New South Wales Government
Independent Planning Commission

TRANSCRIPT OF PROCEEDINGS

RE: MARTINS CREEK QUARRY PROJECT (SSD-6612)

DEPARTMENT MEETING

COMMISSION PANEL:	MR CHRIS WILSON (Chair) PROFESSOR SNOW BARLOW MS CLARE SYKES
OFFICE OF THE IPC:	STEPHEN BARRY PHOEBE JARVIS
DPE:	CLAY PRESHAW JESSIE EVANS JAMES McDONOUGH
LOCATION:	VIA VIDEO CONFERENCE
DATE:	3.00PM, THURSDAY, 20 OCTOBER 2022

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MR WILSON: Before we begin today, I would like to acknowledge the traditional owners of all the country from which we virtually meet today, and pay my respects to their Elders past and present.

Welcome to today's meeting to discuss the Martins Creek Quarry Project currently before the Commission for determination. Martins Creek Quarry is an existing hard-rock quarry located in the Upper Hunter Region of New South Wales. The applicant, Buttai Gravel, part of the Daracon Group, is seeking approval for expansion to extract, process and transport up to 1.1 million tonnes of quarry material from the quarry over a 25-year period.

My name is Chris Wilson. I am the Chair of this Commission Panel. I am joined by my fellow Commissioners, Professor Snow Barlow and Clare Sykes. We're also joined by Steve Barry and Phoebe Jarvis from the Office of the Independent Planning Commission.

In the interests of openness and transparency and to ensure the full capture of information, today's meeting is being recorded, and a complete transcript will be produced and made available on the Commission's website. This meeting is one part of the Commission's consideration of this matter and will form one of several sources of information upon which the Commission will base its determination.

It is important for the Commissioners to ask questions of attendees and to clarify issues whenever it is considered appropriate. If you are asked a question and are not in a position to answer, please feel free to take the question on notice and provide any additional information in writing, which we will then put on our website.

As you may be aware, we undertook a site inspection on Monday, which included meeting with community groups in their community context, and we met with the applicant onsite.

I request that all members here today introduce themselves before speaking for the first time, and for all members to ensure that they do not speak over the top of each other to ensure accuracy of the transcript. Just I'd like - also I'd add that we've met with the applicant yesterday, and we've met - just previously before this meeting met with Dungog Council. Tomorrow morning we'll meet with Maitland Council.

We will now begin. Clay, how would you like to do this? Do you want to take the lead?

MR PRESHAW: Yes. Yes, please, Chair. So thank you. Good afternoon. My name is Clay Preshaw. I'm the Executive Director of Energy, Resources and Industry Assessments at the Department of Planning and Environment, and I'll start by thanking the Commission for giving us the opportunity to come and brief you on the project virtually today.

I will just start with a few short remarks about the assessment report itself, mainly just to explain how it came together, to explain what it really is, and importantly what it is not. We will then briefly identify what we believe are the key issues associated with the proposal, but I'm also here today with my colleagues Jessie Evans, who's the Director of Resource Assessments, and James McDonough, who's a team leader within Jessie's team, and they will provide further details on the key assessment issues and some of the issues raised in the agenda, in particular the key reasons for the department's recommendation to the Commission to approve the project.

So I'll also just say now, for the purposes of the speaking notes we've got here, when we refer to "the project", it refers to the Martins Creek Quarry Project.

So firstly, some comments on our assessment report. I would like to start by saying that preparing an assessment report for these types of projects is a very difficult task. The report is really only the final piece of what has been a very long, comprehensive assessment process. So the assessment report is by no means meant to be a full compilation of all of the information that's been presented to us; rather, it presents the key relevant information for our assessment.

So our assessment report is really just a distillation of all the material that's been publicly available on the project, and is designed to give you, the decision-maker, sufficient information to make a determination. So I'll say we're confident the report does provide a good summary of our views about the project, but we believe that this meeting and the upcoming public meeting can be really important for fleshing out other issues relating to the project from the community's perspective, or issues that you may find to be important.

So just a few comments about our approach to the report. We have really tried with this report, as we have been recently, to be very open and transparent about the issues that concerned us the most. Now, I believe that environmental impact assessment processes like this can be very hard to understand from the outside looking in. It obviously involves thousands of pages of documents, most of which are filled with very technical language, and often jargon, and I think that all of that can actually lead to a situation where the real issues might be buried deep in the report, and in fact the

findings and the recommendations about those issues might be hard to find or understand.

So what does that mean? So this project - well, basically, if there was something in our assessment that made us spend extra time or extra effort to investigate, then hopefully that should be really clear to the reader, and that issue should be emphasised and addressed with sufficient detail in the report.

Now, just moving on to some high-level comments about how that applies. So this project, the first thing we have tried to make clear is the distinction between an entirely new quarry project, or a greenfield project, and an extension of an existing quarry project, or a brownfield project.

Now, it's ordinarily the case that looking at a brownfield or extension project generally makes the assessment process easier, and generally means the overall impacts to the project are minimised. However, I do want to acknowledge that there is some uncertainty regarding the development consents and the other approvals that have applied to this quarry at various points over its life, and there is evidence that the quarry has at times operated outside the conditions of its previous approvals, but I will say that it's not the department's role at this stage to prosecute potential historical noncompliances, but rather just to assess the project as proposed.

