



Director, Mining & Industry Projects
Major Projects Assessment
Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

2 May 2013

Dear Sir

**RE: Submission in Response to the EIS on the Proposed Watermark Coal Project
(Application Number SSD 4975)**

Thank you for the opportunity to table this Submission in response to the EIS on the proposed Watermark Coal Project ('Project').

The site for the proposed Project is located within the Gunnedah Local Government Area ('LGA') and will have physical and socio-economic consequences that Gunnedah Shire Council ('Council') will be required to manage.

In analysing the proposal, Council is keen to ensure that the development is in accord with the objectives of Ecological Sustainable Development and adopts the Precautionary Principle. Council notes the significant nature of the development and its proposed operational life of 30 years. As a consequence, any impacts, whether they are immediate or cumulative, must be addressed as part of the assessment process.

At the forefront of Council's approach to considering the proposed Project is the desire to ensure that social, economic and environmental costs generated by the Project are borne by Shenhua Watermark Coal Pty Limited ('Proponent') and not transferred to the ratepayers and residents of the Gunnedah LGA.

This Submission canvasses a number of matters that Council wishes to see addressed. To that end Council's ultimate support for the Project is contingent upon prior agreement being reached with the Proponent on several key issues prior to the determination of the Development Application. These include, inter alia:

- a) Details regarding the scope, extent and funding of road closures, realignments and upgrading works;
- b) That other hard and soft infrastructure that requires upgrading as a consequence of the Project is undertaken and funded by the Proponent;
- c) That environmental safeguards are sufficiently comprehensive and robust to protect Council landholders and the residents of Breeza situated adjacent to the mine site;
- d) That the operational workforce will be at least 50% 'local' and that the Proponent will support a detailed apprenticeship and training program and a housing development program; and

- e) That the Proponent will make fair and equitable annual financial contributions to Council via a Voluntary Planning Agreement (VPA) reflective of the impacts of the Project on Gunnedah LGA infrastructure and services.

The Submission elaborates on these and other matters.

1. CUMULATIVE IMPACTS

With the existing and pending resource developments within the Gunnedah Basin, Council urges the Department of Planning & Infrastructure to require the likely cumulative impacts to be duly considered and addressed at this point in time. This raft of developments will have significant socio-economic and environmental consequences, impacting on road and rail infrastructure, ground and surface water, workforce supply and housing supply to name just a few.

To illustrate the point the EIS states that by 2016 the population associated with the cumulative mining and CSG sector workforce in the Gunnedah Basin is expected to be three times its current size of 2,600, that is 8,410 (page 288). The EIS goes on to say that in 2022 the Watermark operations workforce of 383 is expected to be just 11% of the total mining & CSG personnel in the Gunnedah Basin, that is 3,500.

Council Requirement:

In light of the above information Council requires additional cumulative impact studies to be completed as part of the EIS process prior to determination of the application, especially as regards workforce and accommodation implications in the Gunnedah Basin over the next decade. The additional studies are to identify the hard and soft infrastructure needs that will be imposed on local Councils and the likely funding requirements. The various mining and energy proponents within the Gunnedah Basin should contribute to the funding and development of such studies.

2. ECONOMIC APPRAISAL

Council wishes to see various adjustments to, and clarification of, the social and economic assessment methodologies, namely:

- a) Assessment that better considers inter-generational and intra-generational equity consistent with the need to address ESD principles;
- b) Internalising into the valuation of the Project all environmental costs (eg noise, dust, amenity and ecosystem services, etc);
- c) A more effective weighting and balancing given to environmental and social factors, in addition to economic ones;
- d) Changes to the modelling so there is no assumption regarding the automatic availability of a pool of highly skilled yet unemployed people in the local community that will be absorbed by the Project, as often happens in Input Output analyses; and
- e) Changes to the modelling so there is no overstating of the number of jobs created by the project, as often happens in Input Output analyses.

3. ROAD INFRASTRUCTURE

3.1 General

The Traffic and Transport Impact Assessment is considered to be inadequate. The report utilises outdated traffic count data for state, regional and local roads. The time in the calendar year of the traffic counts is not considered to provide an accurate analysis of the local traffic experience and consequentially the true load on local road infrastructure is not shown. Further, the traffic study also does not accurately detail the level of heavy vehicle movements within the local road network.

Council wishes to draw attention to its email and submission dated 14 November 2012 (see copies attached) to the Department of Planning & Infrastructure regarding the adequacy of the EIS dated 20 November 2012. That submission highlighted areas of deficiency, particularly in respect of road network issues. It is Council's considered opinion that none of the issues or areas of concern highlighted in that correspondence have been adequately addressed in the exhibited EIS.

Council Requirements:

1. The Proponent will undertake at its expense all the road amendments and upgrade works recommended by Council, with the planned work requiring the approval of Council.
2. If, during the life of the Project, Council finds evidence of significant increases in traffic volumes or vehicle types on other roads in the locality not addressed in the EIS that can be directly attributable to the Project, the Proponent agrees to reach a negotiated settlement with Council to provide additional funds for road repair, maintenance or any necessary upgrade works. In an endeavour to avoid this impact, the Proponent will require contractors and staff to travel on designated routes.

