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Mr Alan Coutts
Chairman Mount Pleasant Modification 3
Independent Planning Commission
L3, 201 Elizabeth Street
Sydney NSW 2000
July 2018

Dear Commissioners Coutts, Lipman and Williams

GODOLPHIN AUSTRALIA – MOUNT PLEASANT MODIFICATION 3

Thank you for the opportunity to present to the Independent Planning Commission on 4 July 2018.

Attached is a copy of the presentation made by Mr Alastair Pulford, Head of Sales for Darley, which is the stallion division of Godolphin Australia Pty Ltd ("Godolphin"). For your convenience, we also enclose a copy of our submission to the Department on this modification which provides background to the Godolphin's operations and the concerns we expressed to the Department in July last year. These include concerns regarding the impacts of this proposal on our operations, the equine critical industry cluster, the environment and the community in the Upper Hunter. These concerns have either been ignored or not addressed by either the Proponent or the Department in its Assessment Report.

We would like to take this opportunity to highlight the following:

- Godolphin is one of the two largest Australian and international thoroughbred breeders and racing operations.
- Our Kelvinside Stud is integral to the business and livelihoods of over 100 broodmare farms in the Hunter Valley (which house client/investor-owned mares that reside or travel to the Hunter to be serviced by Darley stallions). Kelvinside forms part of a sophisticated network of equine support industries - including the Scone Equine Hospital, which is the largest equine hospital in the Southern Hemisphere (and a centre of excellence in its own right).
 - An illustration of the thoroughbred breeding value chain is attached to this submission for your information.
 - It is important to understand that stallion farms are at the heart of the thoroughbred breeding business model. The stallion farms attract broodmare farms and other equine support industries, which ultimately form the equine critical industry cluster.

- The Kelvinside Stud farm, which houses our premier stallion bloodstock, is a principal reason why thoroughbred clients and investors are attracted to the Hunter Valley and why over 100 broodmare farms and many more equine support industries are co-located in the Hunter.
- Our Kelvinside Stud is one of our two integrated operations in the Hunter Valley (the other being the Woodlands Stud at Jerrys Plains which houses Godolphin's broodmare bloodstock, foals and yearlings).
- Our Kelvinside Stud is the closest stud to the proposed new open cut mine at Mt Pleasant (Map attached)
 - It is our shop front, our client interface. It is where we showcase our operations and our stallions, and where our clients bring their broodmares for servicing.
 - It, Aberdeen and its surrounds, is home to many of our staff and their families.
 - It is where we host thousands of clients, visitors, racing fans and tourists.
- Our business relies on a pristine environment, which is clearly visible to our clients, visitor and tourists.
- Open cut coal mining is highly visually, physically and environmentally intrusive and completely contrary to every message we send to our clients.
- A new open cut coal mine at Mount Pleasant would have significant impacts that are likely to:
 - Tarnish our reputation, brand and business model;
 - Devalue our assets and investments in the Hunter Valley and beyond (exceeding \$1 billion to date);
 - Impair our domestic and international competitiveness as an Australian thoroughbred breeding and racing market leader;
 - Jeopardise the health, safety and wellbeing of our staff and their families (many of whom reside on the Kelvinside stud farm);
 - Prejudice our ability to recruit and retain high quality staff and gifted horsemen and women.
- Once the damage is done to our reputation and our business it will be irreparable.
 - It cannot be reversed, repaired or mitigated;
 - It cannot be conditioned; and
 - If, as a consequence we decide to leave, it will trigger the demise of the Hunter's equine critical industry cluster (as previous PACs and Gateway Panels have independently found).
- Open cut coal mining and international scale thoroughbred breeding are fundamentally incompatible land uses that cannot coexist in close (including visually close) proximity.

Legal & Merit Assessment

We concur and support the submission lodged by the Hunter Thoroughbred Breeders Association. In particular, we submit that:

- The proposed “modification” by MACH Energy, is in effect a new mining proposal and should be subject to a new Development Application and supported by a full environmental impact assessment that reflects present-day realities, environmental standards, community attitudes and Government policies and guidelines.
- The Department’s Assessment Report and recommendation ignores the concerns of the HTBA, community, adjacent landholders, including Bengalla, with respect to the:
 - overall negative environmental and socio-economic impacts of this proposal;
 - economic costs of the proposal – noting that the modification EA does not contain an economic assessment in accordance with NSW Government Guidelines for Economic Analysis of Mining and Coal Seam Gas Proposals;
 - lack of assessment of material losses in regional economic activity and socio-economic impacts of job losses in other industries which may occur, which would be detrimental to the region’s economic diversity and consequently would not be in the public interest;
 - deficiencies in noise and blasting assessment – including as a result of serious underestimation of equipment, activities and investment and deficiencies associated with the Proponent’s mine plan;
 - deleterious impacts on the Upper Hunter’s air quality as a result of exceedances in PM10 and PM 2.5 by the company’s own admissions;
 - negative impacts on our surface and groundwater systems, saline discharges into the Hunter River and concerns surrounding the management of runoff water from Mt Pleasant’s disturbance and rehabilitation areas;
 - proximity of, and direct, indirect, static and dynamic visual impacts of the mine to the towns of Aberdeen and Muswellbrook and studs which are the entrance to the Segenhoe Valley.
 - potentially negative impacts on Aboriginal and non-Aboriginal heritage;
 - lack of any analysis of, and responsibility for, the cumulative impacts of mining in this area.

The Proponent and the Department’s assessments have totally ignored the indirect and dynamic visual impacts on the Kelvinside stud due to increased mining activity, blast plumes, dust deposition, noise and blasting, sulphur smells, vibration, night lighting and increased mining traffic in the area. Issues which previous PAC’s recognised would impact our reputation, brand, and potentially our operations.

Previous Planning Commission Findings

Previous Planning Commissions ¹ found that:

- Godolphin’s studs are highly important to, central players in, the equine critical industry cluster and the broader region and should be protected from the impacts of mining.
- The Darley studs are at the “epicenter” of the thoroughbred breeding industry in NSW and Australia. They are “pivotal” to the sustainability of the Upper Hunter Equine CIC because of their

¹ Planning Assessment Commission Reviews and Determinations on the Drayton South Proposed open cut coal mine

size and market share. They are the largest international scale thoroughbred studs in Australia and have economic and reputational significance to the region, NSW and Australia.

- Our properties are not purely agricultural operations but house communities of people and have guest accommodation and historic homesteads. They host events and clients and any signs of mining, whether causing real or perceived impacts, could create doubt in the mind of buyers, investors and other industry representatives
- Mining would threaten our reputation, brand and potentially our onsite operations.

Conclusion

Godolphin supports the HTBA submission and concurs with others (including Bengalla and Muswellbrook Council) that the changes proposed in the MACH Energy Modification 3 application are substantial and what is sought is not a "modification" within the meaning of section 75W of the EP&A Act. We therefore submit this modification application should be refused.

MACH Energy's Environmental Assessment is deficient and either does not assess or does not address many of the impacts of the proposed development, including the potential impacts on the nearby towns, communities, and the equine industry cluster. We therefore strongly contend that the Commission ought to apply the precautionary principle and refuse this application.

Neither MACH Energy nor the Department address the incompatibility of this new mine with adjoining communities, or agricultural land uses, particularly the equine critical industry cluster.

Given the above, and noting the total lack of a cost benefit analysis and cumulative impact assessment, we submit that the Commission cannot make an appropriately informed decision on the merits of the proposal and on that basis the modification proposal should be refused.

It is our strongly held view that this modification proposal does not align with the principles of ecologically sustainable development, would not promote social and economic welfare of the community and a better environment as articulated by the Objects of the E&A Act, and as such is against the public interest and should be refused.

Yours sincerely



Ross Cole

Director of Corporate Services

Enclosures:

1. Presentation by Mr Alastair Pulford
2. Godolphin Submission, Mt Pleasant Modification 3, July 2017
3. Thoroughbred Breeding Value Added Chain
4. Map of key studs in proximity to Mt Pleasant

PRESENTATION TO IPC, 4 JULY 2018

MR ALASTAIR PULFORD

Good morning Commissioners. My name is Alastair Pulford. I am the head of Sales for Darley, which is the stallion division of Godolphin.

I have been involved in the thoroughbred industry in Australia for 31 years and a further 7 prior to that in Southern Africa. I have lived in the Hunter for 15 years, having moved here to join Godolphin in 2003.

Darley/Godolphin

As you may know, Godolphin is one of the two largest thoroughbred breeding and racing companies in the world. We have studs in England, Ireland, America, Japan and here in Australia. And our Australian stallion division is the largest within the company. We are very important, not only to our Company and owner, but also to the entire racing industry. We stand the largest number of commercial stallions in Australia and in the world. Our market share is such that our stallions cover approximately 12% of the entire Australian Thoroughbred herd.