Having said all that, the project still would have impacts that require careful consideration and there are a couple of obvious aspects of this project which I really want to acknowledge and ensure that the Commission knows we have taken into account.

They are, firstly, the project is located in close proximity to Martins Creek and the residents within, and surrounding that village would be impacted by the project's operations. And secondly, the project would use 28 kilometres of local roads, between Martins Creek and East Maitland, and particularly through the village of Paterson for road haulage, and the residents and other road users along the route would not only be subject to traffic and amenity impacts from this project, but several other social impacts which are perhaps somewhat less tangible.

With that in mind, the department considers that the key assessment issues for the project relate to traffic and transport, noise, air quality, and social impacts, but given it's an extractive industry proposal, which generally involves vegetation removal and the ongoing establishment of voids in the landscape, we also consider the potential water, biodiversity and rehab impacts are important assessment issues for the project.

So at this point in the meeting, I'll probably step away for the most part and let Jessie and James work through a brief summary of the assessment process and address some of the items in the agenda. So at this point, over to you, Jessie.

MS EVANS: Thank you, Clay. Good afternoon, Chair, Commissioners. My name is Jessie Evans. I'm one of the Directors of Resource Assessments at the Department of Planning and Environment. I predominantly look after the southern western Newcastle coalfields, and also the quarries in the State of New South Wales.

So firstly today, I would like to set out the strategic context of the project, followed by a short summary of the history of Martins Creek Quarry, and I will also briefly outline the engagement that the department has undertaken for this project.

I'm then going to hand over to James, who will provide an overview of the assessment process, a breakdown of the key elements of the project, including the amendments that have been made along the way, and he will also provide a summary of the department's key assessment issues and findings.

So firstly, the strategic context of the project - it is important to provide some context in this regard, and in relation to the existing land use within and surrounding the site. I would also like to touch on the status of the hard-rock quarry product market more broadly, and expected future growth in this area.

So as you're likely aware, and, Chris, as you mentioned, Martins Creek Quarry is an existing hard-rock quarry located within the Dungog Local Government Area. The site is immediately to the north of the village of Martins Creek and about seven kilometres north of Paterson, in the Hunter, Upper Hunter region.

While most of the surrounding land use is used for agricultural purposes, rural residential land use has become more prominent in the general locality over the years. Some examples include recent rural residential subdivisions that have been established to the north and south of Martins Creek, and in Vacy, to the north and north-west of the site.

So as with any extractive industry project, access to suitable resources is limited by geology, local ecology, and competing land uses, but to be an economically viable operation, extractive material suppliers also need to be relatively close to markets with good transport links.

So this quarry itself, it's connected to the main north coast railway line, and this line provides direct access by rail to Newcastle, Sydney and broader regional New South

Wales. The greater Newcastle and Sydney metropolitan regions are accessed from the quarry via local roads, and these local roads connect it to the New England Highway and the M1 Pacific Motorway.

Martins Creek Quarry has historically supplied markets in the Hunter, Central Coast, Lower North Coast and Sydney Metropolitan regions. The extractive materials produced by the quarry can be used in rail, concrete, asphalt and general civil construction. The resource itself is a hard igneous rock, suitable for road-based concrete manufacture, sealing aggregates, ballast, sludge rock and manufactured sand. So you can see from what I've just said that this quarry has quite varying uses and varying resources that can be applied to a number of different construction areas.

For at least the past 12 months, the department has been briefed by several of the large quarry operators in New South Wales, along with many of the smaller ones as well, and as well as the peak industry body, Cement, Concrete and Aggregates Australia, about the need for hard-rock resources to supply the construction industry in New South Wales.

The construction sector is a key contributor to economic growth in New South Wales, employing approximately 370,000 workers and contributing 45 per cent of the New South Wales taxation revenue base. Therefore, competitive and reliable supply for quarry products are critical to the New South Wales construction industry.

The demand for quarry products is driving by government spending on public infrastructure, as well as private investment in commercial industrial and residential development. The need for infrastructure investment in New South Wales, including within the Hunter region, is further identified in several key state and regional strategy documents.

Just one example of this is the Future Transport 2056 Regional New South Wales Services and Infrastructure Plan. This plan identifies the key transport priorities for regional New South Wales. So relevant to this project, within the Hunter region, this includes road bypasses of regional centres, better rail connections, and the establishment of a freight corridor for the Lower Hunter.

So to meet these demands identified above, along with others outlined in our assessment report, the New South Wales Government has committed over $108 billion in infrastructure spending up to 2025. The infrastructure pipeline included in this spending includes road and rail projects, new and upgraded education and health infrastructure throughout the state, and several highway upgrade projects in the Hunter region itself.

It goes without saying that the construction of these projects would require substantial quantities of high-quality hard-rock quarry products. The increased demand for construction materials that could be partially met by the project, combined with the surrounding rural and residential developments, and the recognised historic and tourism values of the region, does prompt the need for careful and balanced consideration of these potentially competing land uses.

The department considers that this has been achieved in our assessment of the project, which balances the environmental, social and economic costs and benefits of the project. However, James will speak about this in more detail shortly.

Before we move on, though, I thought I would just give a brief history of the site, as it is important for this project. This quarry has quite a legacy. It was first established in 1914 by the NSW Government, primarily for the purpose of supplying ballast and other quarry materials to the rail industry, and then it was operated continuously by various NSW Government entities until late 2012, when Daracon commenced operations at the site.

