

15 July 2022

Chair – Independent Planning Commission
Professor Alice Clark
C/- Brad James, Principal Case Manager
Suite 15.02 Level 15 135 King Street
Sydney NSW 2001

Dear Professor Clark,

RE: MOUNT PLEASANT OPTIMISATION PROJECT – APPLICANT SUBMISSION REGARDING CO-EXISTENCE

A. PURPOSE OF THIS DOCUMENT – THE SUCCESSFUL CO-EXISTENCE OF HORSE STUDS AND MINING

In response to the contention of some objectors that the Optimisation Project cannot successfully co-exist with thoroughbred breeding operations, the purpose of this document is to concisely set out that:

- the Optimisation Project is located within a district which has a long history of coal mining;
- the thoroughbred breeding industry, particularly the large players, have elected relatively recently to invest heavily and establish large thoroughbred breeding studs in and near a coal mining district;
- the thoroughbred breeding industry and the mining industry have successfully co-existed; and
- no compelling evidence has been provided that the Optimisation Project threatens the ongoing success of the thoroughbred breeding industry.

B. THE OPTIMISATION PROJECT IS LOCATED WITHIN A DISTRICT WHICH HAS A LONG HISTORY OF COAL MINING

As depicted in Figure 1-1 in the EIS (**Attachment A**), the Optimisation Project would be located within the Hunter Coalfield.

The Hunter Coalfield is a long-standing mining area and includes a significant number of active mines within the Muswellbrook Shire Council and Singleton Shire Council Local Government Areas (**LGA**).

Figure 1-2 in the EIS (**Attachment B**) depicts the mining operations within these two LGAs.

With respect to the Muswellbrook Shire Council LGA, the active coal mining sites include the Muswellbrook Mine (1907-), Liddell Coal Mine (1923-), Mount Arthur Mine (1960s-), Dartbrook Mine (1996-), Bengalla Mine (1998-), Mangoola Mine (2010-) and Mount Pleasant Mine (2018-).

Additionally, the former Drayton Mine was operational from 1983 until 2016 and the Commission granted development consent for the Maxwell Underground Mine in December 2020 (currently authorised to carry out mining operations until June 2047).

As the Department's representative Steve O'Donoghue submitted at the Commission's Public Hearing (Transcript, 7 July 2022, p 8) (underlining added):

... It's important to understand some of the strategic context in relation to existing land uses within the surrounding site, in particular. From a land use perspective the Mount Pleasant mine is located in the longstanding mining precinct within the Upper Hunter Valley. There's a number of other coalmines located near the Mount Pleasant mine including the Bengalla open-cut mine immediately to the south, the Dartbrook underground mine located immediately to the north of Mount Pleasant, Mount Arthur and Mangoola open-cut mines to the south and south-west and Muswellbrook open-cut and underground mine to the east. While located in an intensive mining precinct Mount Pleasant is also ...

It is also relevant to note that the Muswellbrook Shire Council LGA includes the Liddell Power Station (1971-) and Bayswater Power Station (1985-).

C. RECENT HISTORY OF THE THOROUGHBRED BREEDING INDUSTRY EXPANDING WITHIN, OR IN THE VICINITY OF, COAL MINING PRECINCTS

It is acknowledged that the Hunter Valley, including the Upper Hunter Shire LGA, has a significant history of thoroughbred breeding, and that the Hunter Valley thoroughbred breeding industry is a well-recognised and important agricultural industry.

However, it is relevant to understand that various large players in the thoroughbred breeding industry have elected to acquire properties and invest heavily in significant commercial breeding operations in close proximity to approved and established coal mines.

For example, as stated by the representative of Godolphin Australia at the Commission's Public Hearing (Transcript, 7 July 2022, p 44):

Godolphin established its commercial breeding operation in the Hunter Valley in 2001 in recognition of the growing force in the international thoroughbred breeding and racing. ...

...

In Australia we have six main operating sites, three stud farms and three training facilities. These include two stud farms in New South Wales located in the Hunter Valley. Woodlands which is located between Jerrys Plains and Denman and Kelvinside at Aberdeen.

The owner of Godolphin is Sheikh Mohammed bin Rashid al-Maktoum.

With respect to the Woodlands stud, which is located south-west of the Maxwell Underground Mine (see **Attachments C and D**), Godolphin purchased this stud in 2008. At this time, most of the mining operations identified in **Attachment C** were approved or operational (e.g. BHP's Mount Arthur Mine, the Bengalla Joint Venture's Bengalla Mine, the Muswellbrook Mine, the Dartbrook Mine, Coal & Allied's Mount Pleasant Mine, and Anglo-Coal's Drayton Mine).

