

**NSW COAL AND GAS STRATEGY  
SUBMISSION BY MID-WESTERN  
REGIONAL COUNCIL**



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## **INTRODUCTION**

Mid-Western Regional Council (Council) welcomes the opportunity to provide input and feedback on the NSW Government's NSW Coal and Gas Strategy Scoping Paper. A strategy to address the issues and challenges facing NSW communities as a result of coal mining expansion is urgently needed to manage the cumulative impact of the coal mining industry and ensure sustainable local communities.

In addition, it is evident that mining has different impacts on each area and therefore, Council considers that it is essential that where there is no regional strategy in place, the Department of Planning, should facilitate a focused local strategy to assist local communities in dealing with changes driven by the resource boom.

To assist in understanding Council's input regarding the scoping paper, a brief background of coal mining developments in the Mid-Western Region is included below.

## **BACKGROUND OF COAL MINING IN THE MID-WESTERN REGION**

In 2006, there were just 2 coal mines in the Mid-Western Region producing around 5 million tonnes of coal per annum and employing less than 300 people. In the next 3-5 years, within a 60km radius of Mudgee (the largest town in the region), there will be at least 9 coal mines producing up to 80 million tonnes of coal per annum and employing more than 3,000 people.

As the local labour force will not be able to accommodate new employment opportunities, the majority of these positions will be filled by new residents which will ultimately lead to a significant population increase (up to 25% or 5,700 new residents based on permanent operational positions alone).

The investment by the major mining companies in capital infrastructure and employment in the region is huge and has the potential to create significant economic benefits in the future.

However, Council has become increasingly concerned that the rapid rate of expansion has not been thoughtfully planned nor have the cumulative impacts of these activities been factored into a long term cost-benefit analysis for the local community. Council is fully aware that the activities that will take place in the next 3-5 years will play a significant role in shaping the long term future of this community and wants to maintain a proactive approach to addressing these challenges.

Ensuring sustainability of the local community, quality of life for existing community members, maintaining economic diversity and protection of the natural and environmental attributes that this region is well recognized for must not be overlooked in the rapidly changing face of coal mining. The big picture must be taken into consideration by all community stakeholders, the mines and all levels of government.

Attachment 1 provides a snapshot of coal industry developments in the region at various stages of the planning and approval process. It also identifies some examples that are currently being faced in the Mid-Western region in terms of increasing demands on local infrastructure and facilities.

There is currently a significant focus on the growth of the coal industry in the Gunnedah and Liverpool Plains area. Whilst Council recognizes that these areas will experience considerable expansion in coal mining activities in the future, a review of information available suggests that actual increases in coal production (i.e. million tonnes of coal per annum) will be much greater in the Muswellbrook and Mid-Western regions.

As the production of coal is also undertaken in a significantly more concentrated area, the impacts are magnified for the respective Councils (i.e. Mid-Western and Muswellbrook) and the local communities. For example, the labour force and population impacts are felt within one major town and business area (as opposed to being shared across a number of major towns and business districts).

Mine creep is also a major concern for Council. Three of the existing mines in the Mid-Western region are undergoing expansions to existing mining activities which will effectively double coal output. Whilst this will have considerable community impacts, the expansion of activities tends to 'fly under the radar' because these mines already exist. It is critical that each expansion is considered with the same degree of rigour as a new mining project and that the overall cumulative impact is taken into account.

## **SCOPING PAPER COMMENTS**

Provided below are comments and feedback in relation to the scoping paper.

### ***Terms of Reference***

Council supports the NSW Government's aim to develop a long term strategy to ensure sustainable local communities through the ongoing development of a wide range of existing industries in mining regions through the co-ordinated management of all environmental, social,

health and economic impacts on regional development, job creation, infrastructure and wealth distribution.

