



PAC Submission

Introduction

Warrumbungle Shire Council (WSC) is concerned with two main issues, the former is considered to be a symptom of the latter.

The first issue is the manner in which biodiversity offsets are being secured for the Shenhua Watermark Coal Project. The second is the broader issue of Major Project Assessment in NSW, in particular the process - or lack thereof - for the negotiation of Voluntary Planning Agreements between development proponent and Councils.

Background

It appears that the way in which biodiversity offsets are being secured for the Watermark Coal Project is with little or no concern for the potential socio-economic impacts on the community, nor for the rate base of local government.

To explain, Shenhua has purchased approximately 4,100 hectares of land in the Warrumbungle LGA as part of its biodiversity offsets obligation. That is, 3,581 hectares for offsets and 514 hectares to remain for agriculture.

This land comprises properties known as Mount Erin, Glendowda and Currajong, near Tambar Springs, some 50ks east of here (refer to attached aerial images).

This land represents approximately 65% of the total off-mine-site offsets acquired by Shenua (the balance of offsets being 2,878ha at Barraba).

The total amount of Council rates generated by these properties combined in the 2014/15 financial year, amounted to just shy of **\$20,000**.

Glendowda Rates – \$8588.98

Mount Erin Rates – \$6038.84

Currajong Rates – \$4871.82

With regards to the quality of the land for agricultural purposes, the following information has been provided by Local Stock and Station Agent Mr. Stewart Rogers (24.6.14).

Mr. Rogers considers the properties to be working viable properties, good productive land and some of our better quality country. Between the 3 properties they would have run between 700 and 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 predominantly cleared with some timber situated on Mount Erin. Three homes on the properties are quite substantial older homes with 2 of the properties having extra workers cottages.

Council believes there may be other properties in our Shire in the process of acquisition by the Coal Mine proponent.

Council only became aware of the above undertaking via the community network - a local stock carrier who advised the Mayor. WSC was not informed by the mining proponent or any government department. Council believes it should have been given formal advance notice of the proposed land purchase and an opportunity to negotiate with the proponent.

Implications

The above land acquisition has the following implications:

1. The reallocation of priorities for the use of this land for biodiversity values will cause in the order of \$1 million 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.

By removing land that has been traditionally used for agriculture from the economic and social contribution of the community there is an exponential impact on rural communities.

The loss of 5 families directly impacts on schools, bus runs and local sporting teams.

It should also be pointed out that conservation areas can be an impost on adjacent farmers by way of maintenance of fence lines, control of pest plants and pest animals for agricultural activity. This then, is essentially cost shifting.

2. Furthermore Offset lands should not be agriculturally productive lands. Offsets should be secured on degraded land of environmental value so that there is a valuable environmental gain through rehabilitation.

Regionally the pool of agricultural land is being diminished in two ways i.e. the footprint of mines are taking land out of agricultural production and then productive land is being purchased for offsets and dedicated for conservation.

Warrumbungle Shire Council do not oppose environmental conservation, however we are frustrated with the way in which environmental offset areas are acquired.. via a lack of consultation, and lack of consideration of the socio-economic impacts that doing so has on the community.

3. Of significant concern is the loss of land rates to Council, approximately \$20,000 if the subject lands are handed over to the National Parks and Wildlife Service for reservation under the National Parks and Wildlife Act.

The ad valorem rates system requires the shire wide rates to be adjusted to compensate the loss from the rate base. Therefore the ratepayers of Warrumbungle Shire will be subsidising the mining impact on the community.

There is a high likelihood that that will occur based on our experience with the Cobbora Coal Project. In the Cobbora case, some 8,550 hectares of land in WSC has been purchased for biodiversity offsets and the majority is earmarked for transfer to the NPWS estate.

Consistent with the broader emerging theme, the experience with Cobbora Holdings over the Integrated Land Management Plan has been very poor in terms of community consultation and outcome for the community to date.

4. WSC notes that Gunnedah Shire, LPP Shire and Tamworth Regional Council are securing funding from Shenua via VPAs in recognition of environmental, social and economic costs being transferred to rate payers.

Gunnedah is set to gain \$13.3 million for roads and community projects. LPP Shire Council is set to gain \$1.5 million, and Tamworth Regional Council, \$350,000.

