

MJT/MC/DF13112013

13 November 2013

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

Dear Sir

Re: Submission in Response to the EIS on the Proposed Dubbo Zirconia Project (Application Number SSD 5251)

1. INTRODUCTION

Thank you for the opportunity for Wellington Council ('Council') to table this Submission in response to the EIS, dated September 2013, on the proposed Dubbo Zirconia Project ('Project').

The site for the proposed Project is located a mere 10 kilometres west of the Wellington LGA/Dubbo LGA boundary and is 30 kilometres north-west of the Wellington township. The proposed mine is 25 kilometres south of Dubbo.

In light of the above, it is clear that the Project is in close proximity to the Wellington LGA and mine workers will reside within the LGA in places such as Geurie and Wellington, attracted by cheaper rents and housing relative to Dubbo. Thus there will be socio-economic consequences for Council to manage. This judgement is in accord with the recent report by the NSW Government on 'Economic Assessment of Mining Affected Communities' (February 2013) that includes 'mining affected communities' as those LGAs that:

- a) neighbour a mining area; and
- b) provide dormitory services and/or are used as transport thoroughfares (p 4).

Council notes the significant nature of the development and that, whilst the Proponent is seeking initial approval for 20 years, in all likelihood the Project could operate for 60 years beyond that.

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 Australian Zirconia Ltd ('Proponent') and not transferred to the ratepayers and residents of the Wellington 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 agreement being reached with the Proponent on several key issues prior to the determination of the Development Application. These include, inter alia:

- a) Quantifying the impacts on hard and soft infrastructure (eg roads, short-term accommodation, housing, childcare and social services, etc) by those of the Project workforce residing in the LGA;
- b) Ensuring that the operational workforce will be supported by a comprehensive apprenticeship and training program;
- c) Ensuring that the Indigenous community shares in the benefits arising from training and job opportunities;
- d) Addressing the impacts arising from the construction of a transmission line through the LGA;
- e) Addressing in more detail the proposed sources of limestone; and
- f) Ensuring that the Proponent makes fair and equitable annual financial contributions to Council via a Voluntary Planning Agreement (VPA), reflective of the impacts of the Project on Wellington LGA infrastructure and services.

The Submission elaborates on these and other matters.

2. OVERVIEW OF THE WELLINGTON LGA

The Wellington LGA contains 8,500 people spread over a relatively large land area of 4,113 km². The resultant population density is only 2.2 persons/km². In comparison, Sydney has a population density of 380 persons/km².

Socio-economically the Wellington LGA has a median weekly household income of \$765, which contrasts to the national average of \$1,234. Additionally, approximately 20% of the population is Indigenous with this group having a very high unemployment rate of 24%. Some 49% of the students at Wellington High School are Indigenous.

Furthermore, some 39% of the population is over 50 years of age, with a high percentage of pensioner rebate ratepayers. The overall unemployment rate in the LGA is also relatively high at 8.6 %.

For Wellington Council this means there are far fewer people to help service the required hard and soft infrastructure needs of the community. For instance, Council has approximately 1,000 km of unsealed roads and 550 km of sealed roads to repair and maintain.

The Wellington LGA clearly suffers socio-economic disadvantage.

Against this backdrop of social inequity, Council wishes to ensure that the impacts generated by the Project via workforce traffic and housing implications in the Wellington LGA are properly identified and the related environmental, social and economic costs compensated via a Voluntary Planning Agreement.

3. WORKFORCE DOMICILE

3.1 Construction Phase

According to the EIS during the two year construction phase there will be 300 to 400 jobs generated by the Project. This workforce will comprise locals as well as specialist contractors.

Based on research for other mining projects, Council believes it is reasonable to assume that 70% of the construction workforce, or 280 people (400 x 70%), will be sourced locally. The EIS regularly mentions sourcing the bulk of the workforce from those who 'reside locally' (p 2-97, 2-98) or the jobs will be 'filled by existing residents' (p 4-317) or the workforce being drawn from the 'Dubbo and surrounding LGAs' (p 4-315). The most defining description of what 'local' means can be found on page 12-41 where it states 'local' residents are those that live '*within 70 kilometres*' of the Project site.

It is also reasonable to assume, based on evidence from other mining projects, that some 40% of this locally sourced workforce (numbering 112 persons, ie 280 x 40%) will reside outside the Dubbo LGA and, in this case, most likely reside in the Wellington LGA as it is the next closest.