Council would like to make the following comments on the overall terms of reference and strategy:

- **Timing is critical** – given the rapid pace at which coal mining development is taking place, timing of this strategy is vitally important. A strategy to address the issues needs to be implemented immediately to keep up with the pace of activities which are impacting NSW communities now.
- **Need for action plans** – fundamental to any strategy are supporting actions plans detailing how the NSW Government will address the key issues faced in each region.
- **Need for localised regional plans** – the key issues faced by each local area or region will inevitably have some similarities, but also many differences. It is imperative that a series of regional strategies sits beneath the NSW strategy to address individual localized issues.
- **Social Impacts** – the assessment and identification of mitigation measures for both long and short term social impacts needs to be included as a main aim of the strategy. The rapid growth of mining is causing the demise of many small rural communities, and changing the character and availability of social services and infrastructure for those communities coping with the growth.

### ***Agricultural Land***

In describing the Western Coal Resource the scoping paper fails to include the Bylong Valley and therefore the comment *that the land is not considered to be prime agricultural land*, is incorrect. The Bylong Valley contains Class 1 and Class 2 Agricultural land and representative some of the best agricultural land in NSW. The Valley is current use for a range of agricultural enterprises including thoroughbred horses, cattle and irrigated lucerne and pasture.

### ***Stakeholder Reference Group***

The scoping paper recognizes the importance of seeking input from public and key stakeholder groups. Council notes that a stakeholder reference group has been formed to assist in developing the strategy and that this group includes mining-related councils. It is assumed that this refers to the Association of Mining Related Councils of which Council is currently a member.

However, Council would like to recommend that a smaller reference/consultation group is established which represents those Council's which are in the highest growth areas for coal and coal seam gas. For example, the group could include Mid-Western Regional Council, Gunnedah Shire Council, Upper Hunter Shire Council, Muswellbrook Shire Council and Singleton Council. A smaller reference group would be much more effective in identifying the real impacts of coal mining in local communities and providing more relevant feedback in terms of prioritising community needs.

Mid-Western Regional Council would be pleased to formally participate in this group, as it has already established informal working relationships with the relevant Councils who are experiencing similar issues as a result of coal mining activities.

## **IDENTIFICATION OF KEY LOCAL ISSUES**

The key issues facing the Mid-Western Region as a result of cumulative coal mining developments in the region include:

### ***Impact on Other Industries***

Council questions the ability of the mining industry to co-exist with agriculture and supports the creation of "no-go" areas to protect prime quality agricultural land, for example, the Bylong Valley. For many years the State Government has promoted the protection of prime agricultural land from inappropriate land use, including small rural subdivision. This policy position recognized the importance of prime agricultural land for the production of food. Mining, whether open cut or underground, is not compatible with agriculture whether by the adverse impact on water supply or the impact on the soil structure and quality even after rehabilitation. Whilst Council supports a strategic approach to the allocation of resources it is considered that prime agricultural land should be protected for the production of food and fibre rather than a greater reliance on imports.

The influx of mining in a regional area has a dramatic impact on other industries that rely on similar or the same inputs and labour supply. Competition for valuable and limited resources in what is often an isolated economy drive costs of labour and other resources to levels that cannot be paid by industries outside of mining. Ensuring an adequate supply of resources or protecting non mining industries will need to be addressed to promote a diverse local economy that is sustainable after mining has left an area.

## ***Agricultural Land***

Substantial areas of agricultural land are often affected by mining both directly and indirectly. Some of this land is a high value resource with the capacity to become the 'food bowl' of the State. The medium and long term sustainability of the best agricultural land should be determined and measures adopted to protect this resource from mining. It should be recognized that remediation cannot return agricultural land to its pre mining condition and that once mined, land cannot sustain the same levels of agricultural productivity. A detailed assessment should be made of total available agricultural land resource, its ability to meet current and future demand, and identification of all threats that may remove agricultural land from production including population expansion, global warming and changing weather patterns and infrastructure requirements.

Notwithstanding the direct impacts of mining within the area of the mining activity, experience has shown that the mining operations purchase large areas of agricultural land to act as buffers. This land is consequently alienated from productive agricultural use and is often poorly managed resulting in weeds infestation and general degradation.