Kelvinside is our original property. Its primary reason for being is to house our elite stallions. It is just outside Aberdeen about 4km to the East. We have the facility to stand 18 stallions and on average stand 15 stallions each year. This year we will stand 13 stallions.

The property was developed from 2003 into a world class stallion

facility. As well as housing our stallions we use the property for racehorse training, spelling, rehabilitation and educating yearlings. Other studs have followed our lead so now, within a small triangle with sides measuring from Kelvinside 7 km east on the Rouchel Road to Segenhoe Stud, 10km north to Arrowfield as the crow flies and 13 km back to us, you have 4 of the 6 major stallion farms in Australia. Ourselves, Newgate, Vinery and Arrowfield. It is an amazing concentration of elite horse properties.

Our stallions at Aberdeen are visited by 1500 mares, each season. These mares are located at various boarding farms within the local area. Generally within 45 minutes' drive or less. Kelvinside is one of a kind in New South Wales in that it is the only major stallion facility in the state that does not also house any broodmares. Our business model has always been that mares walk on from other specialist broodmare farms. Many of the local broodmare farms started up or expanded after our inception in 2003. It is not far-fetched to say they exist because of us. Even our own mares travel to and from our Woodlands farm near Denman.

Kelvinside is our shop front. Our client interface. It is where we showcase our operation and our stallions. In any one year we host thousands of clients, visitors, racing fans and tourists. We keep it in pristine order because we are always on show.

On any day at any racecourse in Australia and overseas, many winning racehorses will be the progeny of Darley stallions.

Similarly, at any auction house in Australia, the majority of premier bloodstock commanding the highest prices will be bred born or raised in the Hunter Valley.

Again, a significant proportion of those – which can be from say 10% and as much as 25% will be progeny of Darley stallions - The world's best racehorse, Winx was conceived at Kelvinside and raised in this area. Her mother now lives just down the road at Segenhoe Stud.

As a pivotal player in the Hunter's acclaimed and internationally recognized thoroughbred breeding industry we are very concerned about the proximity and absolute incompatibility of the Mount Pleasant proposed open cut coal mine to our operations, and the risks to our reputation, our business model, our future and that of the communities and families who live and raise their children on and around our farms.

Our industry is based on the strength and performance of our stallions. They attract broodmare investors and broodmare farms and a network of equine support industries. Our industry is based on a clean, green serene image.

Open cut mining portrays the exact opposite every person's mental picture of a horse breeding area. We are extremely vulnerable to the threats posed by mining in close proximity, particularly where there are real or unassessed threats of impacts of dust, noise, depletion of water resources or quality, diminution of our landscape and visual amenity.

As a member of the Hunter community for 15 years the prospect of an open cut mine coal at the Mount Pleasant site was considered a negligible possibility.

I have driven past the site countless times. For some 17 years I believe post the original development consent, no substantial work and no mining had occurred on the site. No meaningful investment was made by the holder of the consent. No jobs were created. No coal was produced or transported to market. No economic benefits flowed back to the state, the community or the region.

Any reasonable person would have assumed that given the substantial passage of time, the then owner's disinclination to develop the mine as well as the substantial changes in that 17 years, changes such as the development of our industry in the Hunter, of other mines, of changes to government policy, of environmental standards and of community expectations; you would expect that an open cut coal mine on this site, so close to the towns of Aberdeen and Muswellbrook, and the heart of the Thoroughbred industry - would not proceed.

But here we are arguing the merits of a modification proposal that differs so radically from the original proposal that it should be recognised as a new proposal and be assessed from scratch, in accordance with contemporary environmental and community standards and government policy. These issues will be expanded upon in Godolphin's written submission.

Others more qualified than I, have and will speak to you on the merits of this proposal. From Godolphin's perspective:

- it is not acceptable to have an open cut coal mine so close to the towns of Aberdeen and Muswellbrook which on a proper assessment will also hold significant risk to our industry;
- it is not acceptable to place the future and reputation of the Hunter's Thoroughbred Breeding in jeopardy once again;
- it is not acceptable to be perpetually confronting uncertainty and land use conflict from the increasing encroachment of coal mining;
- it is not acceptable to place at risk the community's welfare and wellbeing and diminish our air quality and water sources, or destroy our cultural landscape;
- it is not acceptable to consider any application for what is in effect a new mine without any semblance of a cost benefit analysis, assessment of the contemporary environment and consideration of the principles of ecologically sustainable development as required by the Act.