3.2 Road Closures and Post Mining Road Access

The Project requires the permanent closure of Court Lane, Rowarth Road, Whitby Road, The Dip Road and unnamed roads within the Project boundary. It is noted that the roads to be closed are local roads for which Council is the road authority. The road closures are to be undertaken in accordance with Part 4, Roads Act, 1993.

- **Court Lane**

The closure of Court Lane will result in the following traffic movements being diverted onto Nea Siding Ridge Road for access to the Kamilaroi Highway:

- a) to or from the north or north west (Gunnedah) via the Kamilaroi Highway; and
- b) to or from the south, southwest and south east of the Project Site;

No consideration appears to have been given to the cumulative impact on the Nea Siding Road or whether its current condition is suitable to accept this additional traffic impost.

It is Council's considered opinion that Nea Siding Road will require upgrading and the bitumen seal widened to ensure that road safety and serviceability is not compromised by the additional traffic movements that will result from closure of Court Lane. Such works will need to be funded by the Proponent and undertaken to a standard approved by Council.

- **Cull Road**

The EIS notes the closure of The Dip Road in Year 15 and the use of an alternative route via Cull Road, Werner Road and Clift Road for traffic originating from, or travelling to, south of the Project site. It suggests that Cull Road will provide "dry weather access only", however, no details of the standard of reconstruction (if any) of this alternative route have been provided.

The current poor condition of Cull Road, through the Breeza State Forest, is such that it is not considered to be suitable as an alternative public road access. If Cull Road is to be used as an alternative route then it requires upgrading with such works to be funded by the Proponent and undertaken to a standard approved by Council.

- **Future Road Access**

The EIS provides little detail on the future road access arrangements for the Project site post mining. This is a critical issue for Council given the Proponent indicates that sections of the site will be returned to agricultural land use. The establishment of an agreed, post mining road network prior to Project determination is essential from Council's perspective in order that its future road asset management responsibilities in the area are understood and can be considered in its future Long Term Financial Plans.

Council Requirements:

1. That Nea Siding Road be widened to a 9 m formation with 7 m bitumen seal, to Austroad design standards and be subject to Council's approval.

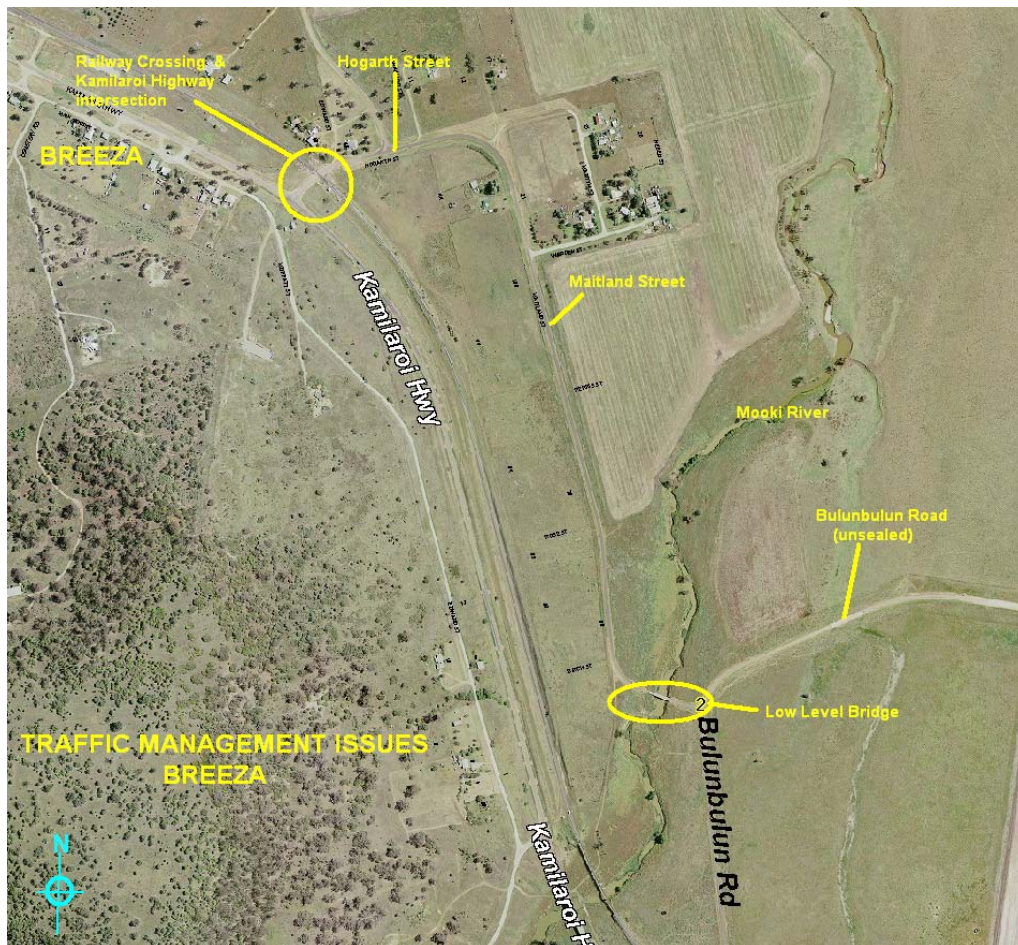
2. That Cull Road be constructed with a 9 m formation, to Austroad design standards and be subject to Council approval prior to the closure of western section of The Dip Road adjacent to the Southern and Western Mining areas.
3. That Werner Road be reconstructed with a 9m formation, to Austroad design standards and be subject to Council approval prior to the closure of the western section of The Dip Road adjacent to the Southern and Western Mining areas.
4. That the Proponent be required to submit a Future Road Network layout for accessing the rehabilitated Project site, for Council's approval prior to the determination of the Development Application.
5. That the closure of public roads be undertaken in consultation with Council as the Road Authority in accordance with the Roads Act, 1993, with Council to be reimbursed for the loss of such assets.

