

Our Reference: 1879237 SRT:DA  
Your Reference: NCOPL VPA  
Contact Name: Stewart Todd

Attention: Gerald Linde  
General Manager – Narrabri Mine  
Narrabri Coal Operations Ltd  
Whitehaven Coal  
Locked Bag 1002  
NARRABRI NSW 2390



Friday, 1 October 2021

**Re: Narrabri Coal Operations Extension Voluntary Planning Agreement (VPA)**

Dear Mr Linde,

Thank you for your recent correspondence dated 28 July 2021 and subsequent meeting to further discuss the above.

It is acknowledged that Narrabri Coal Operations Pty Ltd ("NCOPL") is proposing an extension to the approved underground mining area to gain access to additional coal reserves, with the view of achieving the following project benefits:

- Increasing the mine life to 2044;
- Permitting the continued employment of the existing operational workforce at the Narrabri Mine and the associated socio-economic benefits consistent with ongoing expenditure by NCOPL in the regional economy and payment of royalties to the NSW Government;
- Achieving a net project benefit in the order of \$599 million net present value (NPV); and
- Enabling the use of existing and approved mine infrastructure for the project which minimises the need for new surface development areas comparative to greenfield mining proposals.

It is acknowledged and accentuated that the existing project approval incorporated a voluntary planning agreement ("VPA") of \$1.5m with only Narrabri Shire Council ("Council"), which is proposed to be surrendered once a new project approval is received.

It is further noted that much to the surprise of Council, concurrent discussions are being held with Gunnedah Shire in respect of this particular proposed project extension for the first time.

On this basis, under the current NCOL offer, a methodology to split the available pool of funding will occur. The current offer is \$2,603,976; to be paid in 10 even instalments over 10 years commencing 2032, as part of scheduled life of mine (LoM). It is also understood



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that this offer is in real dollars subject to an annual CPI increase over each payment from now until 2032 and beyond.

Council has now taken the opportunity to review the terms and current offer from NCOL, particularly the methodology to split the VPA offer with Gunnedah Shire.

Council provides the following feedback for your review and further consideration:

1. Council is perplexed as to the reasoning behind NCOL engaging with Gunnedah Shire with regards to negotiating a VPA. Council notes that Gunnedah Shire are not party to a VPA under the current project approval. The mine is wholly located within the Narrabri LGA and, as such, the Narrabri Shire community bears the entirety of the project risk. Council notes with significant interest that previous discussions regarding the Vickery Coal Mine VPA were completely focused on the physical location of the mine.

2. Methodology for Weighting

Project location weighting: Council strongly supports the use of the project location as a determinant in the apportionment of the VPA. This has historically been used as the only determinant on allocation of Whitehaven VPAs in the region, namely the existing Narrabri Underground mine and most recently Vickery mine.

Given very recent negotiations and VPA outcomes, Council is perplexed that Whitehaven find it appropriate to now diverge from its previous practices; (1) of using the location as the only determinant; and (2) not only deviating from its past practices but also adding only a piteous 20% weighting to the location of the project.

Council acknowledges that Whitehaven have liaised with the Department of Planning; Council further notes that the Department of Planning also previously supported the location of a project as the sole determinate of VPA allocation, again Council cites the existing Narrabri Underground mine and with emphasis added the recent Vickery mine VPA negotiations. Nonetheless, this is a significant deviation now by both Whitehaven and the Department of Planning for negotiating an appropriate VPA.

The VPA currently being negotiated will not commence until 2032. Therefore, not only is it surprising but is non-sensical that the only element in the proposed

methodology that is unequivocally certain, the location, is allocated the smallest percentage in the calculation.

Council and its community expect and require that benefits from the presence of mining and extractive industries in the Narrabri Shire accrue to the benefit of the people of the Narrabri Shire.

Based simply on the bearing of the risk of the project, the methodology used should be based purely on the location.

Council strongly supports and has accepted previously the practice of utilising the location of the project as the sole determinant of any negotiated VPA. The Narrabri Shire community bear the entirety of the project risk – for which Gunnedah Shire bears none – this significant fact needs to be acknowledged and given just recognition in any VPA proposed.

Council has uncompromisingly stated before and will happily uncompromisingly state again, with the presence of mining and extractive industries, the Narrabri Shire Community should accumulate benefits over and above other communities that do not bear the risks of mining and extractive industries.