With respect to the Kelvinside stud, which is located north-east of the Dartbrook Mine and Mount Pleasant Mine (see **Attachment E**), Godolphin purchased this stud in 2001. At this time, development consent had been recently granted for the Mount Pleasant Mine, the Dartbrook and Muswellbrook Mines were operational and most of the mining operations identified in **Attachment E** were approved or operational.

As further examples, the Newgate stud and Valiant stud, which are also located north-east of the Dartbrook Mine and Mount Pleasant Mine (see **Attachment E**), were established in 2010 and 2018 respectively.

Appendix 1 contains a chronology of the establishment of coal mines and the two coal-fired power-stations in the Muswellbrook region, the relatively recent significant acquisitions and investments in thoroughbred studs, and the future transition period when the mines and power-stations are scheduled or forecast to cease operations.

D. SUCCESSFUL CO-EXISTENCE OF THE THOROUGHBRED BREEDING INDUSTRY AND THE MINING INDUSTRY

The success and growth of the thoroughbred breeding industry within, or in the vicinity of, longstanding Hunter Valley mining precincts (see **Attachments C, D and E**), underscores that this industry and the mining industry have successfully co-existed. It is demonstrably incorrect that "...coalmining and international-scale horse breeding operations are incompatible land uses and cannot co-exist in close proximity" (Transcript, 8 July 2022, p 49 – see also Transcript, 7 July 2022, p 76).

As to the success of the Hunter Valley thoroughbred breeding industry, the President of the HTBA stated at the Commission's Public Hearing (Transcript, 8 July 2022, p 48):

... Our business is producing the world's best equine athletes. Our members have been doing it for generations and we are recognised around the country and around the world for what we do. We have many of the best horse farms in Australia. Studs such as Arrowfield, Newgate, Vinery, Segenhoe and Yarraman Park are central to the history, culture and economy of the region. They are recognised as world class for the horses they produce and they will be directly affected by this proposal. Godolphin is one of the largest and most successful horse breeders in the world. They own stud farms in Europe, America, the Middle East and Japan. Their presence in the Hunter Valley is clear evidence that this is one of the best environments in Australia to breed horses. ...

...

Our industry is world recognised and world renowned. It is internationally connected, vertically integrated and concentrated in a critical mass in this area. ...

...

The Hunter's breeding industry is the largest in Australia and the second largest in the world. Also, the Hunter is considered one of three centres of excellence of thoroughbred breeding alongside Kentucky in the US and Newmarket in the United Kingdom. One in every two thoroughbreds born in Australia are bred in the Upper Hunter. 80 to 90 per cent of the horses auctioned at yearling sales around the country every year are the progeny of Hunter stallions. 80 to 90 per cent of the, of Australia's thoroughbred exports are the progeny of Hunter stallions. 50 per cent of the races along the entire eastern seaboard on any day of the week contain the progeny of Hunter stallions. We are Australia's largest producer, supplier and exporter of thoroughbreds.

Our industry makes an annual contribution to the Hunter Region of \$565 million, to the state of 2.6 billion, and to the national economy of over 5 billion. We are the largest agricultural employer in the region, with over 5,000 direct jobs. ...

As to the success of particular commercial breeding operations:

- at the Commission's Public Hearing (Transcript, 7 July 2022, p 44), the representative of Godolphin Australia stated:

Kelvinside has been developed into a world-class facility with capacity to stand 17 stallions. It has comprehensive mare, racehorse spelling and rehabilitation yearling facilities and education and training operations. ...

... Godolphin employs some 300 people across Australia with about half of those located in the Hunter Valley across a broad range of occupations both in direct horse-related and administrative functions. Our farms are also homes to many of our employees and their families. They are communities of people living and working on site. Godolphin owns in excess of 700 horses. Our properties in the Hunter also run 30 some 1,700 cattle. The value of our bloodstock is in the order of \$183 million with over \$113 million of that located in the Hunter Valley. This season our stallions in the Hunter will service some 1,800 mares.

At our peak we host some 4,000 clients and businesses annually to our stud farms at Kelvinside and Woodlands and Godolphin is a substantial contributor to its local communities. ...

- at the Commission's Public Hearing (Transcript, 7 July 2022, pp 75-76), the representative of the Newgate Group stated:

... Newgate runs a thoroughbred breeding operation here in the Hunter Valley and was founded in 2010 when it originally operated as a brood mare agistment farm on 250 acres. It stood its first stallion in 2012, and this year we will stand 13 stallions with a value in excess of \$140 million. These stallions will cover over 1,600 mares this year. Today Newgate is one of the major Australian thoroughbred breeding operations with 1,700 acres of prime Hunter Valley land and is a major force in the domestic and international thoroughbred breeding industries. In the last 12 months we employed just under 100 staff...