3.3 Bulunbulun Road (Breeza-Currabubula Road)

The traffic assessment (Appendix AB page 16) suggests that the Bulunbulun Road has spare capacity to absorb the additional traffic likely to be generated by the Project. Council considers that this road will be utilised by the employees, contractors and service providers based in Tamworth, as it is the shortest route to the Project site. As a consequence it will carry a heightened level of traffic that will significantly impact on the road's serviceability. It is Council's view that as a result of this traffic impact the road will trigger level D, resulting in the need for Bulunbulun Road to be bitumen sealed.

It is concerning that little attention appears to have been given to this issue in the EIS and where it is indicated "no data is available" (Appendix AB page 47). We note that although this issue was highlighted in Council's adequacy assessment of the EIS, to our knowledge there has been no baseline traffic counts undertaken in the months between the adequacy period and the exhibition of the EIS.

Apart from the direct impact on Bulunbulun Road there are also the implications for the local road network within the village of Breeza that require consideration. Attention is drawn to Map 1 below which shows the roads within the village that will be impacted by additional traffic. In particular, Hogarth and Maitland Streets, as this will be the shortest and most convenient route to the Project site. The implications for the low level bridge over the Mooki River also requires assessment as does the intersection of Maitland Street and Bulunbulun Road.

**Map 1**

The EIS also gives no consideration of the potential impacts on the intersection of Hogarth Street and the Kamilaroi Highway or the associated railway crossing. It also takes no account of the impacts on the intersection of Bulunbulun Road and the Kamilaroi Highway south of Breeza. Whilst these are primarily matters for Roads and Maritime Services, Council is also concerned with local implications for traffic safety. Accordingly, a full appraisal of the impacts of Project traffic must be undertaken on the intersection and railway crossing.

Council Requirements:

1. That Bulunbulun Road be reconstructed and bitumen sealed from the low level bridge at the Mooki River to the existing seal located at the boundary of the Liverpool Plains LGA, with a 9 m formation and 7 m seal consistent with Austroad design standards and subject to Council's approval.
2. That a detailed Traffic Assessment be undertaken for all Project related traffic on the following streets in Breeza:
 - a) Intersection of Bulunbulun Road and Maitland Street;
 - b) Intersection of Bulunbulun Road and Kamilaroi Highway;
 - c) Low Level Bridge at Mooki River (Maitland Street);
 - d) Maitland Street;
 - e) Intersection of Maitland Street and Hogarth Street;
 - f) Hogarth Street;
 - g) Rail Crossing (Hogarth Street) of North West Rail Line; and
 - h) Intersection of Hogarth Street and Kamilaroi Highway

for consideration by Council, RMS and ARTC prior to determination of the Development Application.

3.4 Other Intersection and Road Upgrades

Council has also analysed the potential for increased traffic from and to Tamworth via the following routes:

- Oxley Highway, Clifton Road, Edward and Hogarth Streets, Breeza, and Kamilaroi Highway (101.9 km) ; and
- Oxley Highway, Clifton Road, Norman Road, Long Point Road, Pullaming Road, Long Mountain Road and Kamilaroi Highway (90.9 km).

These routes are longer than the route from Tamworth via Bulunbulun Road, however may be utilised by traffic from the western sections of the Tamworth district seeking access to the project site.

It is not considered, at this stage that these routes will be subject to significant traffic increases associated with employees, contractors or service vehicles. Council however reserves the right to improve the standard of these roads and the need for a contribution of funds for upgrade and ongoing maintenance should traffic impacts attributable to the Project increase over the life of the Project as noted in Council's Requirement in 3.1 General.

3.5 Funds for Ongoing Road Maintenance

As a consequence of increased traffic flows (both heavy and light vehicles) directly associated with the Project, significant impacts will occur on Council's local road network. In some situations these impacts will be exacerbated by the closure of a number of Council roads. Aside from the Proponent funding the necessary upgrading works, Council seeks appropriate annual funding via the VPA for ongoing repair and maintenance.

Council Requirement:

That the Proponent will provide a suitable level of annual funding via a Voluntary Planning Agreement (VPA) to offset the additional road repair and maintenance costs.

4. FLOODING

Council notes that the EIS predicts changes to the Watermark Gully catchment such that the surface runoff characteristics will change, leading to an increase in surface water flows. This outcome will increase flood heights and frequencies along Watermark Gully and increase the flood risks on the Kamilaroi Highway.

Appendix S (page121) indicates that "peak level floods" in the vicinity of the Kamilaroi Highway will increase by 0.09 metres after rehabilitation of the mine. Further at page 124 it predicts an increase of 19.2% of surface water flows in the Watermark Gully post mining. That is an increase from 26 ML/day to 31.6 ML/day post mining.

This is a major increase in flood peaks that will have significant impacts on the level of service provided by the Kamilaroi Highway, not to mention the implications for downstream agricultural activity.