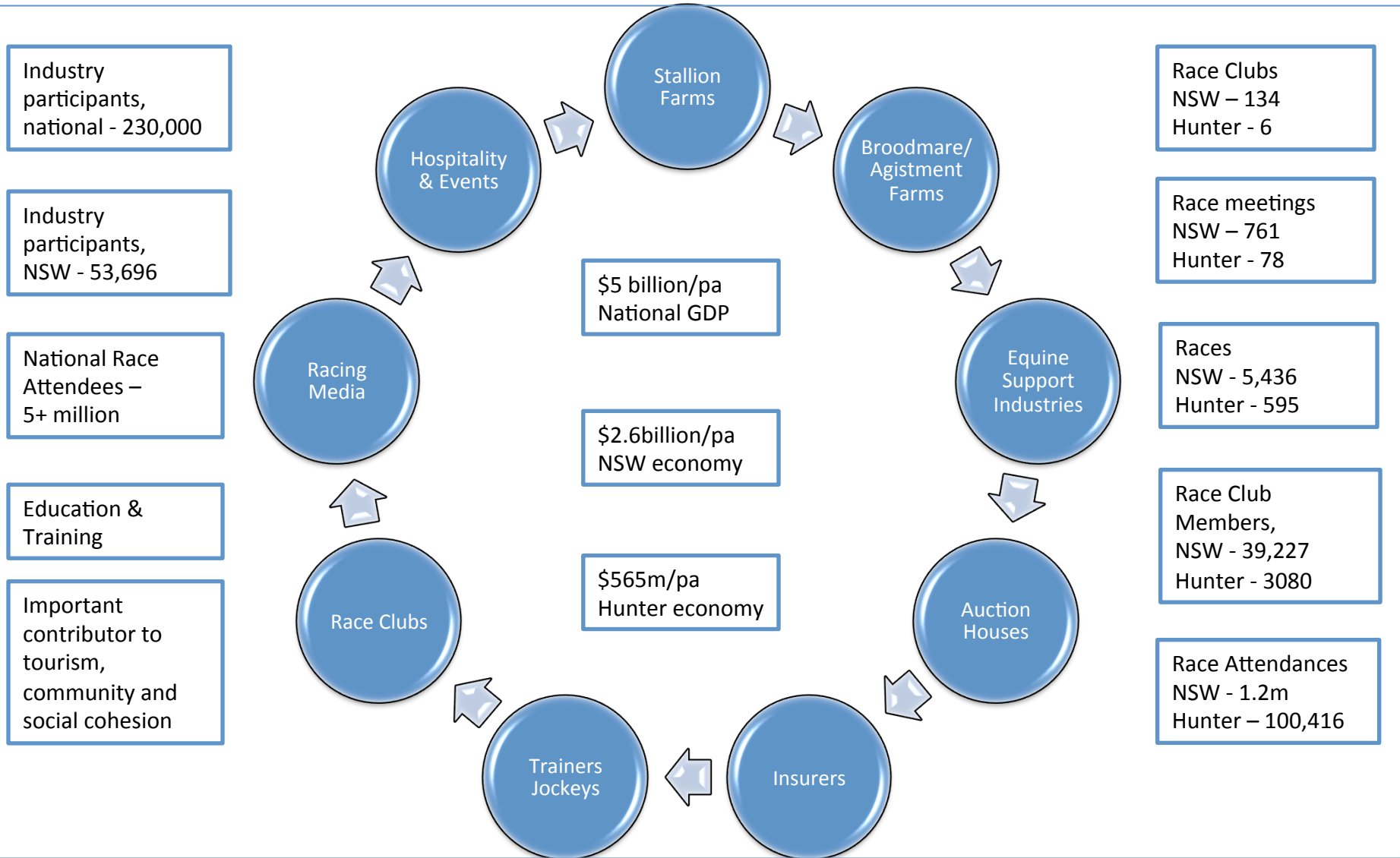
Four previous Planning Assessment Commissions (in the Drayton South open cut applications) have:

- recognised the importance and economic significance of the Hunter's thoroughbred breeding industry and the pivotal role Godolphin plays in it;
- acknowledged the risks to the fragmentation of the industry should the industry's key players be forced out;

- recognised the importance of economic diversity to the Hunter region; and
- called for the protection of the equine industry through buffers, zones or preservation measures.

