

OBJECTION TO DRAYTON SOUTH – JUNE 2015

Drayton South Should Not Be Approved

The Drayton South application is a prime example of the reasons behind the enormous conflict that exists in the Upper Hunter in relation to mining and proposed mining expansion. Mining and mining expansion has created such an imbalance in the area that any further expansion will impact on the future sustainability of the Upper Hunter.

The reality is that the mining industry has expanded 18 fold since 1981 in the Hunter all on the back of high coal prices which no longer exist. The mining industry in the Hunter now has over 40 open cut mines and 5 underground operations currently operating. The mining industry is the mines that covers over 30,000 hectares of land in the Hunter Valley. The mining industry includes the companies that hold exploration licenses over some 60% of the Hunter Valley.

This is not co-existence. It has been s a straight out take over and a classic example of social engineering. A clear barometer of the negative effect on the community that mining currently has, including the effect on miners, is shown in the local news articles from the Singleton Argus from 1 January 2015 to 18 June 2015. Of the approximate 500 local news items, which includes police matters, elections, sporting achievements, individual achievements, normal community interest stories, articles relating to the impact of mining account for approximately 16 percent of all local news. This in itself is a telling indicator. There is a real and present problem that the current government must address.

Whether we like it or not, coal mining is a dying industry. This is a critical issue and a fact that government must give great weight to. Industry investors are moving away from the minerals sector. For example, one of the largest superannuation funds in Australia, HESTA, no longer invests in coal companies. They are not alone.

The Rockefeller Brothers Fund (\$860 million) in the US, historically a major investor in fossil fuel stock are moving away from investment in coal on environmental and commercial considerations. Valerie Rockefeller Wayne, Chair of the Rockefeller Brothers Fund stated:-

“With fossil fuels, we want to get out as quickly as possible for financial reasons, as fast as is prudent but also because we feel the value of these stocks is really declining, coal is obviously the main example. The value of coal stocks in the US have gone down 60-90 percent. This is a global phenomenon.”

“We see fossil fuel investments as risky. If you look at the price of coal, if you look over the past five years, the SNP500 has gone up by 76%, the value of coal stocks has gone down 71%...”

“You’ve lost a lot of money if you’ve been in coal. To put more money into something that you know is damaging the environment is not only denying the science, its denying the data”

Our markets are shrinking. China and India are two of the main areas for export of Australian coal (current and potential). The facts are that neither country offers any longevity to large scale Australian coal mining interests. China currently uses 50 percent of the world's coal. Yet, China is also the largest developer and user of renewable energy. China is also doing as much as it can to be self-sufficient for their coal needs. This clearly indicates that China is moving away from a reliance on external coal supply and moving to alternative energy sources.

According to the Asia-Pacific Journal, volume 12, issue 44, 3 November 2014:-

We highlight that while the Chinese energy system as a whole is shifting in a green direction, at its leading edge (where new capacity is being added, and fresh electrical energy generated) it is turning green very rapidly. This provides a foundation for predicting future directions for the system as a whole, and eventual reductions in absolute carbon emissions. We note that China's increasing reliance on renewables is consistent with a concern to enhance energy security, based on the observation that renewables are products of manufacturing rather than of extractive activities.

The Indian Government has committed to future reliance on coal power. However the Indian Minister for Energy Piyush Goyal has announced that it is the intention of the Indian Government to become self-sufficient and use their own coal resources and stop importing coal for electricity within 3 years. The government intends to open over 60 coal mines over the next five years. Clearly there will be no significant market in India for Australian coal.

Does the current world appetite for coal and coal investment justify the approval of a mine that will impact on and possibly destroy sustainable long term industries, thousands of sustainable jobs and the future of our regional communities?

Drayton South

During this process of assessment for the Drayton South project, there will be a bombardment of support for the mine, a great deal generated by the various kiosks that Anglo American Coal has set up in the community. Most of the support will be around, jobs and the livelihood of the community. Balancing this is also the potential job losses associated with the equine, wine and tourism industries in the Hunter Valley. This is a very real concern as any job losses will have a flow on effect through the community. However, it is not the only issue.

Government is entrusted with and should be responsible for ensuring sustainability for the Upper Hunter, not only for today but for next 100 years. By focusing on today only and approving Drayton South and other extensions such as Warkworth which will destroy Bulga, government will assign the Upper Hunter to become a social and environmental waste land.

Why? Because the only certainty in this debate is that mining will one day not exist in the Hunter Valley. This may be as a result of the resource being exhausted, coal prices continuing to remain low or falling further, a greater awareness of the health impacts of coal mining and/or the now rapid expansion of renewable energy.

Whatever the catalyst, coal mining will disappear in a relatively short time in terms of known civilization. It may be a generation, it may be two, but it will end. Government must ensure that there is balance in the Upper Hunter NOW, to ensure that sustainable industries will continue to prosper and there still is an Upper Hunter in 100 years.

Two PACs have rejected this mine. This is/was a process introduced to independently assess mining applications on their merits. Twice, it has been found that there is no merit to this mine.

This third application, enabled by the Department of Planning, is allegedly a reduced footprint, from the original plan and from the second mine plan. Any reduced footprint from the initial application, previously according to senior management of Anglo Coal, was not commercially viable. This is well documented throughout Anglo American's submissions, PAC reports and the Department of Planning's own reports (including those of their advisers).

It is a 'remarkable' achievement that in such a short time period, even allowing for historically low coal prices, this reduced footprint is now viable. What is more astonishing is that at previous PACs, experts were unchallenged by the mining company when they showed that previous mine plans were also not commercially viable.