Yet, in this case, WSC incurs a cost impact without any recompense and without being informed through the proper channels.

It is important to acknowledge that Councils with lands purchased for offsets are mining affected LGAs* and therefore deserve due consideration and compensation.

*This is with reference to the report Economic Assessment of Mining Affected Communities 2013 published by the Department of Trade and Investment.

Requests of the PAC

In consideration of the above, WSC respectfully requests the following:

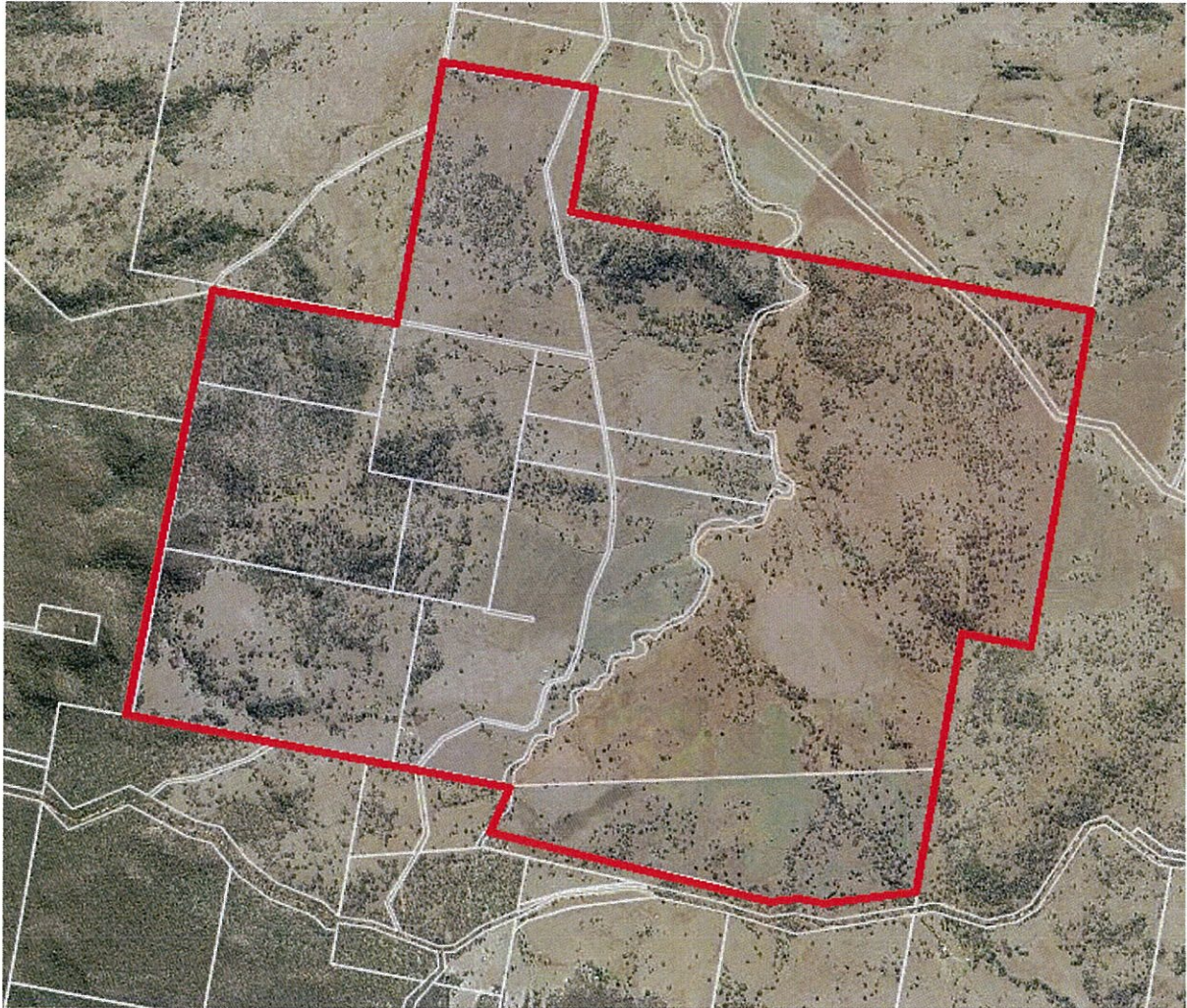
- For this project and all future mining projects that the PAC require mining proponents to engage and consult with ALL the relevant Councils before land is acquired in the respective LGA, so the impacts can be properly assessed, and so that the most suitable land can be acquired.
- WSC also requests that the PAC impose a condition to require Shenhua to compensate WSC for the loss of productivity to the community that the loss of these properties represent.
- WSC also request 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. we request this so the community is not required to subsidise the impact of the mine on our Shire.

