



Mr Matthew Sprott
Planner
NSW Department of Planning and Infrastructure
GPO Box 39
Sydney NSW 2001

Dear Mr Sprott

Head Office
Level 1, 287 - 289
New South Head Road
Edgecliff NSW 2027
Call: +61 (0)2 9362 2600
Fax: +61 (0)2 9362 2601
www.darley.com.au

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DARLEY AUSTRALIA – SUBMISSION ON MOUNT ARTHUR MODIFICATION ENVIRONMENTAL ASSESSMENT.

Introduction

Darley Australia (Darley) appreciates the opportunity to comment on BHP Billiton's proposed Mt Arthur Modification Environmental Assessment (EA).

Darley's Woodlands Stud (Woodlands) is located on the Golden Highway between Denman and Jerrys Plains. Woodlands is situated on strategic agricultural land in the equine critical cluster in the Upper Hunter Valley.

The Mt Arthur open cut coal mine is located approximately 8 to 10 km from Woodlands. Aspects of BHP Billiton's current mining operations at Mt Arthur are evident from the Woodlands property and public access areas such as the Golden Highway.

The proposed Mt Arthur Modification proposes to extend the life of the open cut coal mine for a further four years, from 2022 to 2026, at the currently approved rate of 32 million tonnes per annum (Mtpa). The Modification will also increase the open cut disturbance areas (by approximately 260 ha); use a conveyor corridor for the overburden emplacement; duplicate the existing rail loop; increase the maximum number of train movements from 24 to 38 per day; relocate the load point for the overland conveyor which delivers coal to Macquarie Generation's Bayswater Power Station; relocate and upgrade its explosives storage, magazine and associated facilities and construct additional offices, a control room and extend the ROM stockpile footprint.

This is a significant modification and the 4th modification at Mt Arthur in the space of 5 years. It is evident that the EA has major shortcomings and has not satisfactorily addressed matters that impact on our operations. Given the shortcomings Darley considers that a transparent and independent assessment process is required and the matter should be referred to a Planning and Assessment Commission.

Darley Australia

Darley is HH Sheikh Mohammed bin Rashid Al Maktoum's global breeding business which operates in six countries around the world, including Australia's Hunter Valley, Newmarket in the UK, County Kildare in Ireland, Kentucky USA and Hokkaido, Japan and more recently China. HH Sheikh Mohammed is ruler of Dubai and Vice President of the United Arab Emirates.

Darley established its commercial breeding operation in the Hunter Valley in 2001 in recognition of Australia's growing force in international thoroughbred breeding and racing. In 2003 Darley Australia purchased the 1,700 acre Kelvinside Stud in Aberdeen in the Hunter Valley. The property has since been developed into a world-class facility with capacity to stand 18 stallions, comprehensive mare and yearling facilities and more recently a world class education and breaking operation. In 2008 Darley purchased Australia's largest integrated breeding and racing operation, Ingham Bloodstock, which included the **6,500 acre Woodlands Stud at Denman**. In addition to its Hunter Valley farms Darley operates a Victorian breeding operation from its stud Northwood Park, at Seymour Victoria.

Darley also owns and races in excess of 500 horses from its two training bases in Western Sydney and Victorian training base at Flemington racecourse in Melbourne, Victoria. It is estimated that Darley's ownership of elite thoroughbred racehorses amounts to approximately 10 per cent of all racehorses competing in metropolitan Sydney.

Darley employs 350 people in Australia, including 150 in the Hunter Valley across its two stud farms. These include horse handlers, bloodstock experts, gardeners, and others working in corporate functions including administration, finance, human resources, IT, and marketing and sales.

During the Southern Hemisphere breeding season the value of bloodstock under Darley's stewardship is in the order of \$500 million, with in excess of \$350 million located in the Hunter Valley.

Woodlands was settled in 1824 and it is believed that the current homestead was built in 1833. Woodlands' first recorded association with thoroughbreds dates back to the 1870's under the ownership of H.C. White, who bred and raced thoroughbreds, the most prominent of which was dual Caulfield Cup winner Paris in 1892 and 1893. Since then it has been operated as a thoroughbred stud by notable industry participants including George Ryder (founder of the Golden Slipper), Lord Derby and the Ingham brothers. Champion Sires that have graced Woodlands include Yeats, Canny Lad and Lonhro. Champion racehorses reared at Woodlands include Octagonal, Golden Slipper winner Marscay, and notably the last 2 Golden Slipper winners and Champion 3 year olds Pierro and Sepoy.

