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Dear Commissioners

DARTBROOK COAL MINE – MODIFICATION 7 (DA 231-7-2000 MOD 7)

Godolphin Australia welcomes the opportunity to comment on Dartbrook Modification 7. Godolphin Australia supports the submission lodged by the Hunter Thoroughbred Breeders Association, which opposes this modification.

Godolphin

Godolphin is a global breeding business which operates in six countries around the world, including Australia's Hunter Valley, Newmarket in the UK, County Kildare in Ireland, Kentucky USA and Hokkaido, Japan. Godolphin established its commercial breeding operation in the Hunter Valley in 2001 (trading under the Darley Australia name) in recognition of Australia's growing force in international thoroughbred breeding and racing.

In 2003 we purchased the 1,700 acre Kelvinside Stud in Aberdeen in the Hunter Valley. This property has since been developed into a world-class facility with capacity to stand 17 stallions, comprehensive mare, racehorse spelling and yearling facilities and a world-class education and training operation.

In 2008 we also purchased Australia's largest integrated breeding and racing operation, Ingham Bloodstock, which included the 6,500 acre Woodlands farm at Denman. In addition to its Hunter Valley farms,

Godolphin operates a Victorian breeding operation from its stud at Northwood Park at Seymour, Victoria.

Godolphin's Kelvinside and Woodlands properties operate as an integrated operation in the Hunter Valley.

Godolphin also owns in excess of 700 horses with over 400 horses in training or racing from its two training bases in Western Sydney and a Victorian training base at Flemington racecourse. It is estimated that Godolphin is the leading owner breeder of racehorses competing in metropolitan Sydney.

Godolphin employs some 350 people in Australia. These include horse handlers, bloodstock experts, gardeners and others working in corporate functions including administration, finance, human resources, IT, marketing and sales.

Godolphin hosts over 4,000 clients and visitors annually to our stud farms. During the Southern Hemisphere breeding season the value of bloodstock under Godolphin's stewardship is in the order of \$275 million, with more than \$200 million located in the Hunter Valley.

Our Kelvinside property has a rich and continuous pastoral history since the 1800's. It was carved from the Segenhoe Estate in the late 1800's by John King Flemming who named it Kelvinside after a property in Scotland.

The Kelvinside homestead was built in 1898, is one of the iconic homesteads of the district and is a classic example of Australian colonial architecture, complete with etched glass panels or waratahs, kookaburras and lyrebirds. The building is set on high ground with views of the Hunter and Pages rivers from the upstairs balcony. It is currently undergoing a significant renovation.

#### Dartbrook Modification 7

The consent for the Dartbrook underground mine was provided in 2001. For the past 13 years, since 2006, the Dartbrook mine has been in care and maintenance due to "operational and geological" difficulties experienced by then owner Anglo American.

We note that Anglo American was considered to be one of the most experienced global underground mining operators. We also note that the current owners have, to our knowledge, no previous mining experience. We question whether an inexperienced miner can successfully operate

and manage a problematic mine where previous experienced miners have failed.

I do not intend to repeat the comments made to the Commission at the public hearing, they are recorded and attached for convenience.

I would however like to emphasis a number of key concerns to us and our community and to which we particularly draw the Commission's attention.

Dartbrook's Modification 7 is of significant concern to Godolphin because:

- a. As the Proponent acknowledges in their Social Impact Assessment (SIA), the nearest horse stud, is our international scale and internationally renowned horse stud at Kelvinside, **is only 1.2 km from the East Site** (where the existing surface infrastructure is located).
- b. The Dartbrook site is also at the entrance to the Upper Hunter Shire, the gateway to Australia's Horse Capital - the most significant breeding areas in Australia and some of the world's most prestigious studs.
  - i. The Hunter's Thoroughbred Breeding Industry has been mapped and recognized by the NSW Government as an Equine Critical Industry Cluster protected from coal seam gas mining and earmarked for heightened protection under numerous government policies (including the Strategic Regional Land Use Plan for the Upper Hunter and the Hunter Regional Plan 2036);
  - ii. Further, (Equine CIC) land (and BSAL) is clearly identified within the boundaries of the Proponent's mining area;
- c. Having acknowledged this proximity, the Proponent makes no attempt to understand, assess or quantify either adequately or at all of the impacts (including cumulative impacts), of this proposal on our immediate communities, business and the Hunter's Equine Critical Industry Cluster. An assessment of the Equine CIC is totally absent from the Proponent's SIA;
- d. 5 previous PACs recognised that international scale thoroughbred breeding operations and mining operations are incompatible land uses in close proximity;