The changes in traffic movements during flooding arising from the Project will potentially impact on several other local roads, some of which do not have the capacity to support large traffic volumes, particularly in wet conditions.

It is also noted that the Kamilaroi Highway deviation works associated with the proposed Rail Overbridge and Project Site access commences at the Courts Lane intersection. This is approximately 200 m from the eastern extent of the existing causeway. It is Council's view that upgrade work to the causeway should occur simultaneously with the other highway deviation works. This would provide cost benefits for both the Proponent and Roads and Maritime Services.

Council Requirements:

1. That the Proponent reach agreement with Council and the Roads and Maritime Services regarding upgrading the Watermark Gully crossing on the Kamilaroi Highway.
2. That details are provided by the Proponent on other local roads that may be cut due to floodwaters and the traffic diversions proposed in response.

5. RAIL INFRASTRUCTURE

Council again draws the Department's attention to the cumulative impact of coal rail haulage and the implications on centres such as Quirindi and Scone. It is acknowledged that while some works associated with improving the efficiency of the rail network are currently being progressed by the ARTC, Council suggests that this is a regional priority issue that must be addressed by the NSW Government as a matter of urgency.

6. POPULATION & HOUSING

In Council's view the EIS provides insufficient clarity as to what proportion of operational employees will be 'locals' compared to 'non locals'. These numbers need to be robust with a high level of confidence to enable Council to plan for the resultant consequences on housing and accommodation supply and demand and related services.

More detailed information is required on this matter and elaboration by the Proponent on how it proposes to address the impacts of additional accommodation demands.

The Proponent says it will "encourage" use of the MAC Werris Creek by construction workers and also 'non-local' operations personnel. Council requires a detailed explanation on what steps the Proponent plans to take in managing its workforce personnel using the MAC accommodation camp.

Council Requirements:

1. The EIS requires additional studies to identify with a higher level of confidence the likely percentage of 'local' versus 'non-local' operational workers, geographically where they will live and the type of accommodation required.
2. That the Proponent enter into a housing development program with Council prior to the commencement of construction works for the Project, to ensure adequate housing is provided for its operational workforce and to address any adverse impacts on residential land development and other service related infrastructure.
3. That the Proponent detail its strategies for use of the MAC Werris Creek village for operations personnel.

7. WORKFORCE ORIGINS AND TRAINING**7.1 Workforce Origins**

The EIS explores some wide ranging scenarios as to how many workers will be 'local' and how many will be 'non-local'. The scenarios are so broad that it is very difficult to draw any confident conclusions as the origins of the operations workforce. These studies are not robust enough to determine likely workforce supply and demand impacts and hence we strongly urge the Department to require more definitive research.

Clearly the matter of workforce supply is a critical issue, with flow on implications for housing/accommodation in the local region together with impacts on the provision of Council's services and infrastructure.

Council Requirement:

That a more definitive and robust analysis of workforce supply is required, mindful of existing levels of employment, current projects and planned developments and the likely consequences for housing supply and demand and related hard and soft infrastructure.

7.2 Training Programs

It is essential from Council's perspective that there is an employment benefit to the local community from the Project and in particular the provision of apprenticeships and traineeships for local persons in order that skills and experience are enhanced and developed. Council believes that the Proponent should commit to a minimum number of annual apprenticeships or traineeships over the life of the mine.

In addition, Gunnedah has an Indigenous population which represents 11% of its total population (2011 Census). This compares to an average 9% across Northern NSW. This specific community group would benefit significantly from an apprenticeship and trainee program associated with the Project.

Council Requirements:

1. That an apprenticeship and traineeship employment program be established by the Proponent with a commitment to a minimum of 8 apprenticeships or traineeships for local personnel provided annually over the life of the Project.
2. In addition, that a specific Indigenous employment program be established by the Proponent with a commitment that a minimum of 5 new Indigenous staff members will be provided annually over the life of the Project.

8. WASTE MANAGEMENT

It is unclear from the EIS as to the predicted volumes of waste that will be generated by the Project per annum and what waste disposal facilities or resource recovery centres owned and operated by Council will be used. In order for Council to analyse the potential implications on its waste management facilities, detailed waste generation data is required.

Council Requirement:

That the Proponent provide more detailed information as to the predicted annual volumes and types of waste destined for landfill and resource recovery facilities within the Gunnedah LGA.

9. ENVIRONMENTAL IMPACTS ON NEARBY FAMILY FARMS AND BREEZA

Council is concerned to ensure that the environmental regulators are most diligent to protect rural residents that are close to the mine and the residents of Breeza, so they do not have to accept a diminished quality of life because of the mine.

Various potential impacts will include:

- Air Pollution (Dust): Council requires an assurance that the health and quality of life of locals will not be adversely affected by dust. Council has been, over the last three years, called for the establishment of a regional air monitoring program specifically designed to assess the impacts of dust generated from resource development activities in the Namoi Valley. This is a critical cumulative impact issue in terms of coal mining development and implications for human health in the region. It is therefore essential that the NSW Government, through the EPA, establishes a regional air pollution monitoring program within the Namoi Valley to ensure the health of residents is not diminished by this and other coal mining developments.

