

Bridgman NSW
2330
30 May 2014

Elle Donnelley
Major Project Assessments
Department of Planning and Environment
GPO Box 39,
Sydney NSW 2001

Dear Ms Donelley,

I would like to lodge a submission objecting to the Integra Mine Complex Modification 4 - Biodiversity Offset Strategy.

Our objection relates to two elements of the proposed modification, specifically the removal of the Western and Supplementary biodiversity offset areas (BOAs), the reduction in size of the Northern and Southern BOAs and the modification of boundaries of the Martins Creek BOA.

Integra cite the identification of a significant coal resource under the Northern, Western and Supplementary offset areas, valued at approximately \$6.2 billion, as the rationale for the changes to the existing BOAs.

Whilst we recognise that Integra proposes a larger BOA, some 30 kilometres west of the mine complex, our concerns relate to the potential impact of relinquishing the original BOA and the potential for new mining approvals on the numerous landholders located in close proximity to the Integra Complex.

In the first instance, I would like to contest the figure of \$6.2 billion, which is nominated six times in the Environmental Assessment. This figure is drawn from the 2012 Modification 2 Environmental Assessment (EA), as is first referenced on page ii of the document as the "potential revenue from this resource".

On page 22 of Modification 2 EA, the need for modification to the BOAs states *"Exploration activities, undertaken since the NOC and associated offset strategy was approved, have identified a significant coal resource under the Northern, Western and Supplementary Offset Areas. This resource contains approximately 35 million tonnes (Mt) of semi-soft coking coal and 8 Mt of thermal coal which has an estimated revenue of \$6.2 Billion"*.

Even a crude, back of envelope calculation can show that this figure of \$6.2 billion is a gross over estimation of the potential revenue. Platts coal price data suggests that semi-soft coking coal prices have fallen around 17 per cent over the past 12 months and around 34 per cent over the past 24 months to AUD \$82 per tonne FOB. In addition, McCloskey coal price data suggests that thermal coal prices have fallen around 10 per cent over the past 12 months and 25 per cent over the past 24

months to around \$77/t AUD. Given these price declines, it could be suggested that the current revenue value of the resources located under the existing BOAs would be closer to \$3.5 billion, almost half of the \$6.2 billion initially proposed.

Integra management would be well aware of the downgrading of the potential revenue associated with the coal resource, so one can only assume their failure to provide updated economic data for the Modification is not only deceptive and manipulative, but also shows a lack of respect for the planning process and the due consideration that it should be given.

Integra propose in the Modification 4 EA that *Long term security of the current BOAs, as required under Condition 43, would result in sterilisation of the resource identified under the Northern, Western and Supplementary BOAs, meaning future mining of this resource would be prevented. Sterilisation of this resource would have significant economic impacts for the Complex, such as potential reductions in investment, revenue, export earnings, jobs and substantial regional economic flow-on benefits.*

However, under their own admission, in a letter dated May 16, 2014 to all Open Cut employees from Andrew Betts (General Manager) they stated *“Over the past 18 months, Integra Open cut has undertaken a significant amount of work to reduce costs and we thank you for your support with these measures, however the business is still not profitable and continuing to run at a loss is not an option”*.

Given that the Integra Complex has recently been placed into care and maintenance, it could be argued that there are any array of internal and external factors that are having far greater impacts on reductions in investment, revenue, export earnings, jobs and substantial regional economic flow-on benefits than the ‘sterilisation’ of the BOAs would incur.

The landholders in the area to the immediate north of the existing BOAs around Glennies Creek and Bridgman, not only have the environment impacts of the Integra Complex to contend with, but also the large Mount Owen Complex, who are in the process of modifying their Continued Operations Environment Assessment for submission in the third quarter of 2014, and are closing in from the other direction.

The existing BOAs provide a buffer zone to these landholders from the Integra Complex, and their removal will enable the Integra Complex, or some future owners, to lodge a new or amended application for the extraction of this resource, moving considerably closer to these landholders, and also to the valuable waterway of Glennies Creek, of which many depend on for both domestic water and to support their farming operations.

I understand that this modification relates only to the BOAs, and not to any future mining application. However, this modification is a critical and very large move towards that end result. What appears a simple, minor modification to these BOAs can potentially open a Pandora’s Box to nearby landholders with immense impacts on quality of life and land values. Not to mention the additional stress arising from the uncertainty arising from the changes and when or if the mining of the resource will occur

The Complex is already under care and maintenance, and I would challenge Integra management to provide the economic data to demonstrate that the changes to these BOAs and the subsequent potential to apply to extract these resources would move the Complex into a profitable status under its current cost structures and partnership arrangements.

We have co-existed with Integra for almost two years, and have not in this time made a single complaint to their community hotline during this time. We believe the buffer zone between us has played a considerable role in this relationship.

We trust the Department of Planning and Environment will consider the significant future impact their decision may have upon landholders in close proximity to the Integra Complex, when weighing up the benefits and motives of an Amendment to the BOAs and their relocation 30 kilometres away, particularly given the mining operation involved is unable to operate in a profitable and sustainable manner in the current economic climate.

Yours sincerely,

Anonymous 1

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