funding.

The VPA with Council needs to provide financial contributions:

- a) For the repair and maintenance of various roads and intersections for the operational life of the mine;
- b) For general community enhancement to address social amenity and community infrastructure requirements arising from the project; and

- c) Appropriate to compensate for increased administration and project observation.

The details of Council's position regarding the VPA funding under the employee model is as follows:

Project Construction Phase (Three years)

Council requires the Proponent to pay a minimum of **\$150K pa + CPI, or \$450K + 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 \$150K pa is to be the minimum amount, with the actual amount to be based on a 25% share of the actual number of construction workers, paid at the rate of \$1.5K/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 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.

Project Operational Phase (21 years)

Council requires the Proponent to pay it a minimum of **\$150K pa + CPI, or \$3.15 Mil + CPI** over the 21 year operational period.

The \$150K pa is to be the minimum amount, with the actual amount to be based on a 25% share of the actual number of operational workers, paid at the rate of \$1.5K/pa/worker for each 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: 50%
- Road Maintenance: 40%
- Project related Council costs: 10%.

5. Environmental and 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 the 12 private rural residences located in the Wellington 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 roads of the surrounding four Councils.

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 roads of the surrounding Councils.

Based on the evidence from other mining regions, Council does not agree with the EA that car pooling will be as high as mooted, 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 and Infrastructure and the Planning Assessment Commission to closely examine the matter.

7. Housing

Council notes the EA predicts the mine will generate an extra 135 residents (including family members) in Wellington LGA in 2027, thus requiring about 44 additional houses. Council would warmly welcome such newcomers and will plan for providing the relevant infrastructure.

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 and Infrastructure and the Planning Assessment Commission examining the project's proposed housing plans.

8. Transparency in Department of Planning and Infrastructure Deliberations

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

- 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.

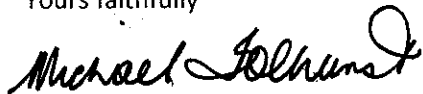
These steps are important to Council as we wish to be kept fully informed and engaged in the planning decision process.

9. 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 Wellington Council, its citizens and ratepayers.

If you have any queries regarding the abovementioned matters, please do not hesitate to contact Michael Tolhurst, General Manager, on telephone 0413 210 233.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Tolhurst', with a stylized flourish at the end.

Michael Tolhurst
GENERAL MANAGER