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26 June 2014

**WARRUMBUNGLE 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,

I am delighted to see the expertise at the table here for this Planning Assessment Commission (PAC).

Ms. Kibble, with unparalleled knowledge of the planning system at all levels, Mr. Gilligan who represents a unique and sound understanding of industrial/environmental issues and Mr. Payne thoroughly understands the intricacies of local government and stakeholders.

Thank you for the opportunity to speak with you today.

The eastern boundary of my Local Government Area (LGA) is well west of here – about 50 km away, so you may wonder why I'm here.

I'm here to make you aware, that the manner in which biodiversity offsets are being secured for the Shenhua Watermark Project, and other major coal projects, appears to be done with little or no concern for the potential socio-economic impacts on the community and the rating base of local government.

Please let me explain.

Shenhua has purchased approximately 4,100 ha of land in Warrumbungle LGA as part of its biodiversity offsets obligation. (That is 3,581 ha for offsets + 514 ha to remain for agriculture).

This land, properties known as Mt Erin, Glendowda and Currajong Offset area, is near Tambar Springs, some 50 kms east of here. It represents approx. 65% of the total off-mining site offsets acquired by Shenhua. (The balance of offsets being 2,878 ha at Barraba).

**Properties purchased in Warrumbungle Shire by Shenhua Watermark Coal Pty Ltd .
Transfer Date 27 September 2013**

Property 1

Glendowda – Rate Assessment Number – 2478.3

1800 hectares

*Transfer 135/10

Sale Price \$5,610,000

Current Valuation 2011 \$1,840,000

Rates 2014/2015 \$8588.98

Property 2

Mount Erin – Rate Assessment Number – 3132

1488.61 hectares

Transfer 129/14

Sale Price \$2,600,000

Current Valuation 2011 \$1,250,000

Rates 2014/2015 \$6038.84

Property 3

Currajong – Rate Assessment Number – 3135.02

814.1 hectares

*Transfer 135/10

Sale Price \$5,610,000

Current Valuation 2011 \$980,000

Rates 2014/2015 \$4871.82

*Note properties 1 & 3 are on the same Transfer 135/10

Sale price of \$5,610,000 is for both properties.

Council believes there are further properties in the process of acquisition by Shenhua

Details provided by Local Stock and Station Agent, Mr Stewart Rodgers 24.06.14
Stewart is familiar with the 3 properties. He considers them to be working viable properties, and some of our better quality country with good productive land. Between the 3 properties they would have run 700 – 800 breeding cows. They also grew crops for fodder, Glendowda at one time ran sheep but in recent years concentrated on cattle.

The properties are cleared with some timber situated on Mount Erin. (see Aerial photo)
Three homes on the properties are quite substantial older homes with 2 of the properties having extra workers cottages.

Council only became aware of this matter via the community network (a local stock carrier advised the Mayor about what was happening). WSC was not informed by either Shenhua or any government department. Council believes it should have been given formal advance notice of such a proposed land purchase and an opportunity to negotiate with the proponent.

My comments relate to several aspects:

1. The reallocation of priorities for the use of this land for biodiversity values will cause in the order of \$1mil per annum, direct loss of agricultural productivity and hence economic activity in the district. The quantum of revenue generated by support industries such as carriers and agriculture service providers are difficult to quantify however must be considered.
2. The loss of five families directly impacts on schools, bus runs and local sporting teams. Of greater concern is the loss of land rates to Council, Approximately \$20,000, if the subject lands are handed over to NPWS for reservation under the NPW Act. There is a high likelihood that that will occur, if the planning for the recently approved Cobbora Coal Project is any yardstick. In this latter case, some 8,550 ha of land in Warrumbungle LGA has been purchased for biodiversity offsets and the majority is earmarked for transfer to the NPWS estate. The experience with Cobbora Holdings over the ILMP has been very poor in terms of consultation and outcome for the community to date.