Darley's Woodlands Stud remains one of two international scale thoroughbred breeding operations in the Jerrys Plains/Denman area in the Hunter Valley. It is one of over 150 thoroughbred breeding farms and supplier companies located in the Hunter Valley's critical concentration of thoroughbred breeding and support operations. The industry in the Hunter Valley employs thousands

of people directly and indirectly (including the largest equine veterinary hospital in the Southern Hemisphere, farriers, saddlers, printers, equine transport industries, the racing industry) and contributes to the employment of hundreds of thousands of people across its value chain.

Shortcomings in the Mt Arthur Modification EA

Darley is concerned about the economic, social, environmental, community health and safety and visual amenity impacts of this proposal. Darley concurs with the HTBA's assessment that the EA:

- is deficient in its assessment of the surface and ground water impacts of the proposal. We agree that the water risks associated with the proposed Mt Arthur Modification have not been adequately assessed, and could pose serious problems for both surface and groundwater systems, the alluvial aquifer and the Hunter River;
- fails to properly assess the impact of this proposed open cut coal mine on the Hunter Valley's thoroughbred breeding industry as required by the Agricultural Impact Statement;
- overstates the economic benefits of the project, understates the costs which if corrected could alter the proposal's net economic benefits;
- fails to adequately assess the impact of the Mt Arthur Modification proposal on the Hunter Valley's thoroughbred breeding industry and community in the socio-economic impact assessment;
- fails to address and account for the cumulative health impacts of this proposal on the Hunter Valley community;
- does not adequately address the road safety impacts of the Project;
- fails to adequately address the broader and often interrelated impacts of the proposal. This is a recurring problem throughout the EA (including its appended reports);
- fails to acknowledge and assess the cumulative impacts of existing mines together with this proposal on the local community and sustainable business operations.

Darley is particularly concerned about the visual impact of this proposed modification – questions and issues that are material to our operations and that should be addressed before any further consideration is given to this Modification proposal;

Impact of the Mt Arthur Modification proposal on Darley's Business

Darley asserts that no reasonable person would choose to acquire, invest in, upgrade or operate a thoroughbred breeding business in close proximity to a coal mine. While BHP Billiton's Mt Arthur coal mine has an established presence and footprint every effort should be made to ensure that adverse visual, environmental, health, air quality and social impacts of Mt Arthur's open cut coal mine are minimised.

Despite the consultation that has taken place between BHP Billiton and our company, it is evident that the EA has major shortcomings and has not satisfactorily addressed matters that impact on our operations (visually or in any other form).

Adverse Visual Impacts

The susceptibility of our business to threats to our image and reputation are real. Our business and our entire industry hinges on the quality of our topography (soils, land, water and air quality), our image, breeding and racing performance and our reputation. Any threat to any one of those elements has the potential to undermine confidence in our product.

It is no accident that the Hunter Valley's unique physical environment in which we operate is essential to our operations. The undulating topography, fertile soils and clean abundant water alongside the visually alluring topography and landscape is critical to our business model, to breeding and rearing and racing champion athletes and attracting investment and clients.

The visual integrity of our business is highly prized, and one in which we significantly invest in. It is fundamental to our brand, the marketing our product and our business success.

A preliminary visual assessment of the impact of this proposed Modification on our Woodland's operation has been conducted by Michael Wright, a registered landscape architect. This assessment has revealed a number of shortcomings and deficiencies, which need to be addressed. These include:

- insufficient detail on the description of the proposed modification so that we can interpret the scale, extent, form and staging of the proposed modifications;
- the use of outdated 2009 viewpoints, which compound the EA's failings to identify viewpoints that visually impact on both public and private lands affected by this proposed Modification. It should be noted that the Woodlands property has been substantially enhanced and significant investment has been made in the property since Daley's acquisition and since the 2009 Visual Impact Assessment was undertaken;
- serious questions surrounding commitments made, and adherence to the visual amenity conditions imposed on the Mt Arthur Consolidation Project to "minimise views from the Woodlands Property within the Primary View Zone to active overburden faces on the out of pit emplacement areas of the Project to ensure the extent of any primary view is less than 2.5%. Based on our adviser's preliminary review, it is apparent that this commitment has not been properly considered as part of this proposed Modification;
- the assertion that the visual sensitivity of this area is low. We completely disagree with this assertion. Thoroughbred breeding operations, particularly of the scale and calibre of our operations in the Hunter Valley, intrinsically depend on the high scenic values of the landscape;

- the lack of detail accompanying any mitigation measures, including progressive rehabilitation, foreground vegetation screening and night-lighting;
- no consideration given to the need to create rehabilitated landforms which blend with the surrounding landforms to reduce the artificial appearance of the overburden emplacement areas. The photomontages in the Landscape and Visual Impact Assessment provide ample illustration of the negative visual outcomes that will result if these new landforms are not shaped to blend with the surrounding landscape;
- no mention of the preparation of detailed rehabilitation plans to clearly indicate the areas and the form of the proposed vegetation planting;
- no mention of the locations for the proposed foreground vegetation screening nor the timing for these plantings;
- no mention or commitment from HVEC for ongoing consultation with stakeholders surrounding the site in order to address any visual impact concerns by stakeholders during the life of the mine.