With respect to the broader Major Projects assessment in NSW, Council notes that the current process to secure a VPA between rural councils and mining companies works to the disadvantage of Councils and it needs an overhaul.

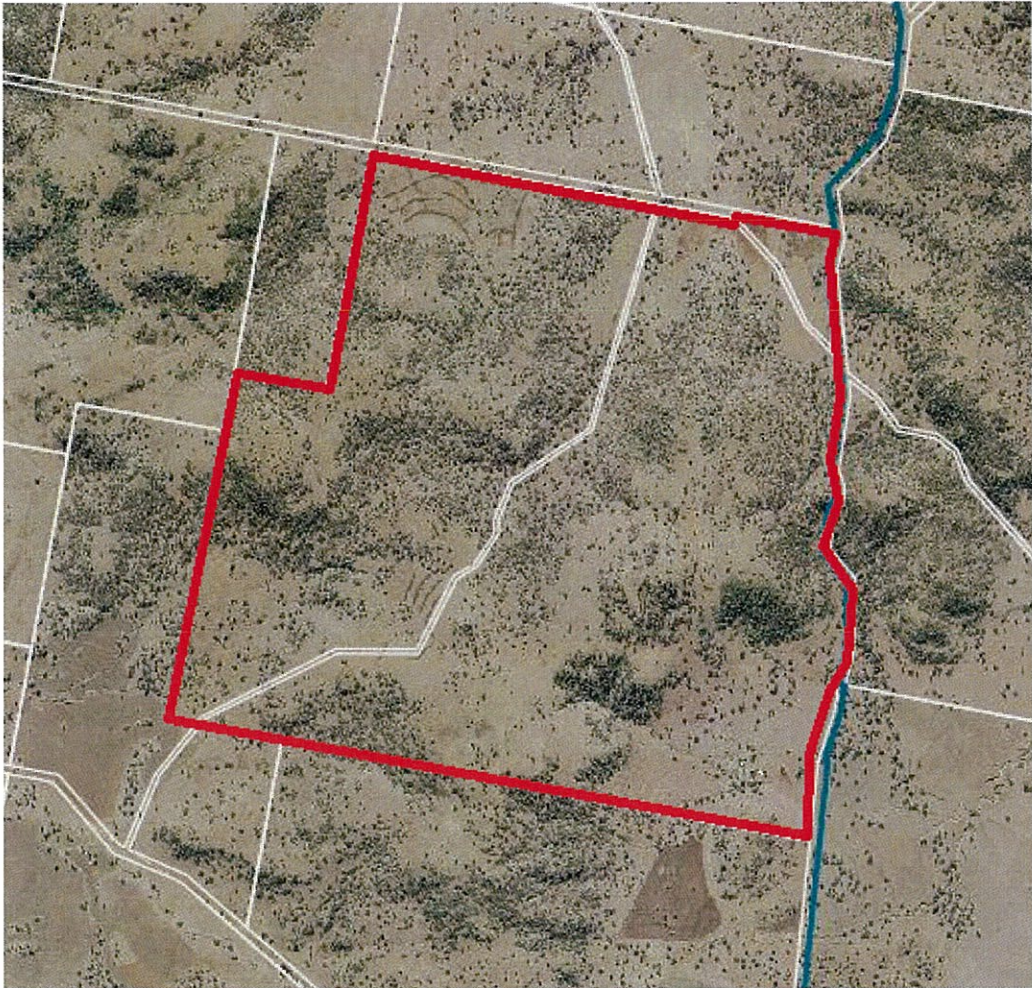
Councils need a more equitable, transparent and robust technical process that gives both parties clear guidelines to help reach a fair and amicable outcome.



