

Drayton South Mine Extension Application

Opening Remarks to Planning Assessment Commission

*by Graham Bradley AM - Chair Anglo American
Australian Advisory Board*

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Denman NSW

Commissioners,

My name is Graham Bradley, and I am ~~the non-executive~~^{the} chairman of the Australian Advisory Board of the Applicant, Anglo American. I am an experienced fulltime company director and chairman. I have been associated with the Anglo American group for over 10 years. I have a close knowledge of the Application before you, the extensive consultations which led to the initial Application three years ago, and its progress towards the proposal you now have before you.

1. What is at stake?

I would like to state what is at stake before you. It is nothing less than this:

- The continued employment over the next 15 years for some 500 direct employees, many of whom have devoted their entire working life to the Drayton mine, and the livelihood of their families.

- The continued prosperity, and in some cases viability, of scores of local businesses that benefit from the \$70 million of expenditure that will be made by the mine each year, very largely in the Hunter area.
- The total of some \$350million of royalties that will be paid to the state over the next 15 years for the benefit of the wider NSW community, together with significant company and other taxes paid to state and Commonwealth.

What is also at stake is the confidence of investors, both local and overseas, that a carefully designed state significant resource project that has been developed with comprehensive expert advice and modified in response to all legitimate community concerns, and has met all planning and environmental standards, can achieve positive approval in this state.

2. What is proposed?

Let us all be clear on which is being proposed in this Application. It is:

- A significantly smaller mine extension than originally proposed. It will now have a 15 year and not a 27 year mine life, and will extract approximately 73 million tonnes, not 119 million tonnes as originally proposed.

- A project that has met all of the Department of Planning & Environment's requirements, subject to conditions that constitute fully acceptable mitigants for all environmental impacts, and fully adequate environmental offset requirements.
- A project that, with the proposed conditions, will meet all applicable standards and measures for acceptable environmental performance, and has been adjudged by the DPE to be "overwhelmingly positive", even with conservative assumptions.
- A project that will ultimately result in a better final landform at the existing Drayton mine than if the mining operation stopped today, and improved water quality in Saddler's Creek.
- A project mine plan that now does not in any material way impact the operations, much less the sustainability, of adjoining property owners or interfere with their economic activity.
- A project that, in deference to the complaints about the occasional visibility of mine equipment from the two horse studs across the Golden Highway, is now set back behind not one but two ridgelines, ~~as advised~~ ~~by the previous Planning Assessment Commission~~, so that it will be effectively invisible to its neighbours.

3. The DPE's Preliminary Assessment and Recommendation

The plan before you has received DPE endorsement, as did the predecessor plan which had a larger footprint. The current plan has an even smaller environmental impact in terms of noise, dust, lights and other respects than its predecessor which also received DPE approval. The DPE's recommended approval is subject to conditions which the Applicant accepts and, importantly, has the financial resources to meet fully and with integrity.

The proposal has now responded fully to the earlier Planning Assessment Commission's concern about the prior proposal by excising the Redbank Pit and part of the Blakefield Pit from the plan and setting the boundary for mining behind the second ridgeline; that is, behind the yellow line first proposed by the original Planning Assessment Commission in December 2013. This doubles the buffer zone distance to the adjacent properties. The Applicant has done so at the cost to the mine life which is now reduced from 27 to 15 years, but fortunately not at the cost of the economic viability of the mine, even at currently depressed coal prices, due to the reduced capital expenditure and operating costs that will be necessary to operate under the revised mining plan.

Moreover, the Applicant has offered to put in place a binding commitment, binding upon itself and future operators, that open cut mining will not extend beyond the current mine plan boundaries any future time.

I submit that, taken together, these changes have removed for all practical purposes all reasonable objections raised in the submissions regarding this project, and also all of the unreasonable ones.

4. Impact on Horse Studs

Commission,

Your terms of reference direct you to consider specifically the impact of this proposal on Coolmore and the Darley operations. What is not at stake here in our submission, in any way is the continued economic viability of those operations, nor the health of their livestock.

Throughout the Hunter there are successful thoroughbred breeders who operate and maintain their livestock in much closer proximity to large scale open cut mining operations than will occur here and, based on expert evidence, there are no recorded adverse health impacts in their operations.

From the current proposal there will be no material adverse noise, dust, light or other impacts. There will be no increased road traffic or truck movements. There will be no impact on the Hunter River water quality. In fact, the project involves the restoration and improvement in water quality

in the Saddler's Creek riparian zone, which is presently highly degraded due to previous agricultural activities.

Summary

We ask this Commission, therefore, to weigh up the very material economic benefits to the Hunter region, to Drayton's 500 employees and their families, and to scores of local businesses and community groups, and to the state as a whole, against the small and very substantially mitigated environmental impact of the current proposed mine.

We ask that you take into account the imminent and certain loss of 500 jobs should this proposal not proceed.

We ask you to also weigh objectively and dispassionately the statements by Coolmore and Darley that their current owners may cease operation if this mine is approved. We submit that these statements are exaggerated, implausible and not supported by credible evidence of material negative equine health impacts.

We would further submit that even if the current wealthy Dubai and Ireland-based owners of these properties did for any reason decide to sell up, there would be many buyers keen to acquire the properties and to continue their current operations. We submit that you must find that the DPE's conclusion

that the mine's impact is not significant enough to cause the thoroughbred operations to leave the Hunter Valley is correct.

We ask you also to take note that what is not at stake before this Commission is the future of the entire Hunter Valley equine industry. The entire industry will not be jeopardised by this single mine extension involving immaterial real and physical impacts. Anglo American believes in co-existence and we have worked hard over the past five years to consult with the studs on ways to mitigate their concerns. If experts in their fields, who you will hear from shortly, conclude that the horse studs will not be able to hear or see the mine and that equine health will not be affected, and if these world class studies are backed by the Department of Planning, why would the horse studs move?

Which brings me to our last point. We ask you to consider the reasonableness of the Coolmore and Darley objections. The current owners of both those properties acquired them and have invested in them in the full knowledge of Anglo's long-standing exploration licence over the mine extension area, an area long earmarked for mine development. One owner even bought more property even closer to the exploration licence in 2013. This casts, we submit, a long shadow over the genuineness of their objections. We submit that this ^{Commission} PAC must find, on the basis of the expert

evidence before it, that there will be no material increased impacts of any substance on Coolmore or Darley.

Rick Fairhurst will now continue our presentation.

Closing Remarks

Commissioners, thank you for your attention this morning.

I began my remarks by outlining what is in your hands in this matter: the livelihood of 500 members of our committed local workforce and the future of their families, millions of dollars of benefits to the region, state and nation, and the wellbeing of many local businesses whose viability underpins the economic prosperity of the Hunter, and much more.

Let me close by adding that what is also at stake here is the credibility of NSW state's planning process, the role of independent Planning Assessment Commissions in that process, and their ability to objectively weigh the soundly based evidence which has supported this Application, and supported the Department of Planning's recommended approval, by filtering out narrowly self-interested and unsubstantiated objections, and to bring a properly balanced judgment to bear on a significant state

development application with major economic benefits to the state and the region affecting the livelihoods of so many people.

Thank you.