## ***Decentralization***

Investigation should be undertaken to fully explore the potential for decentralization that could be facilitated by the State Government, as the growth caused by mining could be harnessed to assist the development of regional centres. This would require the investigation of infrastructure investment including investment in efficient and rapid transport and communication links to Sydney. Unlike the decentralization programs of the past where artificial triggers for growth were created through the decentralisation of government departments, the mining boom is providing a starting platform for regional growth that the State can turn into an advantage by adopting a strategic approach to the provision of infrastructure and planning to accommodate growth. Planned decentralization and support for industrial growth will promote diverse economies that will be sustainable after mining and offset some of the social impacts that are currently being experienced as a result of unplanned cumulative impacts.

## ***Community and Social Impacts***

Apart from the provision of soft infrastructure, one of the significant impacts of the mining boom is the change in character of regional towns. Although an intangible impact, the change in the character of a rural town to a mining town can have dramatic impacts on tourism and the amenity of the residential environment.

Growth must be encouraged in a way that limits polarization of the community, that is, allows our towns to be ONE community. In other communities there are signs that this has not been



successful in the past with an “us versus them” mentality in communities that have a large mining presence.

The strategy should investigate methods to ensure assimilation including integrated housing, initiatives which encourage participation in community activities (e.g. sport), removal of miners vest/shirts in town areas, encouraging miners and their families to live in the community and attend local schools etc.

Due to the shortage of affordable housing in the Mid-Western Region, Council has experienced a high level of enquiry for the construction of mining camps. Council does not support this form of accommodation as it considers that it does not encourage relocation of families to the area, may lead to social issues if not appropriately managed, provides a short term unattractive solution without addressing the longer term needs of the miners and is unsustainable requiring constant commuting of miners between the camps and their homes.

An influx of population over the next few years also has an impact on a range of State and Federal funded infrastructure that plays a vital role in the lives of individuals and families within the region. There will be significant strain on educational facilities and a review of the needs of high schools and TAFE, in particular, is needed. The encouragement of a university outreach campus may assist in the ongoing search for skilled staff. Health facilities also need to be planned and considered. The need for expansion or replacement of ageing hospital and community health infrastructure in Mudgee, Rylstone and Gulgong needs examination as well as the ongoing need to attract medical and allied health professionals to the region.

There is a critical housing shortage that the local market is failing to address. The strategy should investigate the barriers to the local market responding to increases in demand. In addition, the strategy should investigate direct assistance being provided to local communities to respond in a planned way to growth including assistance in funding major capital projects. The growth in demand has adversely impacted affordable rental accommodation for those outside the mining industry. The strategy should investigate options for addressing this issue in a rural context.

The increased demand for both rural and residential land results in an escalation of land prices contributions to the lack of affordability of housing but also restricts the ability for farmers to acquire additional rural land for agricultural purposes.

The development of mines has resulted in the total destruction of rural communities such as Ulan and Wollar. To mitigate impacts the mines have bought out whole communities leaving some residents with little choice but to leave the area. This in turn has impacts on rural services such as manning of the rural bushfire brigades and public schools.

## ***Labour Skill Shortages***

The strategy needs to identify real initiatives to attract skilled labour to relocate to mining areas and to avoid fly-in-fly out arrangements. A thorough investigation should be undertaken on the impacts on the housing industry, construction industry and agricultural industry where labour shortages are experienced due to the mines greater ability to pay.

Investigation should be undertaken into linking education to the local labour needs, including flexibility in local TAFE curriculum to address shortages in the construction, mining and hospitality industries. This should be viewed in a national context as, according to estimates, 55,000 new jobs are required in Australia by 2020 to maintain current mining production levels.

## ***Local Infrastructure and Facilities***

The strategy needs to identify the needs for both soft and hard infrastructure and the capability for local communities to fund infrastructure. Council has witnessed unprecedented increases in traffic on both regional and local roads. The small rate base is unable to fund the necessary infrastructure upgrades required for the further release of land and at the same time maintain ageing infrastructure. Recoupment through Section 94 plans still requires the existing rate base to be able to support the initial upfront capital investment for infrastructure such as trunk drainage and major sewer and water augmentation.