Further, the history of two of the most significant studs in the Hunter Valley, Coolmore and Woodlands, is instructive.

The location of these two studs is depicted in **Attachments C and D**. The Coolmore stud was purchased by its current owners in 1991. As noted above, the Woodlands stud was acquired by its current owner in 2008.

At the time these studs were purchased, the former Drayton Mine was operating and coal mining and exploration was well established in the vicinity of the properties.

Since these studs were acquired, they have co-existed with major coal mining operations in the surrounding area, including the Mount Arthur Mine (which is the largest mine in the Hunter Valley and currently has an extraction limit of 36 million tonnes of ROM coal in a financial year).

The evidence is that the Coolmore and Woodlands studs have been successful. Those operations have flourished, notwithstanding that they are located in a coal mining precinct.

In approving the proposed Maxwell Underground Mine in December 2020, the Commission made the following relevant finding in its statement of reasons for decision at [480]:

The Commission heard submissions objecting to the Project on the basis that it poses a risk to the "clean and green" reputation of the studs; however, the Commission notes that the Coolmore and Godolphin Woodlands studs are located in proximity to an existing mining/industrial area and that significant investments in the Coolmore and Godolphin studs have continued to be made despite the operations of the Mt Arthur/former Drayton mines. ...

Further, the Commission's records of the Godolphin Locality Tour (conducted on 19 October 2020 for the Maxwell Underground Mine) indicate that the Mt Arthur Mine and other mining operations had not resulted in any issues for the Woodlands stud, because of the distance of these mining operations from the stud (underlining added):

Blasting noise and low frequency vibrations will potentially impact on the horses – blasting vibrations are different to thunder and lightning associated with storm events, where the horses can sense weather changes and behave accordingly to prepare themselves, rather than an unexpected blast. The Panel queried whether Mt Arthur or other existing mining operations had resulted in any issues and was told that this had not been a problem because those operations are further away than the proposed Maxwell development.

In addition, Dr Andrew McClean, a specialist in equine behaviour and learning appeared at the Maxwell Underground Mine Public Hearing on behalf of the HTBA on 11 November 2020. Following his presentation, Counsel assisting the Commission questioned Dr McClean regarding evidence of horses suffering any behaviours or problems as a result of current mining activity in the Hunter (underlining added):

MR BEASLEY: Thank you. Dr McLean, I can see from your presentation slides that many of the things you were speaking to seem to have references to what are no doubt peer-reviewed publications, and I think you may have been the author of – or a co-author of a number of them. But I'm just wondering, in relation to various threats or risks you were pointing to in relation to unpredictable behaviours in horses, neophobic responses, or neophobic responses, I think you were referring to, separation distress, chronic stress, I'm just wondering, are you aware of any evidence of the horses currently in the Hunter Valley, the

foals, the yearlings, the sires, the mares, whether they – they are suffering any of these behaviours or problems as a result of the current mining activity up in the Hunter?

DR McLEAN: No, no, I'm not aware of that.

In considering the co-existence of the thoroughbred breeding industry and mining industry in the future, it is relevant to note that the scale of coal mining operations will likely progressively and significantly decline over the coming decades. This is depicted in Graph 4 in the Submissions Report (**Attachment F**), and confirmed by the fact that the Mount Arthur Mine will cease to produce coal by 2030.

E. CLAIM THAT THE OPTIMISATION PROJECT THREATENS THE ONGOING SUCCESS OF THE THOROUGHbred BREEDING INDUSTRY IS NOT SUBSTANTIATED

At the Commission's Public Hearing, representatives of the Hunter Valley thoroughbred breeding industry claimed that the Optimisation Project threatens the ongoing success of the thoroughbred breeding industry for various reasons, including that:

1. the Project will adversely impact prospective investor perceptions and the industry's brand and reputation (resulting in a loss of investment in the Hunter Valley);
2. the Project will have unacceptable visual impacts, including because it will be visible from the Kelvinside and Newgate studs and to clients and potential investors travelling in the region;
3. the Project will have unacceptable noise and dust/air quality impacts; and
4. the Project poses an unacceptable threat to water sources relied on by the industry.

However, the evidence (including the evidence on the actual impacts of the Mount Pleasant Operation since the commencement of mining operations)¹ does not substantiate these claims or demonstrate that the Optimisation Project threatens the ongoing success of the thoroughbred breeding industry.