- e. Mining is encroaching unacceptably close to our operations and to our towns. A 1.2 km distance from our operations is not an acceptable buffer against mining of any kind;
- f. Air and noise quality in the Hunter Valley is worsening due to mining operations in this region. That has serious consequences for the health of our communities and for our business operations, reputation, brand and investment attractiveness;
- g. Our operations and our industry is very vulnerable to the disruptive and reputational threats caused by mining – a fact borne out by 5 Planning Assessment Commissions to date and why they recommended the protection of the Hunter's Equine CIC key players (of which we are one) through appropriate buffers or protection zones;
- h. The Proponent has made no serious effort to assess the environmental impacts (air, noise and blasting, water, heritage and visual) of their proposal which will have serious and possibly irreparable consequences if approved;
- i. By their own admission, this proposal will result in air quality exceedances;
- j. By their own admission, this proposal will result in noise exceedances;
- k. The water risks associated with this project have not been assessed – a situation which is entirely unacceptable to us and the Hunter's thoroughbred breeding industry more generally; Our area is currently suffering from the grips of drought, and also has of course suffered flood events. This is a vital resource, and any impact on it will have a critical impact on all agriculture reliant on the Hunter River, and the aquifers in and around, and connected to this Project area;
- l. The Proponent has not conducted any cumulative impact assessments;
- m. There is no economic benefit derived from this modification – to the contrary the Australian and NSW economies will be worse off by \$73m and \$15m (based on very conservative calculations).
- n. Our regional economy and environment will not benefit and will also be worse off as a result of this proposal;
- o. The Proponent has not engaged genuinely with the community and has not completed an appropriate social impact assessment, which allows the public interest to be assessed in line with contemporary environmental standards and social attitudes;

- p. The omission of the use of the Hunter Tunnel calls into question both the legitimacy of this application and any social licence to operate. In addition, to not use the Tunnel unnecessarily and unreasonably causes new, additional and unwarranted environmental impacts.

We are very concerned about an underground mine resuming operations in a location that is clearly dangerous, operationally challenging and environmentally dangerous and intrusive. Underground mining could not be mastered by experienced underground miners in this location. The resumption of operations in the hands of inexperienced miners is of increased concern.

Commissioners, on any level there is no merit to this modification proposal. On conservative economic assessment alone it is not in the public interest. Its environmental consequences and risks are against every principle of ecological sustainable development and intergenerational equity.

Given the strength of opposition to this proposal, we also submit that it does not have a social licence to operate and is not now and will not be in the future, in the public interest. We respectfully request it be refused.

Yours sincerely



Ross Cole

Director of Corporate Services  
Godolphin Australia Pty Ltd.

PLANNING ASSESSMENT COMMISSION  
DARTBROOK MODIFICATION 7  
PRESENTATION BY MR ROSS COLE, DIRECTOR, GODOLPHIN  
9 APRIL 2019

Introduction

2. Thank you for the opportunity to make a submission on behalf of Godolphin and the Hunter Valley thoroughbred industry. My name is Ross Cole and I am the Director of Corporate Services for Godolphin Australia.
3. I have lived in the upper Hunter Valley for 27 years, and have raised my family here.
4. Prior to commencing with Godolphin some 5 years ago, I practiced as a lawyer and during a 20 odd year practice in the UH, had offices within my practice at Muswellbrook, Scone, and at one time Aberdeen
5. In that time, I have always lived in and around the UH and during the last 10 years have lived on Rouchel Road, Aberdeen where I have a 250 acre farm.
6. I have witnessed first hand both the development of the Upper Hunter regions thoroughbred region to its world renown status and the advance of mining projects making their way northwards towards through the Hunter.
7. Meanwhile, for the last 13 years this mine has lain dormant.

Godolphin:

8. Godolphin is one of the two largest thoroughbred breeding and racing operators in the world, spanning not only Australia, but Europe, Japan and the US.
9. In Australia, Godolphin's involvement grew rapidly from a small stallion operation, with the purchase and development in 2001 of the property Kelvinside at Aberdeen. Kelvinside is now a major Stallion Operation, for which Godolphin utilizes it Darley stallion brand
10. In 2004 the Australian Champion Sprinter Exceed and Excel was purchased for \$22 million to stand at Kelvinside. This was followed

by similar investments in stallions, and the development of its own Australian bred and shuttle stallions.

11. In 2008 Godolphin negotiated the buyout of the entire Ingham Bloodstock assets– for a sum reported as just under half a billion dollars.
12. The Inghams had run an elite racing and breeding organisation that yielded 124 Group 1 winners and several Champion Stallions, including the great Lonhro who continues to stand at Kelvinside, and is now a much sought after sire whose progeny performs at the highest level both here and overseas.
13. Importantly, Godolphin’s purchase of the Ingham breeding and racing assets, lock stock and barrel, signaled to the world of breeding and racing that its biggest investor and largest player had confidence - that Australia *and specifically* the Hunter Valley could produce elite athletes to compete and conquer the world stage.
14. It highlighted the emergence of Australia as a serious international player in the racing and breeding industry. An industry which until that point, had been led by the iconic Breeding and Racing centres of Lexington Kentucky, and Newmarket in the UK.
15. Today Godolphin’s operations span 8 breeding and racing and associated administration sites. We employ 350 people, many of whom live on farm with their families, with others living locally including in Aberdeen. We breed and train approx. 800 horses.