In 1991, Dungog Shire Council did grant a development consent to expand quarrying activities at the site; however, in 2015, council lodged proceedings against Daracon in the New South Wales Land and Environment Court, alleging that activities at the quarry were being undertaken otherwise than in accordance with the existing consent.

In 2018, the court ruled that operations were not in accordance with the consent; however, the lessee and Daracon lodged an appeal with the Court of Appeal. In 2019, the Court of Appeal determined that extraction was permitted from certain areas of the site; however, it did not make a ruling on any approved annual extraction limit, other than noting that the approved annual road transportation limit was not greatly more than 30 per cent of annual production.

So I'm just going to bring up a figure from our report, which will graphically show some of the points that I'm just going to talk to now.

So in the absence of any such specific annual rate ruling, the annual production limit of 500,000 tonnes per annum was as - which is in the Environmental Protection Licence for the site has been adopted, and that's shown on the graph in the red line there.

So if we go with the court's 30 per cent ruling, on this basis, 150,000 tonnes per annum, i.e. 35 per cent of 500,000 tonnes, represents a reasonable approximation of

the currently approved level of road transport. Notwithstanding this, it is evident that the quarry has operated at a trucking rate close to or above 500,000 tonnes per annum for a period of approximately 18 years, dating back to 2002-2003, which you can see on the figure there. This includes a period of approximately 10 years when the quarry was operated by the New South Wales Government through RailCorp.

So the department does acknowledge that there is some uncertainty regarding the road haulage limits that have applied to the quarry at various points over its life, and that the quarry has at times operated outside the conditions of its approvals. However, as previously mentioned by Clay, the department's role is not to prosecute potential historical noncompliances, but to assess the project as proposed, including the traffic impacts.

The last area that I wanted to draw to the Commission's attention is the department's engagement on the project. I think it's fair to say that the project has been long-running and has passed through various assessment officers and managers at the department; however, I just wanted to point out that James and Clay have been involved on this project for at least the past 18 months, and I have been involved for just over 12 months now.

The project has been publicly exhibited twice, firstly, as originally proposed in 2016, and then as amended in 2021. Both exhibitions generated significant community interest, with over 870 and 670 submissions received respectively. These numbers are high for a quarry proposal. During the first exhibition, the breakdown of objections versus those in support was roughly 50-50. During the amended application exhibition, just under 95 per cent were objections.

The department has consulted with and received advice from many New South Wales Government authorities throughout the assessment, and that includes Dungog, Maitland and Port Stephens Local Councils. The department has also carried out site visits at Martins Creek Quarry, and met with the Martins Creek Quarry Community Action Group in November 2016, June 2021 and June 2022.

The meetings with the action group were informative and valuable to the department's assessment of the project. We were able to hear firsthand of the community's lived experience, walk the streets, see the homes and get an understanding of what the project would mean for them. We could hear their frustrations from previous times and operations at the quarry, but also with the length and uncertainty with the current assessment. We were able to gain a solid understanding of their key issues in regards to the project.

So at that point, I'm now going to hand over to James to further talk you through the project and these key issues.

MR McDONOUGH: Thank you, Jessie. Good afternoon, everyone. My name is James McDonough. I'm a team leader with the Resource Assessments Team at the department. As mentioned by Jessie, I will be providing an overview of the project, including a brief comparison of the original and amended project, along with a summary of the key assessment issues and the department's findings, followed by an outline of the department's evaluation of the project.

So in describing the project, I will first go back to the original application. I think it's important to understand how the project has evolved throughout the assessment process. Daracon's original application, as Jessie mentioned, was lodged in 2016. It sought to expand into new areas, clear approximately 37 hectares of vegetation, and extract up to 1.5 million tonnes per annum for 30 years. It also proposed road haulage of quarry products at a rate of up to 1.45 million tonnes per annum, and increased hours of operation in the evening and night-time periods.

Following the exhibition of that project, and in response to the feedback that was received from the community and from government, Daracon amended the original proposal and submitted an amended DA in May 2021. The key changes included reducing the life of the project from 30 years to 25 years, reducing vegetation clearing from roughly 37 hectares to 21 hectares, reducing the maximum extraction rate from 1.5 million tonnes per annum to 1.1 million tonnes per annum, reducing the road haulage from 1.5 million tonnes to 500,000 tonnes per annum, reducing the proposed operating hours, and also proposing a range of new and upgraded infrastructure.

I'd also like to mention some additional minor changes that were made to the project in November 2021. These included committing to constructing the new access road, which you can see on the screen there, within two years of consent, rather than within four years, and proposing an additional acoustic barrier to minimise noise impacts along Station Street in Martins Creek.

I'll now just quickly run through some of the general features of the amended project, which is on the screen. As you can see, the existing quarry is divided into two main areas, which are the East Pit and the West Pit. The majority of the extraction will be undertaken in the West Pit, as you can see by the brown hatching. There would also be some extraction in the East Pit, including in the first few years of the project, to enable the Rail Spur Extension to be constructed, which is shown in orange. All processing would also be undertaken in the East Pit.

The new access road would connect the south-east corner of the West Pit to Dungog Road. It would also cross over the north coast railway. This would effectively remove quarry-related traffic from the village of Martins Creek.