Instead, the relevant environmental assessment materials for the Optimisation Project, the history of development in the region and the projected future coal mining operations in the region all support the conclusion that the Optimisation Project and the relevant breeding operations (including, in particular, the Kelvinside stud and Newgate stud) can successfully co-exist, to the benefit of the region and people of NSW.

It's important to also recognise that the Optimisation Project will be carried out during a transition period in which many coal mines and two coal-fired power stations will close, with significant job losses in the Muswellbrook region. As stated in the NSW Government's *Strategic Statement on Coal Exploration and Mining in NSW*, "in the short to medium term, coal mining for export will continue to have an important role to play in NSW."

¹ For example, with respect to the air quality impacts of the Mount Pleasant Operation, see pp 36-40 in the Mount Pleasant Optimisation Project Submissions Report.

APPENDIX 1 – CHRONOLOGY OF COAL MINING AND POWER STATION DEVELOPMENT IN THE MUSWELLBROOK REGION, THE RELATIVELY RECENT SIGNIFICANT INVESTMENTS IN THE EQUINE INDUSTRY, AND THE FUTURE DATES WHEN MINES WILL CEASE OPERATIONS AND POWER STATIONS WILL CLOSE

Year	
1907	Underground coal mining commences in Muswellbrook.
1944	Open cut mining commences in Muswellbrook.
1949	Coal extraction commences at the present day Hunter Valley Operations mine by NSW Government utilities.
1960	Exploration for coal commences at the future Drayton mine site by the Joint Coal Board, Electricity Commission of NSW and the Department of Mines.
Early 1960s	Development within the site now known as the Mt Arthur Coal Complex commences in the Bayswater No 2 open cut mining area.
1971	The Liddell power station is commissioned. Coal mining commences at Lemington Mine (presently included in Hunter Valley Operations).
1979	Authorisation 169 (equivalent to an exploration licence) for coal is granted to the Electricity Commission of NSW (Pacific Power) in respect of part of the future Drayton coal mine. Hunter Valley No. 1 coal mine begins production. It is presently part of Hunter Valley Operations.
1980	Planning approval is granted for open cut coal mining operations at the Drayton mine. The proponent was Mt Arthur Coal Pty Ltd. Mining operations commenced three years later in 1983.
1985	Bayswater Power Station is commissioned adjacent to the Drayton coal mine.
1991	Coolmore Australia purchases original Arrowfield stud which is subsequently renamed Coolmore.
1991	Development consent is granted for the Dartbrook Mine. Mining commenced in 1996.
1994	Development consent is granted for Bayswater No. 3 coal mine (now part of Mt Arthur coal mine).
1995	Bengalla Mine is granted development consent. Mining operations commence three years later in 1998.
1998	Shell Coal, then operator of the Drayton Mine, purchases the Drayton South site and is granted EL 5460, which includes part of the Woodlands property. Anglo American purchases Shell Coal's NSW assets including its interest in the Drayton mine in 2000.
1999	Mount Pleasant Coal Mine is granted development consent.
2001	Godolphin, then known as Darley Australia, purchases Kelvinside Stud.

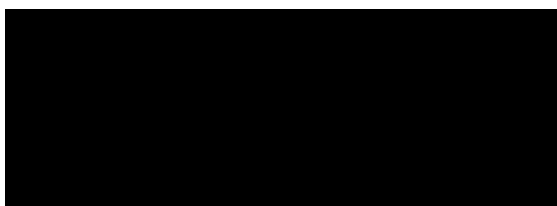
	2001	Mt Arthur North Open Cut operation is granted development consent (authorising ROM coal production of up to 15 million tonnes per annum). Production commences the next year.
	2006	Project Approval granted for the Mt Arthur Coal Mine Exploration Adit Project (confirming the pre-existing authorisation of total annual coal production from Mt Arthur Coal of up to 18.8 million tonnes)
	2007	Mangoola Coal Mine is granted development consent. Mining commences three years later.
Godolphin, then known as Darley Australia, purchases Woodlands stud.	2008	
	2008	Project Approval granted for the Mt Arthur Coal Mine South Pit Extension Project (authorising the extraction of up to 20 million tonnes of ROM coal a year from the combined Mt Arthur mine complex).
	2008	Project Approval granted for the Mt Arthur Coal Mine Underground Project (authorising the extraction of up to 28 million tonnes of ROM coal a year from the combined Mt Arthur mine complex, and mining operations to take place until 2030).
Newgate stud founded (250 acres).	2010	
	2010	Project Approval granted for the Mt Arthur Coal Mine Open Cut Consolidation Project (authorising the extraction of up to 36 million tonnes of ROM coal from the combined Mt Arthur mine complex in a calendar year, and mining operations for the project to take place until 30 June 2022).
Newgate stud expanded (today, 1700 acres).	2012-2013	
	2014	Approval of MOD 1 to the Project Approval for the Mt Arthur Coal Mine Open Cut Consolidation Project (authorising mining operations for the project to take place until 30 June 2026).
	2017	Malabar Coal (parent company of Maxwell Coal) purchases the Maxwell Underground Mine site from Anglo American including EL 546.
	2020	SSD Consent granted for the Maxwell Underground Mine.
	2022	Mining operations cease at the Muswellbrook Mine.
	2023	Closure of the Liddell Power Station.
	2030	Mining operations cease at the Mangoola Mine (based on the permitted mining operations period in the current SSD Consent).
	2030	Mining operations cease at the Mt Arthur Mine in June 2030 (assuming that BHP successfully procures an extension of approved mining operations from June 2026 to June 2030).
	2030-2033	Closure of the Bayswater Power Station.