- Visual: The views from various homes may be adversely affected by overburden dumps and night lighting. Mitigative measures to the satisfaction of the landowners are required. Tree screening programs should be developed and implemented as soon as possible during the construction phase to ensure adequate visual barriers are established in the later years of the project to help mitigate impacts on the visual amenity.
- Noise: Inevitably there will be some noise on occasions affecting some houses. As with dust safeguards, Council looks for the imposition of strict consent conditions to protect the landholders and residents of Breeza, with proactive compliance management by the EPA.
- Water Resources: Council requires an assurance that the quantity and quality of both surface water and ground water will not be adversely affected by the Project.

Council Requirements:

1. That the safeguards to be included in any development consent are sufficiently comprehensive and robust to protect the nearby rural and village residents from adverse environmental, social and economic impacts including noise, vibration, dust, surface and ground water impacts and visual impacts.
2. That a Tree Screening Program be developed and implemented as part of the construction phase of the project to ensure adequate visual barriers are established in the later years of the project to mitigate visual impacts.
3. That the NSW Government through the EPA establish a regional air quality monitoring program across the Namoi Valley to ensure that the health of residents is not compromised by this or other resource development activities.

10. IMPACTS ON AGRICULTURE

The Economic Impact Assessment suggests the project will have a mildly positive influence on agricultural industries. In Table 3.8 (page 38) the modelled impacts on the local and regional economy are broken down by sector employment, including primary industries. The results are summarised below:

Industry	Impact on number of local jobs	Impact on number of regional jobs
Primary	+4	+7

Notes on this table:

- Only impact on employment is provided in the economic assessment, with no estimates of change in agricultural output or value added. Council assumes that a similarly mild, positive impact would be shown in these measures if they were to be provided.
- The local area is defined as Gunnedah, Tamworth and Liverpool Plains Local Government Areas.
- The regional area is defined as Gunnedah, Tamworth, Liverpool Plains, Narrabri and Upper Hunter Local Government Areas.

The above finding is contradicted by the experience of local farmers as other coal developments have moved into the region. Rather than increasing the number of people they are employing, farmers are suggesting that they have been reducing employees.

As the Watermark project would be larger than most other projects in the area and closer to the more agriculturally intensive Liverpool Plains, this Project's impacts on agricultural employment will be even more acute.

The reason for the difference between the results modelled in the economic impact assessment and the reality experienced by local people is the assumptions of the model used. The key assumption in the input-output model used here is explained in an appendix by Gillespie Economics on page 51:

Unlimited labour and capital are available at fixed prices; that is, any change in the demand for productive factors will not induce any change in their cost.

In other words, the model assumes there to be an unlimited number of engineers, labourers, transport workers, water, arable land, machines, trucks and trains in the region. It also assumes that the project moving into the area will have no influence on the prices paid for skilled labour, machinery and services. In reality mining projects have already caused dramatic reductions in the amount of labour, capital and other inputs available to agricultural industries and the Watermark project would exacerbate this impact due to its size and proximity to the more agriculturally intensive areas of the Liverpool Plains.

Where other projects have taken a modelling approach without the assumption of unlimited resources, it is shown that major mining projects take a heavy toll on industries that compete for similar resources and are exposed to trade, particularly agriculture and manufacturing.

Many agricultural businesses have already reduced their demand for labour due to increased price and reduced supply.

- Costs for farm labour have risen dramatically, based on advice from farmers. In addition to this, many labourers need to be housed on-farm as they are no longer able or willing to afford rental in nearby towns. Rental that has risen very substantially due to accommodation shortages precipitated by demand from mine workers. This imposes significant new costs on agricultural businesses, which is not captured in the economic impact assessment.
- Less skilled labour is available. For example, hydraulic engineers are important to intensive irrigation operations like those in the area. Due to the few engineers in the area being also in demand from mines, response times are impacted resulting in loss of service and potential financial losses to farmers.

Council Requirement:

That the economic modelling in the Economic Impact Assessment, in respect of the implications for agriculture, be peer reviewed by independent experts engaged by the Department of Planning & Infrastructure to ensure the adopted assumptions can be substantiated and the resultant conclusions are reflective of the true impact of the proposal on agriculture across the Gunnedah and Liverpool Plains LGAs.

11. SURFACE AND GROUNDWATER IMPACT ASSESSMENT

It is acknowledged that other agencies are responsible to the ongoing monitoring, environmental management and environmental licensing activities in respect to potential surface and groundwater impacts. However, the impact on surface and groundwater within the surrounding area is a major community concern.

Council Requirement:

That the Proponent ensures that ongoing sustainable surface water and ground water supply is available, at current levels of yield and quality, to nearby landholders. Appropriate rectification measures are to be put in place should future mine operations negatively impact on the availability/sustainability/quality of supply. Any future rectification measures shall be at full cost to the Proponent and with the onus of proof resting with the Proponent .

11.1 Expert Review

Council is extremely conscious of the critical importance of ground water and surface water to Namoi Valley communities. There is a critical need to ensure that where there may be adverse impacts from developments such as coal projects, rigorous scientific appraisal of those impacts is undertaken by appropriately qualified, independent experts. Accordingly, the Groundwater Assessment and Surface Water Assessment reports for the Project should be subject to a thorough and robust review by independent scientific experts engaged by the relevant State Government authorities.

Council urges the regulators to be most diligent to ensure all farmers who utilise groundwater supplies will be granted realistic 'make good provisions' in the event that their supplies are compromised - in quality or quantity - by mine activities. The water management plan also needs to protect surface water supply available in ephemeral streams and avoid the emergency release of highly saline water from the mine into the creek systems. Close scrutiny needs to be applied to proposed 'make good' provisions to check their practicality and likely outcome.