I will now provide a summary of the key assessment issues as flagged by Clay, namely, traffic and transport, noise, air quality and social impacts. I will also briefly summarise the department's assessment of the impacts to water resources and biodiversity. I also note that the department has undertaken a comprehensive assessment of other environmental matters, which are documented in our report.

Firstly, in relation to traffic impacts, impacts to the safety and efficiency of the local road network from the proposed road haulage of quarry products is a key issue for the community and council, and also for our assessment. The project's primary haul route would use local roads that travel generally north, south through the villages of Martins Creek, Paterson, Bolwarra Heights and Bolwarra, before joining the New England Highway at East Maitland.

In terms of the assessed impacts, the traffic volumes generated by the project would not result in a change to the existing level of service of each of the roads along the primary haul route. While some deterioration in the performance of intersections was predicted, this would result mostly from the broader regional traffic growth and would be expected to occur both with or without the project.

Likewise, while road network performance along the primary haulage routes is expected to deteriorate during the life of the project, the contribution from the project would be negligible in comparison to the impacts from broader regional traffic growth.

In response to concerns over road safety, Daracon has proposed several road upgrades along the haulage route, as can be seen in the figures on our screen and in our report. In addition to these upgrades, Daracon has also proposed road maintenance contributions to Dungog and Maitland Councils, a levy of 5 cents per tonne of material transported by rail, which would be directed towards services and infrastructure to benefit Martins Creek Village, and a contribution of $180,000 towards pedestrian facilities in Paterson.

In relation to ongoing road maintenance contributions, we're aware that there is a significant difference between Daracon's estimated costs of road maintenance and the contributions required under the Dungog Shire Council contributions plan. To address this uncertainty, our recommended conditions provide two options for determining the road maintenance costs. The first and more conservative option is to simply pay the costs stipulated in the contributions plan. Of a second option would allow Daracon to

commission an expert to determine an alternative rate, in consultation with council. For Maitland City Council, Daracon would provide contributions in accordance with council's contributions plan, or as otherwise agreed with council.

We'd also like to acknowledge that construction of the road upgrades would themselves result in some traffic interruptions and delays on the local road network. However, these impacts would be temporary and ultimately lead to overall improvements in road safety.

Our recommended conditions also require that the road upgrades are completed prior to the full-scale commencement of road haulage. This will provide an incentive for Daracon to complete the upgrades quickly. I'd also like to point that the department's interim arrangements under the recommended conditions would limit road haulage to 250,000 tonnes per annum until the road upgrades are completed. As you can probably tell, this rate represents half of the proposed maximum road haulage limit of 500,000 tonnes per annum. We've done this in recognition of the need for the quarry to maintain continuity of operations, meet the urgent need for construction material in the region, and minimise the risk of traffic impact during construction of the upgrades.

There is also a need to extract and transport material from the East Pit in the first few years of operations to enable construction of the Rail Spur Extension, which would in turn allow a greater proportion of quarry products to be transported by rail. These interim arrangements would help to speed up that process.

Another important consideration for the department has been whether there are any reasonable feasible alternatives to Daracon's proposed road haulage activities. I'm just bringing that figure up. One potential alternative would involve the use of Martins Creek Road, which would effectively bypass Paterson. This option basically runs to the east of the Paterson River. It's not clearly shown on the figures above, but it would require trucks to travel through the eastern part of Martins Creek, and past the Martins Creek Public School. The eight-kilometre road is also a narrow rural road that is generally unsuitable for use by quarry trucks. The other alternative routes using existing roads to the north and east of Martins Creek would be longer and involve passing through other rural villages, which would shift potential traffic and amenity impacts to multiple other villages.

Options involving the construction of new sections of road to bypass Paterson would also be constrained by features including the Paterson River and its flood plain, large areas of remnant vegetation on the surrounding slopes, and competing rural and residential land uses.

Another potential alternative which has been pointed out to us by the community would be solely relying on the existing rail network to transport quarry products. As is documented in our assessment report, Daracon commissioned a rail logistics options study to evaluate the viability of this option. The study found that while there is sufficient network capacity to support the increased use of rail transportation, this capacity is generally not available during the daytime period. Similarly, rail distribution into the Sydney market would only be feasible with the ability to load trains on a 24/7 basis. Furthermore, the use of rail transport within the Hunter region is limited by a lack of suitable rail unloading facilities at product destinations, a large number of product destinations and types, short haulage distances, and the competing quarries using roads as a more commercially viable option. We accept that relying solely on rail transport to deliver quarry products is not a feasible option for the project.

That concludes the summary on transport and traffic. I will now provide a summary on the department's consideration of noise impacts. Noise was raised as an issue in 350 objecting submissions, so it was quite a significant issue for the community. The highest density of residential receivers are located to the south and west of the site within the villages of Martins Creek and Vacy respectively. Receptors sensitive to road noise were also located along the primary haulage route.

Our assessment report notes that three residential receptors within Martins Creek would experience significant operational noise impacts as defined under the NSW Government's voluntary land acquisition and mitigation policy. These impacts are associated with the night-time loading of trains. These receptors would be subject to the voluntary land acquisition provisions in accordance with the policy.

One of these sensitive receptors would also experience moderate impacts under the policy during the evening period, and the other two would experience moderate impacts during the evening shoulder period until the next access road is constructed.