The strategy need to investigate methods of funding essential local infrastructure in collaboration with Council.

It is critical that the linkage between the mining areas and Sydney, Newcastle and Wollongong and the various power stations be examined. The transportation of coal on sub-standard rail lines extending through rural towns that have never experienced coal transportation is unacceptable. A long term sustainable transport system needs to be investigated to provide certainty to both the coal industry and people living in the local communities.

The strategy should investigate all forms of funding and payments by the coal industry for infrastructure provision including royalty payments directly to local government and a formula based approach to Voluntary Planning Agreements.

## ***Legislative Framework***

The strategy should investigate the current legislative framework including:

- Part 3A should allow for a stronger community representation including expert independent assessment of critical issues such as water.
- Determination by a PAC should not remove appeal rights.

- Mining Act should be amended to include compensation for degradation of water supply.
- Inclusion of a definition of Mining or Construction Camps within the Standard Instrument.
- Review of the Affordable Housing SEPP to ensure that it is applicable and appropriate in rural areas experiencing impact on affordable housing due to demand created by mining.

### ***Exploration License (EL) Process***

The EL process should be reviewed to provide greater transparency and opportunities for involvement by members of local communities that may be impacted by coal mining activities.

Review of the process should include:

- Identification of “no go” areas in the strategy where ELs will not be issued to give certainty to residents in mining communities.
- Investigation of large payments for exploration rights indicating that the proposal is inevitable.
- Better forms of communication including notification, maps and letter to owners of land.
- Investigation and identification of the appropriate preliminary studies to be undertaken prior to the issuing of an EL.
- Creation of a web site where information of current and proposed ELs are available to the public including detailed and up to date mapping.
- Free legal advice to affected owners prior to the issue of the EL.
- Methods to mitigate the negative impacts on communities where there is division created by those who elect to sell to the mines and those that don’t.

### ***Economic Impacts and Cost-Benefit Analysis***

The cost-benefit should be measured over a greater period than 25 years as the economic return from agricultural land is over a greater period than 25 years.

The perimeters of the cost-benefit analysis should be clearly defined by the strategy for application in the Environmental Assessment.

Cost-benefit analysis should also take into account the long term displacement of existing industries such as tourism and agriculture which will prove difficult to 'rehabilitate'. For example, you can't bring back tourists once the tourism experience has been destroyed and you can't bring back traditional farming practices when there has been a break between farming generations on the land.

### ***Biodiversity***

Grassy Box Woodland, an endangered ecological community, is present on much of the area identified for mining activities. The area is also at the intersection of a number of bioregions, giving it a rich biodiversity which includes a number of other threatened species and communities.

Given the acceleration of mining activities, the coal strategy needs to acknowledge that a strategic plan for biodiversity is urgently needed to identify high value areas and constraints and opportunities. A goal of the development of a biodiversity strategic plan should be informing the development of mining within the region, not only the mitigation of longer term impacts of it.

### ***Noise***

There are a significant number of mining projects that are proposed or are already located in relatively isolated rural areas. These areas generally experience levels of background noise that are well below the accepted minimum level of 30 dBA set in the existing Noise Policy. As part of this strategy a re-evaluation of the NSW Industrial Noise Policy should be carried out to more accurately reflect the actual background noise levels of these areas.

Noise models should also be more dynamic and take into account location of saddles, funneling effects of valleys and other topographic features of an area as part of the criteria for setting noise affectation on receptor properties.

### ***Water***

Catchment-wide water studies need to be undertaken as part of this overall strategy and in particular before any more approvals are granted to new mining enterprises. These detailed hydrological studies should be independent and identify, amongst other matters, the groundwater systems, related geology and how they interact within the region. The likely potential and cumulative impacts of mining on the sustainable use of water within the area

should also be assessed taking into account other existing users and in particular agricultural uses.