Council Requirement:

That independent experts be engaged by the NSW Office of Water and the Office of Environment & Heritage to peer review the Groundwater Assessment and Surface Water Assessment reports to ensure they are thorough, robust, adopt the Precautionary Principle and provide protection of the ground and surface water resources and users within the vicinity of the Project and the Namoi Valley generally.

12. FINANCIAL CONTRIBUTIONS TO GUNNEDAH SHIRE COUNCIL

As the sphere of government directly responsible for, and engaged in, the day to day governance of Gunnedah LGA, the issues confronting Council are significant, complex and diverse.

Whether it be roads and bridges, water and sewerage systems, waste, community buildings or recreation facilities, the availability and quality of this infrastructure impacts on the standard of living and economic prosperity of our citizens and ratepayers.

Infrastructure provision, housing affordability, workforce skills and recruitment, social and cultural cohesion, supply of essential services, town planning and amenity are just some of the key challenges confronting Council as it seeks to channel the benefits of resource industry activity into community wellbeing and long term sustainability. Generally speaking, the infrastructure funding needs of resource regions throughout Australia far surpasses the funding that mining companies have contributed to date.

Council is keen to avoid making that mistake and wishes to ensure it derives direct and appropriate financial compensation from the proposed Watermark Coal Project, consistent with its needs to provide the social and hard infrastructure required to support the mining activities and to avoid the transfer of Project-related costs from the Proponent to local ratepayers.

The Proponent has expressed a desire to enter in to a VPA. Council welcomes this interest.

Council seeks to secure a VPA whereby financial contributions are agreed for:

- a) The repair and maintenance of various roads and intersections for the operational life of the mine;
- b) General community enhancement to address social amenity and community infrastructure requirements arising from the project;
- c) Compensation for any shortening of the operational life of waste management and other service facilities; and
- d) Compensation for Project –related administration and management costs.

Separate and independent of the VPA will be the securing of an agreement with the Proponent regarding the funding and undertaking of road upgrading and other infrastructure works that are necessary prior to construction of the mine.

Council notes that the EIS states on page 22 of Vol 11 (the Economic Impact Assessment) the development cost, or capital expenditure figure, for the project is \$1.323 billion. Council seeks annual financial contributions covering the life of the Project to total \$13.23 Million (ie 1% of the capex) for inclusion in the VPA.

Council is strongly of the view that a VPA must be negotiated before any Project Determination is granted, with the VPA outcome to be included as a specific condition within the determination.

Council Requirement:

That a VPA be secured prior to any Project Determination, with the VPA outcome included as a specific consent condition. Council seeks 1% of the \$1.323 Billion capex figure in VPA contributions (ie \$13.23 Mil) over the operational life of the mine.

13. 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, Council requests:

- a) A meeting with the Department to discuss this Submission during its evaluation of the EIS and other submissions;
- b) An opportunity to comment on the Proponent's response to all submissions; and
- c) Receiving a copy of any draft consent conditions for comment at the same time that they might be forwarded to the Proponent.

These steps are important to Council as it wishes to be kept fully informed and engaged in the determination process.

Council trusts that the Department understands and appreciates the matters raised and looks forward to the matters listed being fully addressed. If you have any queries regarding the abovementioned matters please don't hesitate to contact the Council's Director Planning and Environment, Mr Michael Silver on (02) 67402120.

Yours faithfully



Robert E Campbell
GENERAL MANAGER

Enclosure: Council email and submission dated 14/11/12 to DP&I re EIS Adequacy Review

Contact: MJ Silver 6740 2120
Reference: 670705
mjs:dmm

Mr S O'Donoghue
Senior Planner
Mining and Industry Projects
NSW Department of Planning & Infrastructure
PO Box 39
SYDNEY NSW 2000

20 November 2012

Dear Sir

Adequacy Assessment – Watermark Coal Project

Thank you for the opportunity to review the Environmental Impact Statement for the Watermark Coal Project for Adequacy.

The following comments are provided.

1. Traffic and Transportation

1.1 Traffic and Transport Impact Assessment

There is concern with the quality of the Traffic and Transport Impact Assessment and the relationship with other sections of the EIS.

As highlighted in my email of 14 November 2012 to the Department there are significant deficiencies in the analysis of potential impacts on the Bulunbulun Road as a consequence of the proposal. Similarly whilst the Gap Road, Werris Creek is a regional road there is no consideration in the document of the asset management or financial contribution responsibilities of Liverpool Plains Shire Council in respect of this road.

It is apparent that the MAC Village at Werris Creek will house a significant number of employees associated with the project, both in the construction and operational phases, no matter what the future housing scenarios are amongst the local centres. As such there need to be a full analysis of impacts on both the Gap Road and Bulunbulun Road.

Concern is also expressed at the nature of data used as a basis of the traffic assessment. It is noted that traffic counts in the vicinity of the proposed mine were taken during July. This does not reflect the critical agricultural period in the district during November to January when wheat harvest is occurring. Consequently the local impact to agriculture as a result of road closures and the future use of the area post mining is considered to be based on inadequate data.