Narrabri Shire community in recognition of its contribution as the hosting community, bearer of all risk and the most significantly impacted community; should receive, in totality, any VPA offered for the project.

Whilst Council's position is to solely utilise the project location for the allocation of any negotiated VPA, Council provides the following commentary on the remaining elements suggested in the methodology for weighting:

Primary Residence weighting: An employee/contractor usual place of residence will; (1) fluctuate between now and when the proposed project extension begins, and (2) fluctuate considerably over the life of the project and cannot be accurately quantified.

Again, the VPA currently being negotiated does not commence until 2032. Considering the pipeline of State Significant Development slated for Narrabri Shire, the Council's own pipeline of capital works and the associated strategic objectives being delivered to ensure Narrabri Shire continues to provide an extremely attractive lifestyle proposition for residents – the usual place of residence ratio will continue to grow in Narrabri Shire's favour – utilising the

current figures drastically disadvantages Narrabri Shire, the host of the project and the bearer of the risk of the project.

The community of greatest impact is undeniably Narrabri Shire, following the bearing of risk there is no clearer point of argument than; if any worker is unfortunately injured onsite, they will be treated at Narrabri Shire medical facilities impacting on Narrabri Shire medical services. The employee/contractor usual place of residence is irrelevant in this example and many more.

Vehicle Movements weighting: Council holds very high concerns with the use of this element in the proposed methodology. This weighting cannot be measured with any accuracy, Council finds it hard in fact to see how this element could in fact be measured at all.

The Narrabri Underground mine is well within the Narrabri Shire LGA boundary and of significant note both the towns of Boggabri and Baan Baa are located between the Narrabri Underground Mine and the Narrabri Shire LGA boundary. Considering this fact, Council strongly believes that traffic from the Underground mine that in fact leaves the Narrabri Shire LGA would be significantly less than the 40% proposed in the methodology calculation. But as previously cited this element cannot be measured with any accuracy and should not be utilised in any methodology for weighting in determining negotiated VPA outcomes.

Both the “primary residence” and “vehicle movements” elements are highly problematic and are/can be influenced by a broad range of extraneous factors which are unable to be calculated with any accuracy. For this reason, these elements should be removed from any proposed methodology for negotiating VPA outcomes.

The Narrabri Shire Council and its community expects Whitehaven to continue the previous VPA arrangements concerning the Narrabri Underground mine.

If Gunnedah Shire are seeking outcomes from this proposed project extension based on a claim of impact, this should immediately be dismissed by Whitehaven. According to Whitehaven’s own documents and explanations there are no additional impacts from the proposed project extension.

It is outrageous that Gunnedah Shire have even mooted being party to a VPA on this proposed project extension, but using an argument based on impact of the project is nothing short of preposterous. Any reasonably informed person would determine that the project has no impact – any impact has already been borne – it is Council’s view that a VPA negotiation on a pre-existing and operating mine should not be used to mitigate

already borne impacts. Council is also confident that any determination on the proposed project extension will come to the same conclusion – that being, there is no additional impact from the proposal, which Council further notes, is Whitehaven's position as well.

If it is Whitehaven and the Department of Planning's intent to suggest that VPA negotiations should consider historic impacts; (1) that are allegedly present in areas further afield than the community of greatest impact, and (2) that (if present) have already been mitigated in one way or another, both parties are beginning a walk down a slippery slope and such a move would set a very dangerous precedent for any future VPA negotiations.

In summary:

1. Council does not support the proposed methodology for weighting and supplied justification here in for this opinion.
2. Whitehaven have previously proposed the location of a project, the Department of Planning have previously supported the location of a project and Council has previously accepted the location of a project, as is the determinant for the associated project VPA.
3. Council unequivocally supports the location of a project being the only determinant of any negotiated VPA.

Council looks forward to your consideration of the above feedback and Council would welcome further opportunities to discuss the contents of this correspondence further.

Should you require any additional information in relation to this matter you are invited to contact the undersigned on (02) 6799 6833, or by emailing [council@narrabri.nsw.gov.au](mailto:council@narrabri.nsw.gov.au).

Yours sincerely,

**Stewart Todd**  
General Manager