3.2 Operational Phase

According to the EIS during the twenty year operations phase there will be a maximum of 250 jobs generated by the Project. This workforce will comprise 10 to 15% being specialists (ie 25 to 38 persons) who will need to be 'imported' from more established mining regions (p 2-99 and p 12-35).

By deduction, this means that 85 to 90% of the operational workforce (ie 213 to 225 persons) will be sourced locally, that is, from the Dubbo LGA and up to a 70 km radius from the mine site.

Based on the comprehensive research conducted by Cobbora Holding Company for the proposed Cobbora Coal Project it is reasonable to assume that 60% of the workforce (150 persons, ie 250 x 60%) will reside in the Dubbo LGA. It also means that the remaining 40% (ie 100 persons) is likely to reside in the next closest LGA, namely Wellington.

3.3 Impacts

Based on the predicted numbers outlined above, the Project will draw on the following number of persons residing in the Wellington LGA:

- 112 persons during the two years of construction; and
- 100 persons during the 20 years of operation.

The advent of this significant new project will cause a drain on the local, skilled workforce (p 3-42). It is also highly likely that Council itself will lose staff, thus incurring staff replacement and training costs.

There will also be impacts on the town's health, education, transportation, housing, childcare and other community infrastructure and services (p 4-316, p 3-42).

4. WORKFORCE PLANNING AND TRAINING

It is important 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 (including the Indigenous community) in order that skills and experience are enhanced

and developed. Council wishes to see the Proponent commit to a minimum number of annual apprenticeships or traineeships over the life of the mine.

Council recommends that an apprenticeship and traineeship employment program be established by the Proponent that provides:

- a) a minimum of five apprenticeships or traineeships for local personnel at any one time during the life of the Project; and
- b) a specific Indigenous training and employment program with a minimum of three Indigenous staff members actively participating in the program at any one time during the life of the Project.

Council would also like to draw attention to the significant number of major projects that are in the planning stages in the local region. See Table 1 below for details on the required workforce numbers, predicted to be about 1,500 construction workers and 690 permanent employees over the next five or so years. This demand clearly has implications for the provision of hard and soft infrastructure by local councils, including Wellington.

Table 1: Local, Planned Projects and Their Workforce Needs

Project	Construction Workforce	Operations Workforce
Bodangora WF	80	5
Uungula WF	250	40
Crudine Ridge WF	75	15
Liverpool Range WF	200	20
Cobbora Coal Project	550	590
Wellington Gas Fired PS	>300	10
Young/Wellington Gas Pipeline	60	5
Total	>1,515	685

5. ROAD REPAIR AND MAINTENANCE

The Traffic Impact Assessment in the EIS is considered to be incomplete because it does not address the likely traffic flows generated by mine-related personnel living in places other than Dubbo, such as to the east, south-east and north-east of the Project site. As mentioned above, the Wellington LGA boundary is only 10 kilometres from the site and the EIS states most workers will be sourced locally (that is within 70 km). It is clearly likely that a substantial number of workers will travel to/from the east to/from such places as Geurie and Wellington, and Council seeks assessment of the local roads and traffic impacts attributable to the Project.

Based on the calculation in Section 3 above that approximately 112 persons will reside in the LGA during the two years of construction and approximately 100 persons during the 20 years of operation, there will be a substantial impact on the local rural roads as workers commute to and from the mine site. Traffic directly attributable to the Project will create pressure on the existing road and infrastructure function leading to road pavement deterioration, increased repair and maintenance costs and an elevated risk of accidents.

During construction there could be more than 75 light vehicles travelling to and from the mine site each day (assuming 1.5 persons per vehicle) from the Wellington LGA whilst during operations there could be 67 commuter vehicles/day.

The increased repair and maintenance costs generated by the Project's workforce commuter traffic on local rural roads needs to be offset via financial contributions associated with a VPA.

6. POPULATION AND HOUSING

During the two year construction phase the technical specialists who are not locals are likely to reside in hotels, motels, caravan parks or rental accommodation, including those found in the Wellington LGA. This demand is likely to place pressure on temporary housing, thus increasing rents (p 4-322). Overall during operations there will be increased demand for rental accommodation and house prices. Workers new to the region will be attracted to the Wellington LGA due to cheaper real estate and rents compared with Dubbo. Furthermore, the availability of housing (both short-term and long-term) is in short supply in Dubbo, thereby increasing the attractiveness of the Wellington LGA as a place to live.

