

**GUNNEDAH SHIRE COUNCIL GENERAL MANAGER SPEECH  
TO PLANNING ASSESSMENT COMMISSION  
PROPOSED SHENHUA WATERMARK COAL PROJECT, 26 JUNE 2014**

Madam Chair (Ms Kibble), Mr Payne and Mr Gilligan,

Thank you for the opportunity to speak with you today on the proposed Watermark Coal Project, the largest industrial project contemplated in the Gunnedah LGA for over 50 years.

Given its significance, Council has devoted considerable resources to examining and negotiating on the proposal. It has sought an outcome where the Project will deliver community wellbeing and long term sustainability. In part, Council has achieved compensation to address any adverse impacts to public amenity, service or asset, thus avoiding the transfer of project-related costs from the company to the Shire ratepayers.

As part of its work Council has:

- Examined the EIS and made a Submission (May 2013);
- Examined the Response to Submissions document and made a Reply (December 2013);
- Met with Shenhua on approximately a dozen occasions;
- Met with the Department of Planning & Environment on five occasions;
- Met regularly with adjoining Councils; and
- Engaged independent experts to provide technical and strategic advice.

I would like to briefly mention some of the key considerations that have occupied Council's mind: They include:

- a Voluntary Planning Agreement to provide annual financial contributions for the duration of operations;
- road and other infrastructure funding arrangements;
- the need to protect our residents who live adjacent to the mine and the ground and surface water resources that are so vital to agriculture on the Liverpool Plains;
- workforce predictions & housing needs;
- economic appraisal; and
- cumulative impacts.

I make brief mention of each.

**1. VPA:**

The current process to secure a VPA between rural councils and mining proponents is somewhat variable and ad hoc. The lack of clear guidelines makes it difficult to formulate

appropriate quantum for a project. A more equitable, transparent and robust technical process would be beneficial so both parties have an agreed mechanism to guide reaching an outcome. Council has recently had dialogue with the DP&E seeking development of a more effective and efficient procedure.

Our negotiations with Shenhua on a VPA have aimed to avoid the transfer of Project-related costs from the Company to the local ratepayers.

I'm pleased to say, after extensive negotiation, we have reached an in principle agreement with Shenhua on a VPA and the document is being formulated. It provides for an estimated payment of \$11.7 Mil (= 6c/t x 195 Mil t product coal) over 30 years (= \$390K pa) to cover engineering and social services, maintenance costs and broad community projects.

Various community groups within the Gunnedah and Liverpool Plains LGAs have already benefited from a \$5 Mil Community Fund established by Shenhua over the past five years thanks to a special condition in its Exploration Licence. Now, through the VPA, Council will receive \$6 Mil upfront, to be held in a Community Facility Fund and administered by Council through a Steering Committee. Shenhua has also undertaken to fund up to \$500K in kind for project design and procurement services for a community facility.

It is pleasing to note that Shenhua has also committed to funding the following initiatives:

- \$50 K pa for 20 yrs for capital equipment for bushfire brigades, etc;
- \$10K pa scholarship for 20 yrs for a local candidate to gain entry to a university mining course;
- \$20K pa for 20 yrs to retain medical staff at Gunnedah;
- \$5 K pa for 20 yrs for various schools programs;
- \$5 K pa scholarship for 10 yrs for students to study child care courses;
- 8 students/yr for 30 yrs via a School based Trainee program; and
- \$250 K seed funding towards the Mining Skills Centre.

**Source:** Draft conditions - Appendix 3: Statement of Commitments, Ref No 81, page 48.

Also listed in the EIS as Table 96 headed 'Social Mitigation and Management Measures' on pages 289-290 in Section 7.26.5. Note: condition to be amended as the table in the EIS is listed as Table 96, not Table 82 as drafted.

## **2. Roads:**

Bulunbulun Road near Breeza is essentially a rural gravel road which provides a convenient link between the regional centre of Tamworth and the Project site.