A further residential receptor, which is the closest receptor to the new access road, would experience moderate impacts during the daytime period once the new access road is constructed. These receptors would also be subject to voluntary noise mitigation treatment provisions in accordance with the policy.

Night-time operational noise levels would not exceed the appliable sleep disturbance criteria at any sensitive receptor location. Also, road noise level increases from the project would result in negligible impacts to sensitive receivers beyond those already experienced. Importantly, even if the quarry was to completely cease operations, the noise amenity of Paterson would not significantly improve. The existing quarry is

subject to several significant legacy noise issues, and the project offers an opportunity to improve several aspects of its operations, particularly daytime noise levels in Martins Creek.

We also acknowledge that the raise of noise reduction options for existing developments such as this is generally more limited than for new developments. In spite of these limitations, Daracon's proposed mitigation measures, as detailed in our assessment report, are extensive and reflective of current best practice.

The proposed Rail Spur Extension would also move train-loading activities further away from the village of Martins Creek. Similarly, the new access road would shift the noise associated with road haulage away from receivers in this village. To manage impacts whilst this infrastructure is being built, we're recommended conditions that require Daracon to commission the new access road before undertaking activities during the evening shoulder period, and to commission the Rail Spur Extension before increasing the rate of train-loading beyond one train per day.

Overall, the department considers that the residual noise associated with the project can be managed through stringent conditions of consent, including restricting certain activities until proposed infrastructure upgrades are complete, and providing mitigation and voluntary acquisition provisions for impacted sensitive receivers, in accordance with the voluntary land acquisition and mitigation policy. We consider that these conditions strike a fair balance between protecting the amenity of the community and meeting the operational demands of the project. They also provide an opportunity to contemporise the noise management requirements of the quarry.

That's it for noise. I will now provide a summary of the department's consideration of air quality impacts from the project. The air quality impacts were also consistently raised as an issue in the community. The assessment relied on what's called a CALPUFF air dispersion model to predict concentrations of particulate matter in deposited dust from identified emissions sources. The predicted concentrations of pollutants were then compared to the air quality criteria in the EPA's approved methods.

There were aspects of Daracon's assessment approach that deviated from the EPA's approved methods. Firstly, it relied on data collected at the quarry's existing high-volume air sampler to define background concentrations of particulate matter. This type of monitoring doesn't provide data for every day of the year. It was also assumed to be representative of conditions at all properties along Station Street in Martins Creek. However, several properties are located closer to the quarry.

The assessment also relied on meteorological data that was collected onsite. This data was then supplemented with additional parameters to define conditions in the upper atmosphere, using a predictive model.

The department engaged Simon Welchman of Katestone Environmental to undertake an independent peer review of the air quality assessment. The review ultimately concluded that the methodology was appropriate and that it had identified the significant emissions to air from the project and assessed them against the relevant standards.

The air quality assessment found that there would be very little change in contribution from the project beyond the quarry site for all particulate matter classifications. One exceedance of the EPA's cumulative 24-hour PM10 air quality assessment criterion was predicted at one receptor location, which is R1. It's a bit difficult to see on that figure, but it's the closest receptor to the quarry in Martins Creek, and that exceedance would occur in year 20 of operations.

However, both the department and the EPA accept that this exceedance could be eliminated through the implementation of Daracon's proposed proactive and reactive air quality management system. Daracon has also demonstrated through additional modelling that this can be achieved.

No other exceedances were predicted at any sensitive receiver locations.

Daracon proposes to implement best practice air quality and mitigation measures and the department's recommended conditions include a requirement for these measures to be incorporated into an air quality management plan for the project.

Next, I will provide a summary of the department's consideration of social impacts for the project. We're acutely aware of the community's concerns regarding the potential social impacts of the project. This has been expressed through the large number of submissions that have raised social impacts as an issue, and through the feedback we have received during the various meetings held with the Martins Creek Quarry Action Group.

Daracon's social impact assessment was informed by an extensive stakeholder engagement program that employed a variety of communication mechanisms, as documented in our assessment report. These measures help Daracon understand the community's concerns, and helped them also to provide feedback on the project and identify suitable mitigation and management strategies.

The department recognises that many of the social impacts of the project are related to traffic, air quality, noise and other environmental impacts that have been assessed separately in accordance with relevant legislation and government policy.

The social impact assessment identified several somewhat less tangible residual social impacts, including loss of social amenity, loss of sense of community, loss of trust in the decision-making process, property damage and property price impacts, and impacts to the health and wellbeing of community members due to increased stress and anxiety.

Daracon has proposed a range of social impact mitigation and management measures that include community contributions and sponsorship program, continuing to employ and procure from local sources to enhance local economic benefit. They have also committed to developing a community engagement strategy to set out how they will provide information to the community and identify their ongoing concerns. They've also committed to re-establishing a community consultative committee for the project, and employing a dedicated community liaison representative to manage ongoing community engagement.

As you will no doubt be aware, the Martins Creek Quarry Action Group commissioned a peer review of the project's social impact assessment. You're probably also aware that the review raised concerns about what was used to predict social impacts and whether the lived experiences of the local community during previous unlawful operation of the quarry had been properly considered.