Sustainable Industries

Mining poses a threat to sustainable industries in the Hunter Valley, most importantly the thoroughbred breeding industry, the wine makers and the tourism industry.

The proposed Drayton South has a direct impact on the thoroughbred breeding industry, specifically the Coolmore and Darley studs. The real fear in this process is that Coolmore and Darley will leave the Hunter Valley should the Drayton South mine be approved. Coolmore and Darley are the heart of the thoroughbred breeding INDUSTRY in the Upper Hunter. Without these two studs, there is NO thoroughbred breeding INDUSTRY in the Upper Hunter.

Upper Hunter Strategic Land Use Plan

I quote from the Upper Hunter Strategic Regional Land Use Plan.

“ The intent of the plan is not to favour one industry over another, but to ensure land use planning decisions are directed towards allowing both industries to prosper but not at the expense of the other.” Pp5

Drayton South Mine is not the mining industry. Will the mining industry fold, collapse or not prosper if Drayton South is not approved? No it will not. The industry will collapse because of one of the many reasons outlined above.

There is an entirely different picture when you consider a descriptor for the thoroughbred breeding industry in the Upper Hunter. The heart of the industry is Coolmore and Darley, two massive operations that are recognized around the world. Pictures of the studs should be used by the government to showcase the State instead of threatening their very existence.

Coolmore and Darley are not the understated operations as described in some of the Department of Planning documentation. They are not operations that anyone else could come in and replicate on these properties and run like Darley and Coolmore, as the Department has previously suggested.

Every stud in the Upper Hunter feeds off or is reliant on Coolmore and/or Darley in some way. Every agistment property feeds off or is reliant in some way on Coolmore and/or Darley. The support businesses created by the mere presence of Coolmore and Darley and supported by these two businesses is massive.

Coolmore and Darley are THE HEART of the thoroughbred breeding INDUSTRY in Australia, and will remain so, wherever they are located in this country. It just so happens they are here, in the Upper Hunter in the path of a marginal mine.

Will the thoroughbred industry in the Upper Hunter collapse if the Drayton South Mine is approved and Coolmore and Darley leave? Without a doubt YES. Secondary level studs would follow the two main studs. Studs without the capital to follow will fold. Support industries such as equine hospitals, agistment farms, farriers, veterinarians, fencers, farm staff, so on and so on, would all be without work. The job losses, the business closures and relocations would far exceed the losses in the Drayton South project and spread more widely through the Upper Hunter. An industry would be destroyed, along with a large part of the future of the Upper Hunter.

Land Rehabilitation

Mine site rehabilitation is the next major issue that government must address for the entire mining industry. Recently there have been two conferences in the Upper Hunter where extensive discussion was had concerning what to do with the voids left by open cut mining. It has been described as 'the elephant in the room'. Even miners are saying that unless something is done now, the area could turn into an economic wasteland.

Currently the Hunter Valley is facing more than 10,000 hectares of land consumed by 'final voids'. Currently there is no clear plan on what to do with them. Is it environmentally correct, is it in the best interest of the community to create another void to satisfy an overseas company who are hell bent on developing a mine that is at best, marginal?

Anglo American have already been criticized by the first PAC for their lack of rehabilitation on their existing mine site. Of great significance, should this new mine be approved, Anglo American will not have to complete the rehabilitation on the first mine site until the cessation of the second site. Is this in the best interest of the Upper Hunter?

Activism

The many polarizing issues of mining and mining expansion have turned normal people into activists. The really sad aspect is that if successive governments had governed for all people and all industries, this ever expanding level of public outcry would not be unnecessary. The lack of foresight by successive governments and government officials from the Department of Planning is staggering. Failings of government and government departments have mobilized conservative

people, across the State, in dramatically increasing numbers, to oppose the creation of new mines and gas wells.

The reality is that we, the people of the Hunter Valley including the mine workers, should not be in this position. What has brought us to what is a decisive conflict point in the Upper Hunter and whether we like it or not, **into a community conflict situation where friend is against friend, family are against family**, is decades of poor planning, decades of incompetency in government and an over reliance by successive governments on royalties received from mining companies.

Hindsight is a wonderful thing. However, foresight is what we entrust the government with. This has obviously been in short supply in previous governments. What should have happened, decades ago to ensure that co-existence meant exactly that, was to quarantine the towns and villages, the areas containing sustainable industries, prime agricultural land and create fair and reasonable buffer zones. If this had occurred, we would not be in this position now.

However because there is such an imbalance towards mining, if the government want sustainability for the Upper Hunter, it must start taking corrective action immediately. The corrective action must include rejecting Drayton South and other similar projects. Yes there will be pressure on the community. The alternative is that we leave it for our children and/or their children to deal with. If that occurs the exponential impact would truly be a disaster.

Conclusion

As custodians of the future, the government and the people must look past this generation and the next generation towards a sustainable future for the Upper Hunter. Mining is not sustainable to any stretch of the imagination. Once the coal is gone or the price falls, the jobs are gone, so are the people, so is the environment.

On the other hand, wine, tourism and thoroughbred breeding industries are all long term sustainable enterprises. These industries will be sustainable for the next 200 years IF and I say a big IF, the conditions that makes these industries strong in the Upper Hunter are not further destroyed by mining.

The starting point is to ensure that the heart of the thoroughbred breeding industry, Coolmore and Darley do not leave the Upper Hunter. To this end, you must reject the proposed Drayton South mine.