Council has taken steps to ensure that the long term management of this asset is addressed, with Council being compensated for extra repair costs associated with increased traffic. Shenhua will help fund an upgrade to tar seal if increased traffic volumes deem it necessary.

There are also the implications for the local road network within the village of Breeza that warrant attention to protect the safety and ambience of that community.

We urge the PAC to give particular attention to the relevant conditions to ensure Council's interests in these road matters are protected. In particular, it is important that a robust methodology is defined within the conditioning to ensure the impacts of project related traffic can be transparently and accurately quantified.

## **3. Neighbours to the Mine and Water Impacts**

Council has concerns about potential impacts on surface water, groundwater, air quality, noise and lighting. These topics are highly technical and are beyond the scope of Council's resources and its remit. We rely heavily on those in the state public service who have a statutory obligation to safeguard the environment and the community and that they will do so to protect our interests. We urge the PAC to scrutinize the adequacy of the baseline data, the validity of the models, the rationale for the assessments, the adequacy of the safeguards and finally the robustness of the proposed consent conditions.

For the last three years Council has been calling 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 an important cumulative impact issue in terms of coal mining development and implications for human health in the region.

The DP&E has indicated that our request is fair and reasonable and that it will liaise with the EPA on the matter. We encourage the PAC to require the implementation and operation of such a program by January 2015.

## **4. Workforce & Housing Predictions**

The message consistently evident in EIS's is the uncertainty regarding workforce and

population impacts. For instance Shenhua in its EIS on section 4 page 557, states:

- *"The skills and working intentions of available labour are not known and therefore difficult to predict";* and
- *"It is also difficult to predict how many people currently working in other industry sectors will move into the mining & resources sectors".*

This places Council in a quandary as regards planning for the resultant impacts on accommodation supply and demand and related services.

We urge the PAC to carefully consider the draft consent conditions to ensure Shenhua is duty bound to provide adequate housing for its operational workforce and to address any adverse impacts on residential land development and other service related infrastructure.

The basis for a housing program should develop from the findings of the Regional Workforce Plan (proposed by the SRLUP) and the Social Impact Management Plan (proposed by Shenhua).

We note from discussions with DP&E that it supports social integration of the workforce with employees living in towns rather than in work camps. Council holds a similar view.

## **5. Economic Appraisal**

Mindful of Justice Preston's recent decision in the Land & Environment Court (Bulga/Warkworth Case) and similar commentary by The Economists-at Large and The Australia Institute on various mining proposals, Council would like to see some adjustments made to the social and economic assessment methodologies in EISs, namely:

- Assessment that better considers inter-generational and intra-generational equity consistent with the need to address ESD principles;
- Internalising into the valuation of the Project all environmental costs (eg noise, dust, amenity and ecosystem services, etc);
- A more effective weighting and balancing given to environmental and social factors, in addition to economic ones; and
- Changes to the Input Output modelling so there is a more realistic prediction as to the number of jobs created by the project.

Council invites the PAC to require more realistic socio-economic assessments for future projects.

## **6. Cumulative Impacts**

With the existing and pending resource developments within the Gunnedah Basin, Council is concerned about potential cumulative impacts. There are a number of proposed developments which will have a raft of socio-economic and environmental benefits and costs.

To illustrate the point, the Shenhua 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 by 2022 the Watermark operations workforce of 383 is expected to be just 11% of the total mining and CSG personnel in the Gunnedah Basin, that is, will be 3,500.

Council invites the PAC to require the DP&E to arrange for cumulative impact studies, especially as regards workforce and accommodation implications in the Gunnedah Basin over the next decade. These studies should 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 in the Gunnedah Basin should contribute to the funding and development of such studies and similarly we invite the State Government to return some of the wealth extracted from the ground by way of the 'Resources for Regions' funding program.

## **6. Conclusion**

I appreciate the opportunity to talk with you today and wish you well in your deliberations. Council is more than happy to discuss any matters of interest with you.

Eric Groth  
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Gunnedah Shire Council