3. WSC notes that Gunnedah Shire, Liverpool Plains Shire and Tamworth Regional Council are securing funding from Shenhua via VPAs in recognition of environmental, social and economic costs being transferred to ratepayers. Yet in this case, Warrumbungle Shire incurs a cost impact without any recompense and without being informed through normal channels.
Regionally the Pool of agricultural land has been diminished X 2 i.e. the mine footprint land is taken out of agricultural production and used for the coal mine and then productive land purchased for offsets is returned to native vegetation.
4. Conservation areas are an Impost on adjacent farmers by way of maintenance of fence lines, control of pest plants & pest animals. This is essentially cost shifting.
5. WSC landholders experienced significant loss (200 km)with national park boundary fences damaged during the 2013 Wambelong Bushfire
6. By removing land that has been traditionally used for agriculture from the economic and social contribution to the community there is an exponential impact on rural communities.
7. Essentially shires that have lands that are purchased for offsets ARE mining affected **see “Economic Assessment Mining Affected Communities 2013”**
8. Offset lands should not be agriculturally productive lands. Offsets should be secured on degraded land so that there is an actual environmental gain through rehabilitation.
9. Newcastle Herald 24/6/14 by Joanne McCarthy article on subsidies – therefore the rate payers of Warrumbungle Shire are subsidising mining impact on community.

See below- forecast VPA allocations for affected LGAs

Gunnedah Shire Council (GSC): (\$13.3 Mil)

- \$6 Mil community hall , \$500K engineering design , \$1 Mil equip for essential services \$400K retain medical staff , \$250 K Mining Skills Centre
- \$5 Mil Community Fund paid as part of Exploration License conditions (separate to EIS commitments)

GSC roads:

- Bulunbulun Rd: **Co to pay R&M based on its share of traffic. Will pay its share to upgrade to seal if a certain traffic volume is triggered.**
- Co will pay its share of local site roads namely Nea Siding, Cull, Clift & Werner Rds.
- Breeza Village/highway intersections & rail crossing

Liverpool Plains Shire Council (LPSC): (\$1.5 Mil +)

- \$1.2 Mil for sports centre
- \$300K engineering design

Tamworth Regional Council: (\$350 K)

- \$350 K for outdoor play centre

WSC requests, for this project and all future mining projects that the PAC require mining proponents to engage and consult with all the relevant Councils before land is acquired in the respective LGA to assess the impact.

WSC also requests the PAC impose a condition to require Shenhua to compensate WSC for the loss of productivity to the community that these properties represent .

WSC also requests the PAC condition the compensation of the relevant land rates at the time of the loss of the rates, should the ownership and management of such lands be transitioned to the Crown within the next 30 years.

The advelorum rates system requires the shire wide rates to be adjusted to compensate the loss from the rate base. Therefore the ratepayers of Warrumbungle will be subsidising the mining operation

In conclusion

Madam Chair, I'd like to make a couple of closing remarks regarding the planning and assessment process for major projects.

The rural community in NSW is keen to have a greater say in how agricultural lands are used and how decisions are made regarding industrialization of such lands by mining and energy projects.

We need a system that affords the community a fairer hearing, one that takes into account environmental, social and economic considerations, IN THAT ORDER.

WSC Suggested improvements:

- **Voluntary Planning Agreements (VPA):** The current process to secure a VPA between rural councils and mining companies works to the disadvantage of Councils and needs an overhaul. Councils need a more equitable, transparent and robust technical process that gives both parties clear guidelines to help reach an amicable outcome.
- **The Role of the PAC:** the public is desperately looking for someone it can trust on decisions regarding major developments. Someone they believe will give them, the small players, a fair go. The public would love it to be you.

They are crying out for someone who will give just as much weight to their case as to that of the company or government. At the moment the evidence suggests, considering the Government processes overall, there is a bias in favour of the developer. The community wants more transparency and greater accountability, and a Department of Planning & Environment that shows itself an even handed planning agency,

The community urgently needs a stronger, better resourced and more independent PAC.