Essentially, the document suggests that the development will utilise State roads or private roads with any impacts on local roads considered incidental or within the parameters of the local roads capability. The methodology and its conclusions are questioned

Clearly, the areas relating to traffic and transportation require much more detailed and accurate analysis particularly in respect of the local road infrastructure managed by the two local government authorities.

1.2 Closed Roads

1.2.1 Overview

It is noted that a number of roads will be closed to permit development of the mine site and some roads upgraded to accommodate rural traffic movements around the site.

It is of concern to Council that a number of resultant impacts associated with these closures have not been addressed.

1.2.2 Road Upgrades

It is noted that Cull Road and Werner Road are listed for upgrade. Of particular interest is the proposed works on Cull Road through the forest. This road is currently little more than a track. There needs to be clearly articulated the standard to which this road will be constructed having regard to the environment and the terrain, together with the cost implications for ongoing management of this asset. There has been no consultation with Council in respect of this road upgrade.

1.2.3 Future Use of Area

It is suggested that the area subject to the road closures is proposed to be returned to agriculture at the conclusion of mining activity. The documents do not indicate how this area will be serviced by the road network following a return to agriculture. This was a matter specifically highlighted by Council in its submission relative to preparation of the Director General's requirements for the project. There needs to be a post mining road network plan established.

This raises a further question relative to current legal access to holdings and isolated lots as a result of road closures and perhaps more critically how legal access will be provided to land parcels post mining. An outline of how this issue will be addressed also needs to be related.

2. Socio-Economic Analysis

2.1 Overview

Review of the Socio-Economic Analysis suggests that it lacks methodology and provides no clear direction as to the impacts of the development on the Gunnedah LGA or the region generally.

In particular reliance on the 2006 census data provides an inappropriate baseline from which to project the impact of this proposal.

The considerations and conclusions within the Socio Economic Analysis are not considered to be reflective of the current status of the Gunnedah community.

Whilst it is acknowledged that much of the 2011 census has only recently been released, it is considered essential that the most current data available is used for considering the impacts of this project on the Gunnedah community. Accordingly, there should be a review of the data relative to the information now available from the most recent census.

It is noted that the 2011 Census indicated a population increase of 724 persons in the Gunnedah LGA when compared to the 2006 Census. More significant is the increase of those in full and part-time employment and a significant reduction (2.5%) between 2006 and 2011 in the unemployment level.

Clearly, the 2011 statistics draw into question some of the conclusions in respect of availability of workers and the potential impact of the development on existing business through demands on the current workforce.

3. Surface Water

The assessment of the post mine effects on Watermark Gully, while recognising an increase in catchment area of 8% and a 13.6% increase in the 1 percentile flow at the downstream boundary for the mine site, does not consider the impact of this increased area and resultant flow on downstream roadways.

Currently Council and the RMS are concerned with the frequency of flooding over the Kamilaroi Highway floodway. This floodway has no underground culvert capacity and as such any increase in discharge will increase the frequency of road closure and cause disruption to the transport linkage to Gunnedah.

Similar concerns are expressed in respect of local road crossings of this gully prior discharge to the Mooki River. It is requested that the surface water issues in respect of Watermark Gully be reviewed having regard to the above comments.

4. Waste

It is unclear where General Waste from the mining operation will be transferred to for disposal. This has particular significance for Council, given that the Breeza Waste Facility is a Transfer Station with a limited capability.

Accordingly, disposal to the Gunnedah Waste Management Facility should be considered.

I look forward to the above comments being considered and necessary adjustments made to the documentation prior to exhibition.

Yours faithfully

Michael J Silver
DIRECTOR PLANNING & ENVIRONMENTAL SERVICES

Contact: 67402120
Reference: 578644
Ms:vg

Carr - Catherine

From: Silver-Mike
Sent: Wednesday, 14 November 2012 9:58 AM
To: stephen.o'donoghue@planning.nsw.gov.au
Cc: Kerr - Wayne; 'Ron Vankatwyk'; Hunt - Carolyn; Dataworks
Subject: FW: ADEQUACY REVIEW WATERMARK COAL PROJECT SSD 4975 - Gunnedah LGA
Attachments: Bulunbulun Road - Shenhua EIS.doc

Steve,

An immediate note on road/transport within the above EIS that requires more detailed assessment.

It is noted that Tamworth is considered within Section 7 (7.26 Social) as having a significant role to play in supporting the project both in terms of accommodation as well as a reservoir of potential local employment. Having regard to this it is noted that in Table 80 (p370) that access to the site from Tamworth is detailed as only via Werris Creek. Access to the project site from Currabubula is detailed as via either Werris Creek or the Currabubula-Breeza Road (Bulunbulun Road).

This table is somewhat misleading. Persons travelling from Tamworth to Breeza will invariably use the Bulunbulun Road and not travel via Werris Creek. The Bulunbulun Road is a local road (Gunnedah Shire and Liverpool Plains Shires), predominantly gravel within the Gunnedah LGA and sealed throughout the Liverpool Plains Shire section. The reduced distance of 12 kilometres between the two routes (63 km using Bulunbulun Road : 75 km via Werris Creek) with a commensurate reduction in travel time, despite the route via Werris Creek being bitumen will mean that this road is the preferred route from Tamworth to the mine.

It is apparent that the implications and impacts on the Bulunbulun Road have not been given adequate assessment particularly given that Tamworth is the regional centre. It would be expected that considerable traffic will be generated from/to Tamworth given as suggested in Table 82, it may enjoy the second highest flow-on employment as a consequence of the proposal. The only reference to this road is in Table 80.