The review found that the assessment may have underestimated the significance for the social impact of the project. To this point, we acknowledge that it is difficult to accurately predict the nature and scale of social impacts, particularly in relation to intangible aspects. It's therefore somewhat expected that there would be some differences of opinion regarding the assessed magnitude of social impacts.

Nevertheless, the department's inhouse social impact assessment experts completed a detailed review of the assessment and found that it was based on thorough, inclusive and meaningful community and stakeholder engagement, and that based on a thorough, inclusive and meaningful community and stakeholder engagement program. They also considered that it represented leading practice and social impact assessment, and that it generally met the requirements of the department's guidelines.

The department's recommended conditions of consent requiring Daracon to prepare and implement a social impact management plan, the details of which are in our recommended conditions and our assessment report. The department considers that

with the implementation of the measures proposed by Daracon, and the application of our recommended conditions, social impacts could be appropriately managed.

That's all for social impacts. I will quickly now briefly touch on our assessment of impacts to water resources and biodiversity before providing a summary of our evaluation of the project.

Firstly, to groundwater. The predicted groundwater impacts will be very localised and limited to a generally unproductive aquifer. They would also be less than the level 1 minimal impact considerations set out in the New South Wales Aquifer Interference Policy. It's also worth noting that impacts to groundwater, however minor, are largely unavoidable due to the location of the resource within a hard-rock aquifer.

In terms of surface water, we consider that the project would not lead to significant impacts beyond those already experienced at the site, subject to Daracon's proposed mitigation and management measures, and the department's recommended performance measures and other conditions. Our assessment ultimately found that the risk of the impact to surface water and ground water resources from the project are low.

In relation to biodiversity impacts, and as mentioned earlier, the project would involve the clearing of 21 hectares of native vegetation. This includes 3.7 hectares of regrowth within the existing surface footprint.

The proposed clearing would impact one endangered ecological community, which is the Lower Hunter Valley dry rainforest community. It would also impact one threatened flora species, which is the slaty redgum, and three threatened fauna species, which are the southern myotis, brush-tailed phascogale, and koala.

The department considers that the project design has maximised the use of existing disturbed areas to avoid biodiversity impacts where practicable. As an example, in terms of avoidance to impact to koalas, when compared to the original project, the revised surface footprint has reduced direct impacts to koala habitat by 15.3 hectares.

The department also considers that the residual impacts on biodiversity could be suitably mitigated, managed or offset under Daracon's proposed management measures and offset strategy. BCD also supports the proposed offsetting approach. The recommended conditions of consent would also provide for sound management of retained biodiversity values onsite.

I will now provide a summary of the department's overall evaluation of the project. Firstly, we acknowledge that there is a high degree of public interest in the project, and that the range of community concerns is also broad. As Jessie mentioned, the number of submissions received on this project is high for a quarry proposal. We recognise that the existing quarry has operated for a very long time and has caused varying degrees of impact to the community and the environment.

In recent years, there have also been high levels of community concern over aspects of the quarry's past activities, particularly in relation to traffic amenity and social impacts. Notwithstanding these issues, Daracon has responded to feedback from the department and other government agencies and the community and made substantial changes to reduce the impacts of the project. It is also evident that there has been some uncertainty regarding the activities permitted under the existing approvals for the quarry.

The department considers that a contemporary consent would provide an opportunity to address this uncertainty by clearly defining the project's operating parameters and enabling holistic, contemporary environmental performance standards and management practices to be applied. We've recommended a comprehensive and precautionary set of conditions to ensure that the project complies with contemporary criteria and standards, and that residual impacts are effectively managed.

The department recognises that the proposed quarry extension would contribute a broad range of affordable, high-quality construction materials to the local and regional markets. There's a strategic need for hard-work quarry materials in the Lower Hunter region, and we consider the site to be well suited to meet this need. We also recognise the proximity between the project's hard-rock resource and the existing operations, and the synergies this presents for using existing infrastructure and reducing capital costs.

On balance, the department considers that the benefits of the project outweigh its residual costs, and that the project is in the public interest, and is approvable subject to the strict conditions of consent. Thank you for your time this afternoon. We're now happy to take any questions.

MR BARRY: Sorry, Chris, if you're talking, you're on mute.

MR WILSON: I'll just pass over to Clare, Snow - you have questions?

PROF. BARLOW: Clare, do you have one? I do have one. Can we revisit for a moment the difficulty and controversy of trying to understand the impacts of the levels

of traffic through Paterson in, if you like, the high production years. What were the issues there? It would seem to me to be a good way to understand what the impacts of what is proposed in this project.

MR PRESHAW: James, I might ask you to pull up that chart that has the truck haulage levels, and perhaps we could talk to that. Snow, is there a particular time period you're interested in? I mean, I guess - - -

PROF. BARLOW: Well, I guess, Clay, if you look at the time period from, you know, basically '12-13 to '18-19, there's, you know, a significant - you know, at some point it was over - it was about 1.1 million tonnes by road, and, you know, the average to all that, you know - forgive my maths, but could have been 800,000. So - and also it's the sort of period, it's quite a recent period, it's within the last decade, so the population of Paterson, you know, it's a recent experience, and what was the difficulty in evaluating the impacts of that?