Land acquired for Environmental Offsets by Shenhua Watermark



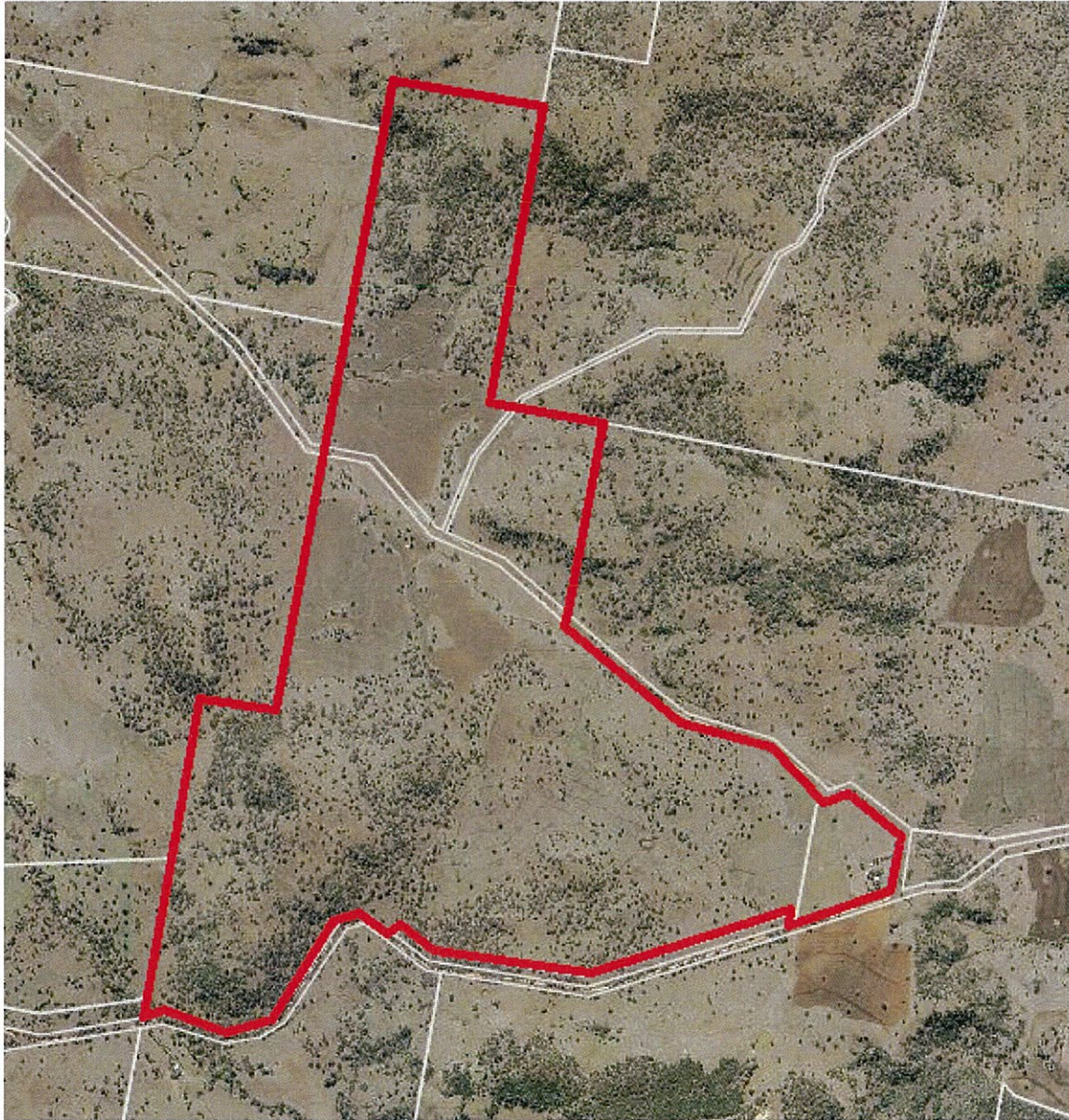
Property 1 - Glendowda
Area: 1800 hectares
Rates 2014/2015: **\$8588.98**



Property 2 - Mount Erin

Area: 1488.61 Ha

Rates 2014/2015: **\$6038.84**



Property 3 - Currajong

Area: 814.1 Ha

Rates 2014/2015: **\$4871.82**