Given the abovementioned concerns, it is our view that before any further consideration is given to this Modification proposal and prior to any decision being made, BHP Billiton should be requested to:

- prepare more detailed illustrations of the proposed modifications, including 3D models and cross sections to provide us and other landholders with a better understanding of the form and magnitude of the proposed Modification;
- advise whether Figures 4 and 5 correctly reflect the open cut mine footprint and if not correct these figures must be corrected and the visual impact assessment reviewed and updated to take any new footprint into account;
- prepare photomontages from the elevated viewpoints on the Golden Highway and Trig Hill within the Darley Woodlands property to properly assess and demonstrate the potential visual impacts of the proposed Modification on private landholders and from the public domain;
- reassess the visual impact assessment based on these new viewpoints for both day and night time impacts;
- recognise that Darley Woodlands and other studs in the area should be rated as highly sensitive to visual impacts from open cut mines;
- outline the mitigation measures proposed to create rehabilitated landforms which blend with the surrounding landforms to reduce the artificial appearance of overburden emplacement areas;
- commit to genuinely engage with affected landholders, including ourselves, to address any visual impact concerns throughout the life of the mine (this should also be included as a condition of any approval for a modification);
- prepare a long term mining plan for the Mt Arthur mine which gives private landholders and the community more certainty about the impacts of any future growth or expansion of the Mt Arthur mine.

The abovementioned visuals should be prepared in consultation with Darley. Mr Wright's assessment is appended to our submission and should be read as part of our submission.

Darley's Future in NSW in Jeopardy

Darley Australia has assets worth hundreds of millions of dollars invested in NSW and its sustainable operations contribute significantly to the Hunter Valley economy. Indeed, Woodlands is Darley's singular most valuable asset in Australia and its viability as a thoroughbred farm is at risk because of the growing encroachment of mining in the Jerrys Plains/Denman areas.

Proposals for new mines such as Drayton South, Doyles Creek and Spur Hill surround and threaten the future of Darley's operations in NSW. They amplify, and compound the cumulative impacts of any extensions to existing mines, such as the Mt Arthur modification.

Darley has invested in major capital expenditure projects at Woodlands including:

- refurbishing the historic Woodlands Homestead;
- major staff housing and amenities;
- developing guest houses;
- major fencing infrastructure;
- development of pastures; and
- major irrigation upgrades.

Many millions of dollars have been spent on these and other capital projects on the Woodlands property. Much of this (some 85%) has been spent in the local economy supporting local businesses and local employment.

Darley Woodlands Community

Darley's operations are highly labour intensive. We provide stable, long term jobs for our employees, many of whom live on-farm with their partners, family and children.

Darley invests heavily in housing and amenities so that we can provide attractive and appropriate living quarters and living standards to our employees and their families.

Over 70 people permanently reside at Woodlands. This included 10 families with children, 10 couples and 16 single residents.

Given this, Woodlands should be recognised as a small community which can be directly impacted by the open cut coal mine's operations and negatively affected by:

- blastings;
- health impacts;
- dust impacts;
- visual impacts;
- noise, light and vibration;

- traffic and road safety issues;
- adverse impacts to water quality and quantity.

Conclusion

Darley Woodlands is situated on strategic agricultural land in the equine critical industry cluster in the Upper Hunter Valley. Under the Government's new strategic land use policy all mining modification projects are not the subject of independent evaluation under the Government's new Gateway process. We disagree with this position. The size, nature, extent of impact on agricultural communities, critical industry clusters, health and social impacts should determine whether a project should be the subject of a Gateway process.

Regardless, the deficiencies in the Mt Arthur Modification Environmental Assessment raise many serious concerns and doubts.

We agree with the HTBA's recommendation that proposed Modification should be referred to an independent Planning Assessment Commission for review.

We hope that the NSW Government will seriously consider the concerns we and other landholders are raising and act accordingly.

Yours sincerely



Mr Henry Plumptre
Director



Mr Andrew Wiles
Director