MR PRESHAW: Yes - look, I think, as we've mentioned a few times in our speaking notes earlier, the history of this site is complicated, and it has made the assessment rather difficult, and - look, I'll just say a few words about the general approach to how we've considered what an appropriate level of road haulage is. I might then throw to Jessie or James in terms of some more specifics around complaints and how that sort of fed into our thinking. But I think it's fair to say that we certainly decided that those levels, particularly between 2012 and 2018, where you even went over a million tonnes in one year, via road haulage, we considered that to be an unacceptable level, and in fact, that obviously led to a pretty significant change in the project and an amendment of the project.

And then if - as Jessie mentioned, when you look at it at a broader level, the red line there, which is essentially the 500,000-tonne road haulage level, that, in our consideration, was a much more appropriate and acceptable level. But at that point, Jessie and James, I know there are some stats around what the level of complaints were and what the sort of lived experience was at the 500,000 versus the - you know, that - when it got much higher into the above a million.

MS EVANS: Yes - look, it is fair, we did take a close look at how the proposed road haulage rate of 500,000 tonnes compares with the historical operations of the quarry, and we also looked at what point the community really became concerned with the quarry's operations.

So I guess to this point, the history of operations demonstrates that the quarry was undertaking road haulage at the rate currently being sought, the 500,000 tonnes, and

that was for about ten years before Daracon took over the operation. And if we go back and look at the history of community complaints, we have observed that there were less than ten community complaints made to the EPA between 2002 and 2012 regarding impacts from road haulage. However, the number of complaints significantly increased at around that 2014-2015 period when the road haulage did ramp up to beyond the 1 million tonnes per annum.

MR WILSON: Just on that, while we're talking about traffic and traffic impacts, and particularly, I guess, on Paterson and to a lesser degree Bolwarra, you've identified that there will be some social impacts, but that those social impacts can be offset by a range of measures that are included in your conditions in terms of the contributions and community footpath works and so forth. How confident are you that they are - well, firstly, do you expect there to be social impacts in Paterson in terms of physical representation of social impacts? And how confident are you that those offsets will actually offset those impacts?

MR PRESHAW: Yes - look, I'm not sure that I'd necessarily use the word "offset". I do think there's a range of measures that have been proposed.

MR WILSON: Sorry, "offset" is probably - - -

MR PRESHAW: Yes - no, I understand what you mean, though, and I guess, you know, it's always hard when I'm asked to say how confident I am. I think the first thing I would say is, we've - I think we've acknowledged quite clearly in our report that there are likely to be social impacts, and certainly the perception of various social impacts, even with the strict conditions that we recommended and with all the mitigation measures that are proposed.

I would say that the way that the project has evolved from the beginning to now and through those amendments do give us a fairly high degree of confidence that the impacts can be managed, those social impacts can be managed. Now, as we've noted in our report, a few - in a few places, social impacts is an interesting and, I guess, evolving area of environmental impact assessment, and the way that we address that, and this is reflective of the guidelines around SIA, is that most of the, I guess, obvious social impacts around amenity - that's noise, air quality, et cetera - can be dealt with within the relevant legislation, but it does - once you've dealt with that in the - consistently with that legislation policy, you are still left with these, I guess, intangible - what we refer to as intangible - social impacts, and that's where we've - I guess we've implemented or suggested implementing this social impact management plan, which would be - I believe that's the - it would be the first, what would call, SIMP, for any of the quarry projects in New South Wales.

So we've really looked at how to draft that condition. We've taken the advice of the social impact assessment experts within the department into account when we were preparing that management plan condition.

But I think it's fair to say that a project like this, even with the changes that have been made through the assessment process, and with all the mitigation measures in place, and all the limits around trucking and requirements for road upgrades to occur at certain times, I think you have to acknowledge that there are likely to still be some social impacts, and that just - I guess that plays into our balancing of the project. Like, I'm not sure if Jessie or James wanted to add anything further to that, but that's - - -

MR WILSON: I guess it's difficult to say, you know, in that balancing act, we've extended those social impacts, I guess, is what we need to turn our mind to.

MR PRESHAW: Absolutely. I mean, I think it is a - it's a really important issue for this project, and it's come through extremely strongly from the community action group, and from community members and their submissions, and the phrase "lived experience", I think, has really played strongly throughout our assessment, and that's what we've heard on multiple occasions in our meetings with the community, and I think that the history of operations and, you know, potential noncompliances, has certainly - you know, has led to a sense of distrust with the company and with the operations, and we're confident that the recommended conditions, in the way we've assessed it, can manage that, but as I've said a few times, I think ultimately you do have to accept that there will be social impacts.

MR WILSON: Okay. I'm just mindful of time, and we really appreciate your presentation, but we're going to have - we're just at the start of this process, we we're going to have an ongoing need to ask questions, I'm sorry - there's a lot of information for us to absorb.

Just in terms of, there's still a lot of debate about contributions, and we've just heard from Dungog Council in relation to what they think the contributions and when those works should occur and how they should occur, Brandy Hill has adopted a contributions plan, and I haven't looked at Brandy Hill and I'm not aware of that assessment, but the contributions adopted by conditions in Brandy Hill are similar to what my understanding Dungog Council is asking for, yet we're still in this area, in this project, where we've got some - SMEC has been recommended, or some alternative between the SMEC and what council's contributions plan is. Can you just talk to that a bit?