Steve Loane,
General Manager
Warrumbungle Shire Council



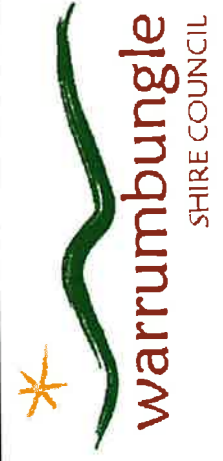
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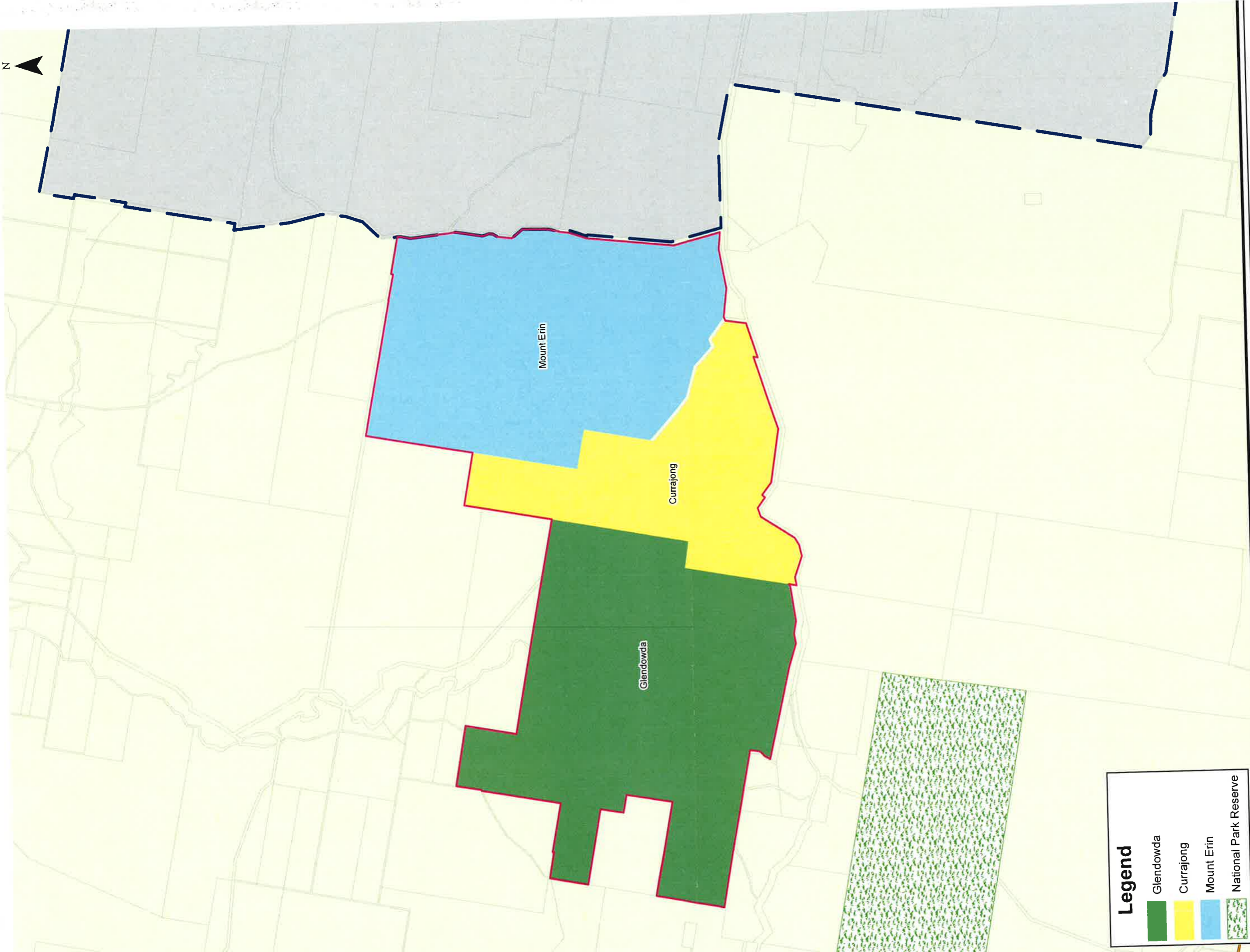
- Glendowda
- Currajong
- Mount Erin
- National Park Reserve

