



DIVISION OF RESOURCES & GEOSCIENCE ADVICE RESPONSE

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Dear Genevieve

Project: Mangoola Coal Continued Operations Project
Stage: Review Environmental Impact Statement and complete Resource & Economic Assessment
Development Application: SSD-8642

I refer to your correspondence dated 15 July 2019 inviting the Division of Resources & Geoscience (Division) to provide comments on the *Mangoola Coal Continued Operations Project* (Project or Proposal) Environmental Impact Statement (EIS). The EIS was submitted by Mangoola Coal Operations Pty Limited which is owned by Glencore Coal Pty Ltd (Glencore or the Proponent).

The relevant units of the Division have been consulted in generating this advice. The Department of Planning, Industry and Environment – Planning and Assessment Division and the Proponent should be aware that matters pertaining to rehabilitation, environmental impacts of final landform design, mine operator and safety are not assessed by the Division. Reference should be made to the response from the Resources Regulator on these matters.

Advice overview

The Division has determined that the Proposal will:

- ensure continued operations at Mangoola until 2030.
- provide certainty and ongoing employment opportunities for the existing Mangoola mine personnel as the mine would cease operations in 2026 if the Project was not approved.
- safeguard sustained production, employment and royalties from 2023 onwards from the existing operation.
- improve resource recovery and be an efficient use of resources.
- generate total revenue (value of coal produced) of \$3.3 billion (current dollars)
- ensure an appropriate return to the state with \$258 million royalties (current dollars).
- involve employment for 330 of the workforce at the existing Mangoola mine until 2030.

Resource and Economic Assessment

The Division has examined the final landform for the Project outlined by the Proponent. Seven different scenarios were developed and assessed by Glencore and ranked according to mine design, engineering feasibility, economic feasibility, including consideration of environmental and social outcomes. The preferred case chosen by Glencore and included in the Project's EIS is estimated to take six months more and additional costs compared with the baseline case of \$75 million.

The Division recommends that an independent expert examination of the proposed final landform be undertaken, focusing on whether the final landform case selected by the Proponent is the best option.

In view of the constraints outlined in the Proponent's EIS, the Division considers the Project satisfies section 3A objects of the *Mining Act 1992* (NSW) (the Act) and the requirements of cl 15 of the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007.

The Project represents an efficient development and utilisation of coal resources which will foster significant social and economic benefits. The Division is satisfied the proposed mine design and mining method submissions adequately recover coal resources and will provide an appropriate return to the state.

The resource utilisation and economic benefits assessment undertaken by the Division is addressed in Attachment A.

Application of section 380AA of the *Mining Act 1992* – restrictions on planning applications for coal mining and titles required to undertake mining

Coal is a prescribed mineral under the Act and the Proponent is required to hold appropriate mining titles from the Division to undertake mining.

Section 380AA states:

(1) An application for development consent, or for the modification of a development consent, to mine for coal cannot be made or determined unless (at the time it is made or determined) the applicant is the holder of an authority that is in force in respect of coal and the land where mining for coal is proposed to be carried out, or the applicant has the written consent of the holder of such an authority to make the application.

(2) For that purpose, an authority in respect of coal need not be in force in respect of the whole of the land to which the application for development consent relates but must be in force for the land where mining for coal is proposed.

Based on current title information the Division advises that the Proponent holds the appropriate titles as required for planning applications for coal as relating to the Project and satisfies the requirements of section 380AA.

The requirement for a mining authorisation and royalty liability

Coal is a prescribed mineral under the Act and the Proponent must obtain the appropriate mining title(s), such as a mining lease, from the Division to undertake mining.

The Division notes that the EIS makes reference to the requirement to lodge an application for a mining lease over the Project area. The area is currently covered by Assessment Lease 9 (Act 1992) held by the Proponent (see Attachment B), which allows for an application for a mining lease to be made (refer to section 51 of the Act).

Furthermore, the holder of a mining lease is also liable to pay royalty for both publicly and privately-owned minerals (refer to section 282-285 of the Act).

Application of section 65 of the *Mining Act 1992* – development consents under the Environmental Planning and Assessment Act 1979

A development application under the *Environmental Planning and Assessment Act 1979* must be approved before a mining lease can be granted. A mining lease will only be granted for activities specified in the development consent.

Section 65 states:

The Minister must not grant a mining lease over land if development consent is required for activities to be carried out under the lease unless an appropriate development consent is in force in respect of the carrying out of those activities on the land.

Biodiversity offset assessment

The Division notes that biodiversity impacts of the proposed Project are currently being assessed, managed and offset under the Framework for Biodiversity Assessment and the NSW Biodiversity Offset Policy for Major Projects.

Continued consultation should be undertaken with:

- The holders of Assessment Lease 19 (Act 1992), held by Muswellbrook Coal Company Ltd, and Exploration Licence 8064 (Act 1992), held by Ridglands Coal Resources Pty Limited, regarding the small portion of the proposed *Mangoola Offset Area* that appears to encroach into the title areas.
- The holders of Petroleum Exploration Licence 456 (Act 1991), held by Hunter Gas Pty Ltd & Santos QNT Pty Ltd, regarding the small portion of the title that overlaps the *Highfields Offset Area*.
- The neighbouring mines such as Mt Pleasant and Mt Arthur regarding the potential for cumulative impacts associated with the Project.

The Division requests that the Proponent consider potential resource sterilisation in relation to any amendments to proposed biodiversity offsets areas. The Division requests that both the Geological Survey of NSW – Land Use Assessment team and holders of existing mining and exploration authorities that could be potentially affected by planned biodiversity offsets be consulted. This will ensure there is no consequent reduction in access to prospective land for mineral exploration or potential for the sterilisation of mineral and extractive resources.

Summary of review

The Division has determined that should the project be approved; efficient and optimised resource outcomes can be achieved, and any identified risks or opportunities can be effectively regulated through the conditions of mining authorities issued under the *Mining Act 1992*.

For enquiries regarding this matter, contact Adam Banister, Senior Advisor Assessment Coordination on 02 4063 6534 or assessment.coordination@planning.nsw.gov.au.

Yours sincerely



Dr David Blackmore
A/Executive Director Resource Operations
Division of Resources & Geoscience
21 August 2019

Encl.

Attachment A - Mangoola Continued Operations Project (SSD 8642) - Resource & Economic Assessment (DOC19/604749)

Attachment B - Mangoola Continued Operations Project (SSD8642) - Diagram (DOC19/693679)