Council's Director Infrastructure Services advises that the "traffic assessment for this project is quite deficient in regards the assumption that the Breeza -Currabubula Road (Bulunbulun Road) has capacity for growth yet it is assumed that all of the Tamworth and Currabubula workers shall travel via Werris Ck utilising the Gap Road.

Breeza - Currabubula via Werris Ck is approximately 42km -sealed through-out and even given the 110km/hr Kamilaroi Hwy part will take approx 25 minutes

Breeza - Currabubula via Bulunbulun Rd is 28.5km - 10.1km of which is flat terrain gravel (all within Gunnedah LGA) that at worst is average 85/90km/hr will take between 17.5 and 18 minutes

The proponent appears to have skirted around this issue probably given the gravel formation within the Gunnedah LGA

It is accepted that the MAC Village workers out of Werris Creek will definitely use the Gap Road-Kamilaroi Highway route but not the other workers or service providers from the Tamworth district.

Notwithstanding the Director Infrastructure Services comments regarding the MAC Village workers, it should also be noted that both the Bulunbulun Road and the Werris Creek Gap Road are subject to flooding. Examination needs to be undertaken to understand the implications of flooding on traffic movements on these roads - does the Gap Road become impassable prior to the Bulunbulun Road being cut. If so, it could be expected the MAC Village accommodated workers would use the Bulunbulun Road for access at these times - this scenario needs to be examined and assessed."

The reality is that Tamworth as the regional centre will provide considerable services (if not workers) for the project. This is clearly demonstrated by the service draw on the Tamworth district of operating mines in the Boggabri area. It is 116 km using the Oxley and Kamilaroi Highways (via Gunnedah) from

Tamworth to Boggabri. However there is considerable use of the gravel Manilla-Boggabri Road by mine related traffic as an access from the Tamworth district as this is a shorter (110km) but particularly more direct route especially for those from the northern and western areas of Tamworth and district. This demonstrates that routes that provide shorter more direct access, regardless of road standard will be utilised by mining related traffic.

The section on road transport is deficient in relation to mapping in terms of providing a clear understanding of the various roads subject of consideration, their condition and capability. It is strongly suggested that a regional map(s) outlining and cross referencing those roads to be used/impacted be included in the EIS for better understanding of the road transport issues. I have attached a map highlighting the relationship of the Bulunbulun Road to access to/from Tamworth for your information.

Please do not hesitate to contact me or Council's Director Infrastructure Services, Wayne Kerr (67402130) should you require clarification on any issues.

Regards,

Mike Silver

Michael J. Silver OAM

Director Planning & Environmental Services

Gunnedah Shire Council

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REGISTER: Dept Planning & Infrastructure

LINK: Shenhua Watermark Coal & Mining

From: Stephen O'Donoghue [mailto:Stephen.O'Donoghue@planning.nsw.gov.au]

Sent: Monday, 29 October 2012 8:54 AM

To: Amanda Faulkner; Hunt - Carolyn; Cathy Francis; David Durrheim; Donna Ausling; DPI Land Use Planning Co-ordinating Officer; Fergus Hancock; Glenn Bailey; Gunnedah Shire Council Mailbox; julie.moloney@industry.nsw.gov.au; Lindsay Fulloon; Liverpool Plains Shire Council Mail Box; mark.ozinga@transport.nsw.gov.au; martin.orourke@water.nsw.gov.au; planning.matters@environment.nsw.gov.au; RMS Development Northern Mail Box ; Robert.Taylor@environment.nsw.gov.au; Siobhan Lavelle; Tamworth Regional Council Mailbox

Cc: David Kitto; Matthew Riley; Philippe.porignaux@hnehealth.nsw.gov.au

Subject: ADEQUACY REVIEW WATERMARK COAL PROJECT SSD 4975 - Gunnedah LGA

Dear Sir/Madam,

The development application and Environmental Impact Statement (EIS) for the Watermark Coal Project are expected to be lodged with the Department today **29 October 2012**. I have asked the applicant, Shenhua Watermark Coal Pty Limited, to provide you with copies of the EIS directly and have been advised that these should be provided no later than this Wednesday **31 October 2012**. Please call me if the EIS has not been received by this date.

The application is a State Significant Development (SSD) application under the *Environmental*

27/11/2012

Planning and Assessment Act 1979. The Department requests that you undertake an adequacy review of the EIS prior to it going on formal public exhibition. Please note that a detailed impact assessment is not required at this stage of the process. All that is required is a review that the EIS has complied with the DGRs, such that the information is adequate for public exhibition at which stage a detailed merit review/ assessment can be undertaken. The Department requests that your organisation provides adequacy comments by **Tuesday 20 November 2012**.

It should be noted that the Department under SSD statutory timeframes has 14 days to reject a development application and EIS. If there are any substantive issues in relation to the adequacy of the EIS information can you please provide this advice by email to me and call to discuss prior to **Friday 9 November 2012**.

Please contact me if further information is required or you wish to discuss any aspects of the project.

Regards

Steve

*Stephen O'Donoghue
Senior Planner
Mining and Industry Projects
NSW Department of Planning & Infrastructure
Phone 0477 345 626
stephen.o'donoghue@planning.nsw.gov.au*



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