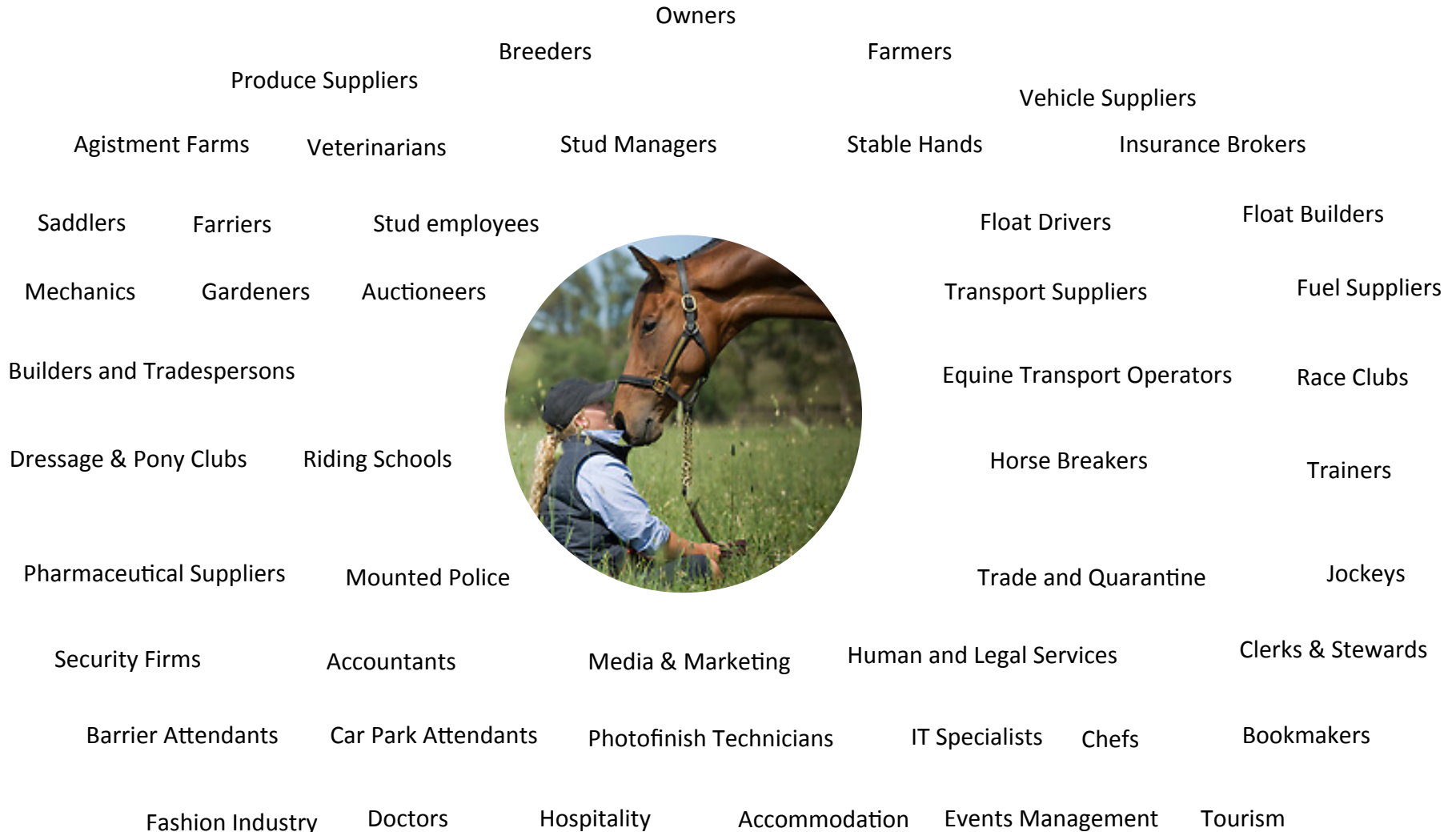
We strongly submit the Commission in its considerations should consider and protect the legitimate rights of the residents and agricultural industries of the Upper Hunter and reject this modification given the inadequacies of the material before it.

THOROUGHBRED BREEDING VALUE CHAIN



THOROUGHBRED PARTICIPANTS

Every horse has a huge number of stakeholders



Map of key studs in proximity to Mt Pleasant