2039

Minng operations cease at the Benga a Mine
(based on the permitted minng operations period
in the current SSD Consent).

If you require any further information on the matters discussed above, please contact the undersigned.

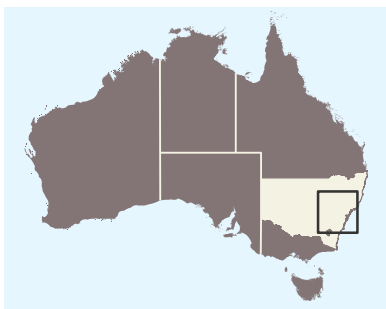
Yours sincerely,



Chris Lauritzen
General Manager Resources Development
MACH Energy Australia.

Attachments A to F follow:

ATTACHMENT A

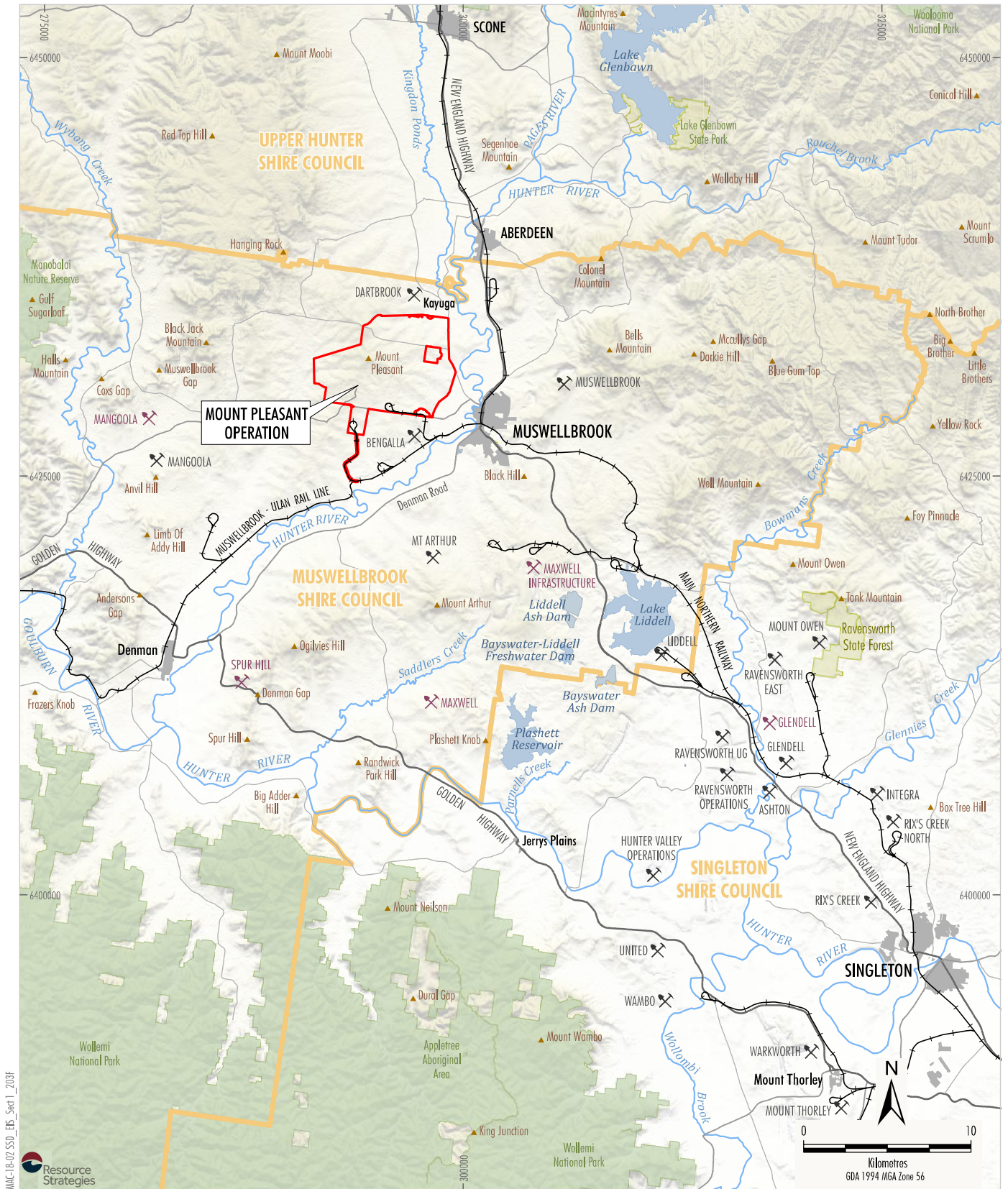


LEGEND
 — Highway
 + + Major Railway
 ■ Coalfield

MACHEnergy
 MOUNT PLEASANT OPTIMISATION PROJECT
 Regional Location

Figure 1-1

ATTACHMENT B