### **Australian Breeding Industry**

16. Today Australian bred horses compete and win on the world stage at in every significant market – the UK, USA, in Hong Kong, in Dubai and Singapore. We are competitive at all levels and dominate the sprinting category. Our progeny is exported worldwide.
17. This evolution does not come lightly in any industry.
18. For our industry it takes significant investment commitment, confidence, certainty of tenure, a clean, green and serene environment, the right topography and specialist support professions – vets, farriers transport operators, and networks of nearby specialist broodmare farms and feed suppliers. It takes long term stability and sustainability to consistently produce elite thoroughbred athletes for domestic and international markets.

19. The significance of today's public hearing is that the evolution I have been talking about is predominantly that of the Hunter Valley, because that is where the vast majority of Australia's best performers have, and continue to be, bred and raised. All the factors I have mentioned are in play here. Much of the elite current yearling crop is this very day the subject of the Inglis Yearling sale.

### The Present Day

20. The Present Day sees the Hunter Valley Industry at the top of the national performance ladder, successfully competing on the world stage and its Champion Stallion Sires in high demand both here and overseas. It is producing Champion Mares such as Black Caviar and Winx.
21. The shuttle system whereby stallions perform services in 2 hemispheres has meant that Stallion such as Street Cry, who stood at our Kelvinside Stud at Aberdeen have substantially influenced our Australian breed. Street Cry is of course the sire of WINX.
22. I mentioned the stallion Exceed & Excel, who has become arguably the most prolific shuttle stallion of all time. His son Sidestep stood at Kelvinside and sired the winner of this Year's Golden Slipper, the richest 2 y/o race in the world. Exceeds son Microphone on Saturday won the prestigious G1 Sires Produce Stakes. He has therefore become the foundation, establishing the next generations for our operation and the HV.
23. Our breeders and supporting boarding farms – over 100 of them are supplying some 80% of the yearlings sold at the two premier sales – Magic Millions and today's Inglis Easter sale in Sydney. The Hunter Valley provides the vast majority of winners in Sydney and Melbourne annually – Australia's two strongest racing centres.
24. So, what of the future? What do we see for future generations of horses and people who have become players on the world stage?
25. With our region covered in coal exploration licenses, we are engaged in a constant battle to protect our patch.
26. We listen to the Government talking about the importance of prime agricultural land, its commitment to a high level of protection, its recognition of critical industry clusters, we were engaged with the strategic land use policy and mapping process for the Upper Hunter that was supposed to identify and protect our industry.



27. However, nothing changes. For all the legislation, policies that promise protection, the recognition of centres of excellence, the mapping of critical industry clusters, the acknowledgment of sustainability and inter-generational employment and equity - on the other side of the ledger is the continuing presence and creep of exploration licences and development approvals across the region, indiscriminately placed without effective regard and with historic planning decisions that take no proper account of neighbouring stakeholders, competing land uses, agricultural industries and on-going land use conflicts.

### **The Dartbrook Modification**

28. So now we come to the specifics of Dartbrook Modification.

29. A development approval for an underground mine that was originally issued in 1991, modified in 2001 and this is of course the 7<sup>th</sup> proposal for modification.

30. The early development approvals for this mine raised significant community concerns and were put before two previous Commissions of Inquiry. I believe these were fundamentally premised on the recognition that above ground transportation of coal was expensive, environmentally damaging, and visually and environmentally intrusive. Basically, the initial (approved) proposals were presented as low impact mine operations.

31. For these reasons, to gain a social licence to operate, and to meet environmental, social and community objectives, the original Proponent Royal Dutch Shell and the subsequent owner Anglo American, committed to construct and operate a subsurface corridor (known as the Hunter Tunnel). I will return to this point.

32. Dartbrook's Modification 7 is of significant concern to Godolphin because:

- i. As the Proponent acknowledges in their Social Impact Assessment (SIA), the nearest horse stud, is our international scale and internationally renowned horse stud at Kelvinside, is only 1.2 km from the East Site (where the existing surface infrastructure is located).
- ii. The Dartbrook site is also at the entrance to the Upper Hunter Shire, the gateway to the Horse Capital of Australia, and the most significant breeding areas in Australia and some of the world's most prestigious studs, indeed (as Scone boasts) studs for all horse breeds.