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WARRUMBUNGLE SHIRE COUNCIL

Shenhua Current Holdings





Legend

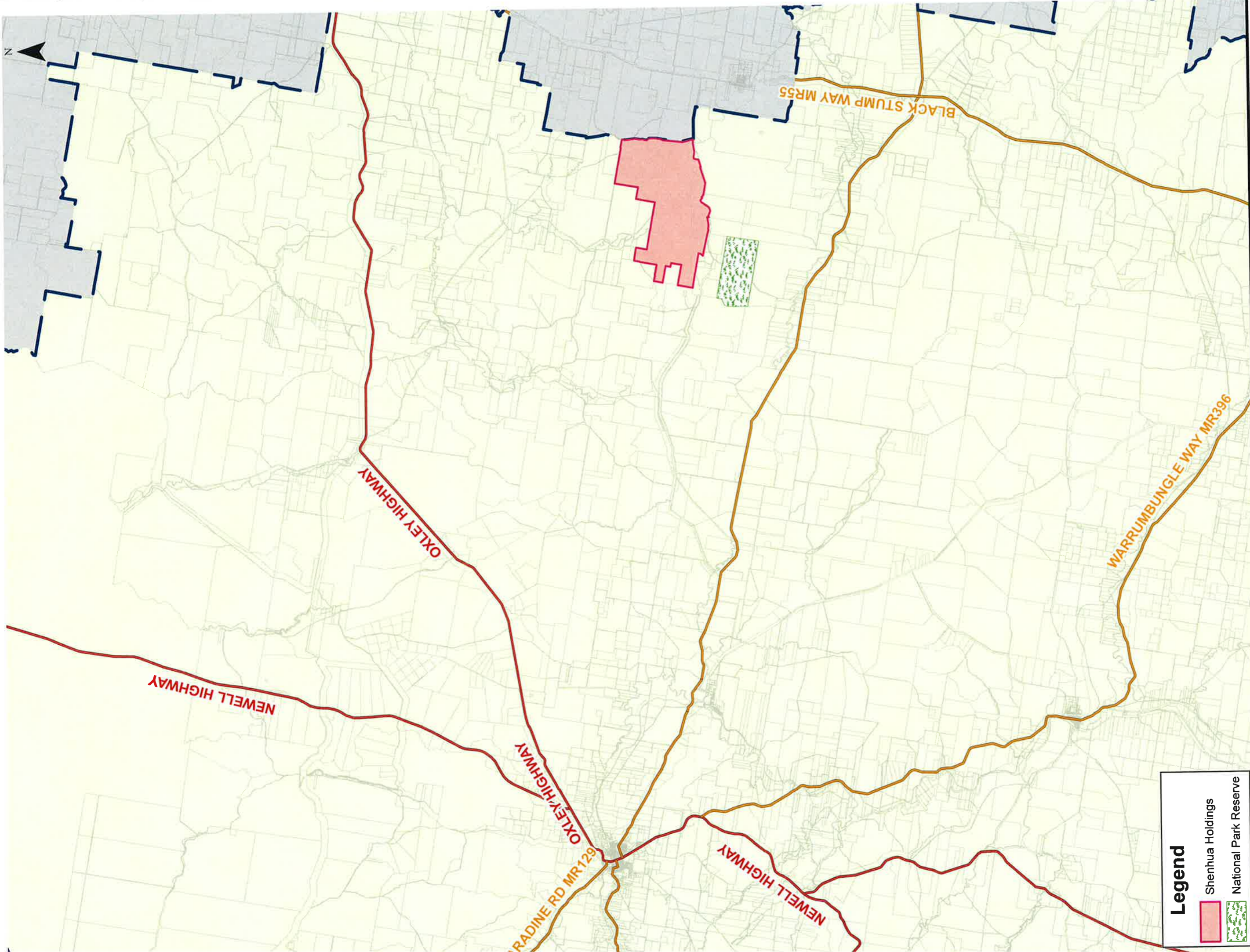
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