7. ENVIRONMENTAL IMPACTS ON RURAL PROPERTIES

Council urges the State Government to ensure that the safeguards to be included in any development consent are sufficiently comprehensive and robust to protect nearby rural residents and downstream properties from adverse environmental, social and economic impacts including radiation, noise, dust, surface and ground water impacts and visual impacts.

Council would like to suggest that independent experts be engaged by the NSW Office of Water and the Office of Environment and 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 Macquarie River basin generally.

8. NEW POWER LINE REQUIRED FOR THE DEVELOPMENT

The EIS states that, to provide an electricity supply, a new 20 km long, 132kV transmission line needs to be built from Geurie, in the Wellington LGA, to the mine site.

It would appear that the planning and assessment process for the mine is disjointed and incomplete without including examination of the provision of electricity supply infrastructure. Council is of the view that, as this piece of infrastructure is critical for the project proceeding, the environmental impact assessment process for the power line should be integrated into the Project EIS assessment and determination process. Given the Proponent has commenced the preparation of a Review of Environmental Factors for the two proposed routes, Council suggests this should now be incorporated into the overarching Project assessment, namely the Dubbo Zirconia Project.

There may well be unacceptable impacts regarding the two possible routes being discussed, hence that power supply option would close. What happens to the status of the mine planning in such circumstances?

9. LIMESTONE SUPPLY FROM GEURIE

The EIS states that the Proponent will haul limestone from an existing quarry near Parkes. However, the EIS also states that the Proponent will be submitting a Development Application in 2014 (p 2-11)

for a new limestone quarry at Geurie, 22 km east of the mine site in the Wellington LGA. Sixteen B-double trucks per day (p 2-56) would then haul to Dubbo via the Mitchell Highway and then down the Obley Road to the mine site.

Similar to the points raised in Section 8 above, Council seeks greater transparency as to the plans for the Geurie site and ideally, for its impact assessment to be integrated into the current DZP EIS. Council seeks advice from the Proponent regarding:

- a) how much supply – both in terms of quantity and timeframe - remains available from the Parkes facility?
- b) When might the Proponent construct a new quarry at Geurie?

As limestone supply is a critical component of the Project, Council is concerned that any consent for the DZP may fail to properly address conditions that would relate to **both** the DZP site and the Geurie limestone site, for instance, traffic, road upgrades, etc.

10. ECONOMIC APPRAISAL

Council wishes to see various adjustments and clarifications made to 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) More robustness in the modelling regarding the availability of skilled labour in the local community for absorption by the Project; and
- e) More robustness in the modelling regarding the number of indirect jobs created by the Project.

11. FINANCIAL CONTRIBUTIONS TO WELLINGTON COUNCIL

As the sphere of government directly responsible for the day-to-day governance of Wellington LGA, the issues confronting Council are significant and complex.

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 its 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.

The Local Government Association of Queensland landmark report prepared in September 2010 (called 'Supporting Queensland's Resource Regions') provides a revealing insight into the issues and challenges facing local government in regions with current or proposed mining and petroleum

activity, and the need for funds to offset the costs of hard and soft infrastructure upgrade and ongoing maintenance.

Council is keen to learn from the Queensland experience and also the recent Ulan Road funding upgrade saga and wishes to ensure the Project delivers a net community benefit. Council wishes, therefore, to be compensated for any loss or damage to public amenity, service or asset and to avoid the transfer of Project-related costs from the Proponent to local ratepayers.

Council looks forward to securing a VPA whereby financial contributions are agreed for:

- a) The repair and maintenance of various rural roads and intersections for the life of the mine;
- b) General community enhancement to address social amenity and community infrastructure requirements arising from the Project; and
- c) Compensation for Project-related administration and management costs.

Council wishes to negotiate a VPA with the Proponent as soon as possible, certainly before the Project is determined, with the VPA outcome included as a specific condition within any consent. Council looks forward to a meeting with the Proponent to prepare the agreement.

12. DIALOGUE WITH THE DEPARTMENT OF PLANNING AND INFRASTRUCTURE

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 thanks you for your willingness to understand and appreciate the matters raised and we look forward to the incorporation of appropriate consent conditions in any planning approval such that the interests of Wellington Council and its citizens and ratepayers are adequately protected and enhanced.

If you have any queries regarding the abovementioned matters please do not hesitate to contact Michael Tolhurst, General Manager, on telephone 0413 210 233.

Yours faithfully



Michael Tolhurst
GENERAL MANAGER