- iii. These areas have continued to develop and produce champion stock, whilst this mine has lain dormant, with the horse industry continuing to develop on a base established well before this mine was commenced
- iv. Having acknowledged this proximity, the Proponent makes no attempt to understand, assess or quantify either adequately or at all the impacts (including cumulative impacts), of this proposal on our immediate communities, business and the Hunter's Equine Critical Industry Cluster. An assessment of the CIC is totally absent from the Proponent's SIA;
- v. Nevertheless 5 previous PACs recognised that international scale thoroughbred breeding operations and mining operations are incompatible land uses in close proximity;
- vi. The concerns about intrusiveness and environmental damage which were apparently recognised by previous owners of this mine and previous consent authorities, when development consents were granted have apparently been discarded; This proponent seeks to walk away from what apparently was a central factor aimed at addressing impacts – the Hunter Tunnel. Instead, it now seeks to reopen the mine but not the full tunnel – thereby increasing all environmental impacts. Why? Because it seeks the apparent benefits of accessing the coal resource, without committing the funds towards the reopening of the tunnel. Instead it seeks to further scar the landscape, increase the environmental impacts by by-passing all but a small section of the tunnel – and introducing 192 truck movements per day, decreasing visual and noise amenity, and critically adding to the PM 10 and PM 2.5 loads. With respect, there is no proper basis for allowing this to occur.
- vii. Instead AQC comes to the community with proposals which are cost saving for AQC, but clearly increase the environmental impacts and the burden on the community. On balance – where is the benefit to the community? – I suggest there is none.
- viii. In terms of the environment, and particularly the Hunter's air quality, we have passed the tipping point! This has been a strong theme today. Why should *any* additional impact be allowed where even on a cursory analysis there are already dangerous levels of air quality and imprecise measurement and analysis.

- ix. There is no assessment of greenhouse gas impacts.
  - x. Proper and robust analysis shows that it will place at risk our water systems upon which we rely and are the lifeblood of our industry. Our water systems are already stressed and threatened as a result mining operations.
  - xi. The failure to adequately assess the water issues is alarming, in particular with the background of the severe drought conditions we endure, and undoubtedly will continue to endure. This is particularly the case for groundwater impacts, and water balance assessment. The proposed 'reactive' approach risks irreversible damage to this vital resource. There is no meaningful understanding of impacts revealed in the proponent's application.
  - xii. In terms of economic benefits, this modification will result in negative social benefits to the Australian and NSW economies – we will be worse off if this modification is approved; Mr Carr and Mr White have explained this, I suggest dispassionately and with proper, robust expert vigor.
33. We cannot reconcile how this mine, considered operationally and geologically difficult by experienced miners, can deliver the product at the price and to the quality suggested by the Proponent, one who has no previous experience in mining.
34. The prior owner, the vastly experienced Anglo American, chose to moth ball this mine, preferring to pursue development of its Drayton South resource - before then selling both.
35. The proponents own (JORC) Reserves Statement published to the ASX in March 2017 makes it abundantly clear that underground mining at Dartbrook is not viable as a stand-alone project.
36. It would seem clear that the only way this mine may show an economic benefit is "on generating early cash flows with a 'next use' approach" – that next use being in consideration of open cut mining opportunities
37. If that is the case, why as a community ought the assessment of this matter not 'cut to the chase'. If it is truly the plan, why not bring forward that debate. To do otherwise does not see us proceed in good faith.

38. Based on the expert advice provided to the HTBA, we are particularly concerned that the Planning Department's Assessment Report. It lacks proper robust analysis of the Proponent's claims and waives through this application without sound regard to the serious socio-economic and environmental implications of this proposal.
39. The evidence presented today by experts retained by the HTBA on the other hand is robust, and clearly exposes the inadequacies of the assessment, and therefore the project.
40. If this Dartbrook modification proceeds the impacts – well researched documented by people far more qualified than me – will be significant, irreparable and irreversible.
41. For our industry the risk is that it will intensify any lack of certainty and investment confidence in the Upper Hunter Valley, could trigger events that will irrevocably change the commercial and environmental landscape, and the Equine Critical Industry Cluster as we know it today will fragment with the strengthening of other breeding areas through the diversion of investment and confidence.
42. This is no idle statement. The march of mining and the constant approvals in and towards the Upper Hunter, despite the opposition of the local community and iconic industries likes ours, has made a strong and stark mark already. I note Mark Webster of Inglis has already raised that issue.
43. We need to draw a line, listen to the science and the economics, take in the environmental hazards posed by this modification and apply the Government policies for protection and diversification that the NSW Government espouses. At the very least, we urge that the precautionary principle be applied.
44. On the strength of independent and robust scientific and technical evidence before you, our industry's and the community's opposition, contrasted with the inadequacies exposed in the Proponents and the Departments analysis, we respectfully submit that the Dartbrook mine modification on all counts is not in the public interest and should be rejected.