An investigation needs to be undertaken into the terms of current and proposed Water Sharing Plans. Concerns are raised that “water trading” will allow water, purchased by the mines to be piped long distances between catchments thereby restricting water availability for agriculture.

### ***Air Quality***

Greater acknowledgement of the impact of dust on not only the health of the environment but also of surrounding communities, particularly in respect to the effects of suspended and fine particulate matter.

The potential impact of the transport of uncovered loads by rail through rural towns and the associated health and esthetic impacts needs to be fully investigated and included in any cost benefit analysis for the construction of rail lines to bypass towns.

### ***Environmental Off-sets***

The strategy should investigate the effectiveness of the environmental off-sets being purchased. The purchase of existing reserves or woodland does not realistic act as an offset, i.e. increase native vegetation, as these sites were probably not under threat of clearing. Re-vegetation should be undertaken on marginal land so as not to remove land from productivity. If environmental offset are purchased and converted to National Parks this represents an erosion of the rate base and income of the local Council. Due regard should also be taken to the increase of bushfire hazard.

### ***Life after Mining***

There is no mention of life after mining in the coal strategy. If all of a local region’s resources are directed towards and focused on the coal industry then other industries will gradually decline. This means when coal mining ceases, there will be nothing left in the local communities (no jobs, no local industry).

Local regional strategies need to consider true cost-benefit analysis for mining projects over a long period of time. The current project assessments tend to focus on the number of jobs created, investment in capital infrastructure by the mines and the royalties/taxes paid to government. There is typically no analysis or identification of external costs in terms of impact on other industries, costs to health or environmental impacts. There are no costs assigned to the deterioration of rural industries such as sales yards and agricultural produce suppliers due to the impacts on the local agricultural base. Similarly, there are no costs assigned to increased

demands on local infrastructure such as roads, schools and other community facilities. There are no costs assigned to long term impacts.

### ***Government Agencies***

The strategy needs to identify a holistic approach to coal mining to help inform assessments and government action. There needs to be improvement in communication and co-ordination between government agencies prior to development assessment, i.e. at the EL stage; during operation/compliance; and during remediation of the both the environment and community after mining. Government agencies need to recognize that the impacts of mining are not limited to the mining operations but extend into the local communities that support that operation and that those communities are in turn supporting the State through the recovery of an essential resource.

The failure for the mine proposals to include accurate population forecasts generated by the State Government impact on Council's ability to attract infrastructure and services required to cater for the growing population. All of the relevant population data is out of date (i.e. 2006 Census data) and does not reflect what is really happening. Information needs to be shared across government agencies and portfolios.

### ***Compliance***

The management of compliance needs to be investigated. Compliance officers need to be located in those areas of greatest growth and stress. Again, it is the cumulative impacts that need to be addressed as compliance goes beyond the coal operation. Compliance issues arise with quarries and other industries that support the operations.

### ***Community Consultation***

It is essential that further community consultation be held during the formulation of the strategy and also with the exhibition of the Draft Strategy. The draft scoping paper recognized that the major area of growth in the Western Region was around Mudgee yet the public forum was held in Lithgow.

Council requests that further reference group meetings and public forums be held in Mudgee where there is an opportunity for the local community to have input into planning the future growth of the area in a positive and constructive manner.

### ***Conclusion***

Council supports the preparation of a Coal and Gas Strategy particularly in light of the cumulative effects of mining and the need to view these effects on a statewide if not national basis. Whilst the benefits of mining are considerable for the State and population at large the

adverse impacts are borne by rural communities. Additional investigation and support needs to be forthcoming to deal with the need for labour force, roads, transport links, community services and housing. The cumulative impacts on agricultural land and water supply need to be addressed to ensure that a balanced approach is taken on both the broader scale to ensure that we retain a sustainable agricultural base but also at a local level to promote diverse, healthy local economies.

Whilst there are some common themes regarding the impact of mining across the State, the physical manifestation of those impacts differ from place to place and for this reason Mid-Western Council requests continued support for the local strategy to facilitate a planned coordinated response to the impacts in the Mid-Western area at both a local and state level.