MR PRESHAW: Yes, I can, and, to be honest, this is an area which I think, you know, we're happy to take your feedback on. Look, in summary, where we've landed is, Daracon are proposing a contribution of 25 cents a tonne, which, if you assume a maximum haulage of 500,000 tonnes per annum, that equates to $125,000 per year, and that's based on their independent expert report they just got from SMEC.

MR WILSON: Yes.

MR PRESHAW: Now, council is - if you just were to go with the road haulage contributions in their own plan, it equates to 74 cents a tonne, and per year that calculates out to about $370,000. So as we've noted in our report and today, that is a very significant difference. There's a - you know, $125,000 per year that Daracon are essentially willing to offer up, and council is basically saying it would be up to $370,000. Now, I think we've dealt with that in our conditions.

MR WILSON: It's a bit uncertain, I think, Clay, because it's left open to the condition, and there's no certainty in terms of what might be implemented, I guess. Well, look, that's - we're just looking at those things.

MR PRESHAW: Yes, I'm happy - we're happy to talk to you about that condition. I guess it's a slightly unusual way. It's not entirely unique, what we've proposed in the conditions. We've used that type of condition before, but it is, I guess, unusual to have such a difference between the proponent and council.

MR WILSON: Okay, all right. Other questions. Yes - council has mentioned - and obviously you've limited the amount that can move by road or by road haul, until they've done their road upgrades or some of their road upgrades, and I think they're different upgrades, and council is suggesting that they should be done upfront. What's your comment on that?

MR PRESHAW: Yes, look, again, I might throw this one to Jessie and James in a bit more detail, but it's been, I guess, a key consideration for us in finalising our assessment, and this is something we've gone back and forth with with both the council and the proponent, and I think it's probably fair to say that the proponent doesn't necessarily agree with where we've landed. And Jessie touched on it, but it is important from the quarry's point of view and from an economic point of view to allow the quarry to operate at some level, even without road upgrades, but that's why we have set up a bunch of conditions that maybe Jessie and James can speak to where that - they are limited until those road upgrades are complete. Jessie or James, I don't know if you wanted to add a bit more specifics around that, but there certainly has been an area of a lot of - - -

MR McDONOUGH: Yes - I mean, I briefly touched on it in what I just spoke about, but, you know, the interim arrangements, you know, we've put in place, you know, because, you know, Daracon has expressed a need to maintain continuity of operations whilst the upgrades are being constructed - you know, there's obviously also this urgent need for construction material in the region, and, you know, there's also getting material out in the first few years of the project, particularly in the East Pit, will allow Daracon to remove the material that they need to get out of the way for them to be able to construct their Rail Spur Extension. They've expressed to us that in order to do that, they will need some ability to undertake road haulage before those road upgrades are completed, which will allow them to basically speed up the process for them constructing their Rail Spur Extension. The benefit to that is obviously they can then, you know, increase the proportion of material that they can transport by rail, the quicker they can get that extension completed. So, you know, that was one of the considerations for us was, you know, there needs to be some consideration of getting material out to build that Rail Spur Extension, basically.

Also, council - I don't know what was discussed between yourselves and council today, but, you know, they certainly expressed to us, you know, that should this project receive approval, they would be doing everything in the - within their power to try and get those upgrades constructed as quickly as possible, because one of their, I guess, objectives is to, you know, improve road safety within their LGA. So they've given us a verbal undertaking that they would be looking to do that, basically.

MR WILSON: Their submission to us, which will be on our website, is that the road upgrades should happen prior to any major increase in haulage.

MR McDONOUGH: Right. Okay.

MR WILSON: But that's okay. Clare, Snow?

MS SYKES: I think we're coming short of time. My main questions are just around the data for the road haulage - do we have the last three years, or it sort of finishes at 2019.

MR WILSON: That's when they ceased operations, basically. That's my understanding - back in - - -

MS SYKES: Is there any data at all for that period? And I guess my other question - - -

PROF. BARLOW: I saw some figures, I think it might have been when we visited - - -

MS EVANS: We can have a look and get it to you.

PROF. BARLOW: Yes. I think it was 20,000 tonnes a year.

MS EVANS: It would be very limited.

MS SYKES: And do we have the same data for rail?

MS EVANS: We could also get that for you.

MR McDONOUGH: So on that, the way that the court ruled that the approved production limit applies, their road - the current road limits are linked to how much they can get out by rail, because they can only transport 30 per cent by road. So if they can't move material by rail, under the current arrangements, then they can't move material by road, basically. So - - -

MS SYKES: Yes, okay.

MR McDONOUGH: Yes.

MR WILSON: Okay. Look, we're mindful of time, and we've gone over time, and I appreciate your - but, as I said, Clay, we'll be - we're starting to obviously absorb a lot of this information and trying to make what is ten years of, I guess, development into a very concise period, so there will be a request for - I guess there will be some questions coming over at some stage, and I presume there will be more questions after the public meeting, which we're having in early November. So, look, I appreciate your time and overview of your report today, and look forward to just - yes, some further discussion in relation to any questions we may have. So - and we will see you at the public meeting, I guess.

MR PRESHAW: Yes, you will.

MR WILSON: Okay.

MR PRESHAW: Thank you for your time.

MS EVANS: Yes, thank you.

MR WILSON: Thank you very much, I appreciate it.

MR McDONOUGH: Thank you.

PROF. BARLOW: Thank you.

MR PRESHAW: Goodbye.

MEETING CONCLUDED **[4.07pm]**