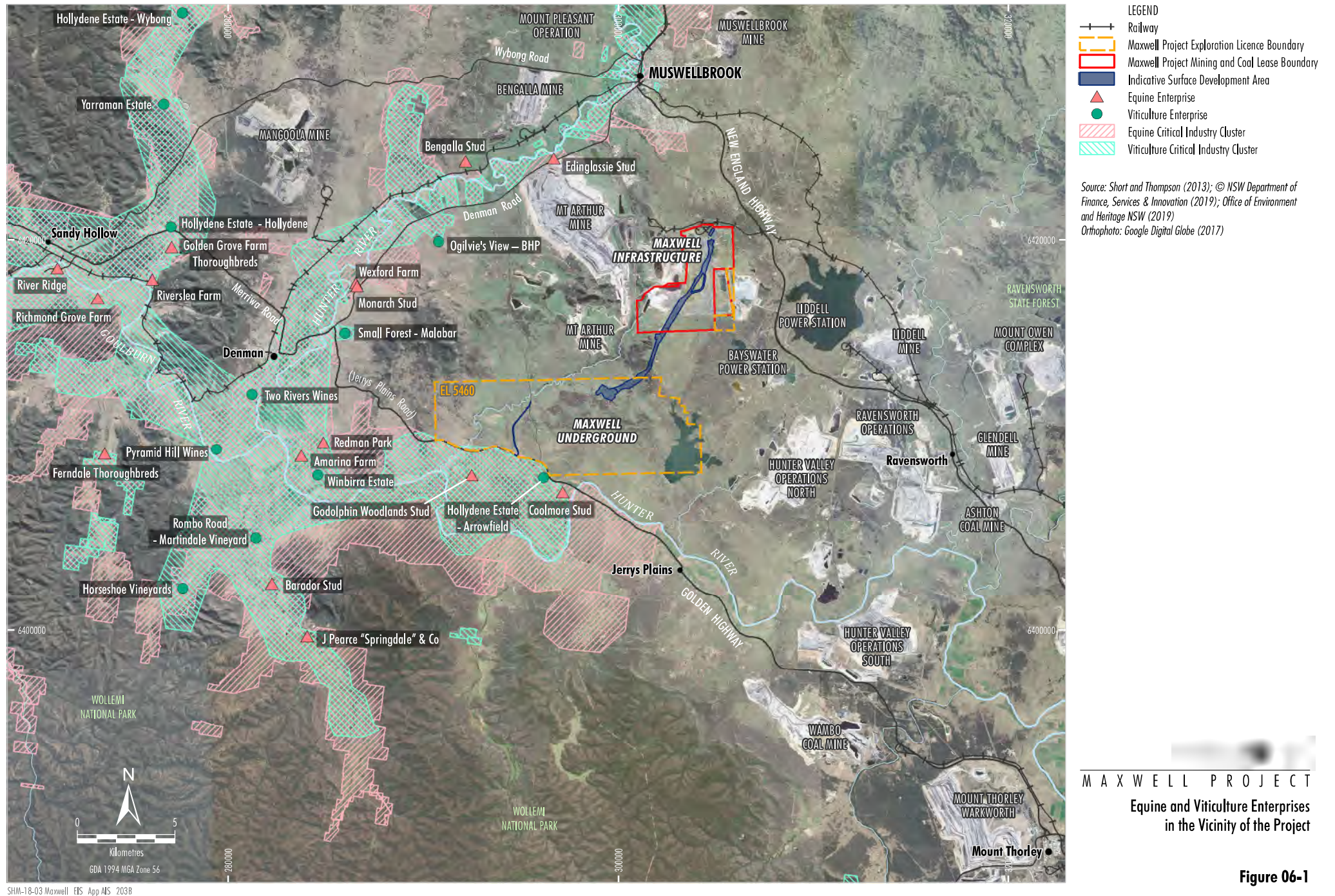
MACHEnergy

MOUNT PLEASANT OPTIMISATION PROJECT

Project Location

Figure 1-2

ATTACHMENT C

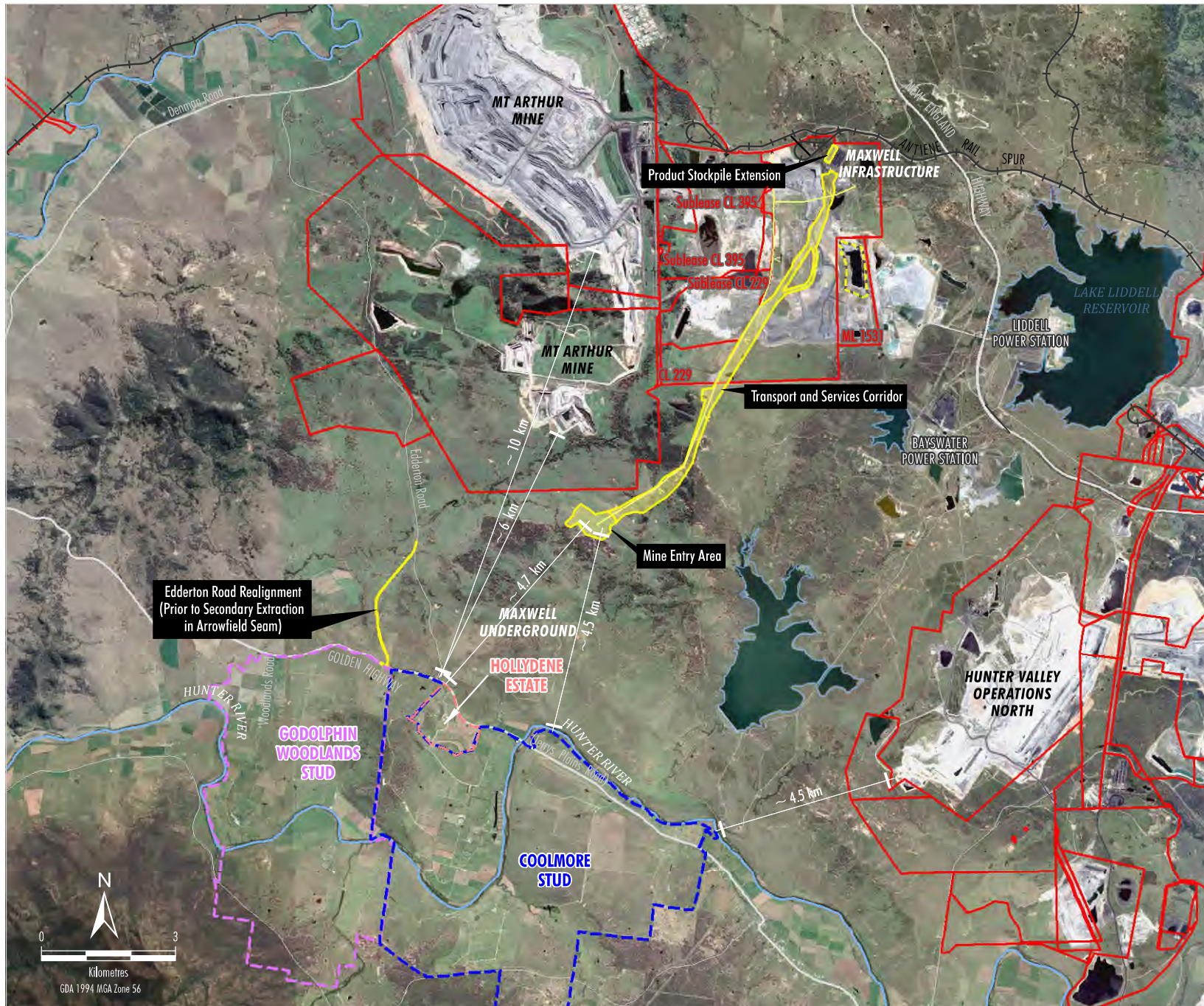


MAXWELL PROJECT

Equine and Viticulture Enterprises
in the Vicinity of the Project

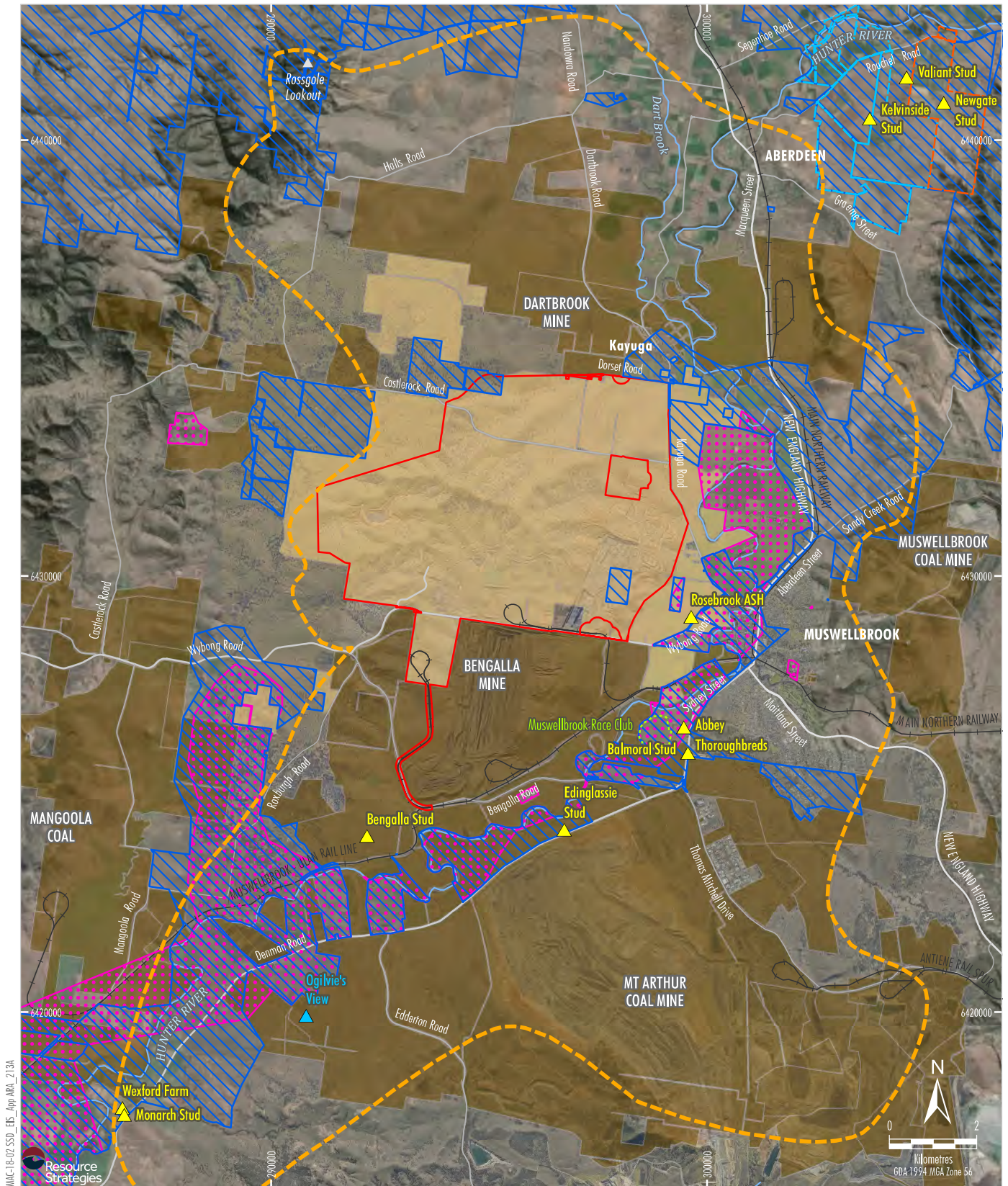
Figure 06-1

ATTACHMENT D



Source: © NSW Department of Planning and Environment (2019);
NSW Department of Finance, Services & Innovation (2019)
Orthophoto: Google Digital Globe (2017)

ATTACHMENT E



Source: MACH (2020); VPA (2020); NSW Spatial Services (2020)
 Orthophoto: MACH (2020); Esri, DigitalGlobe (2020)

MACH Energy

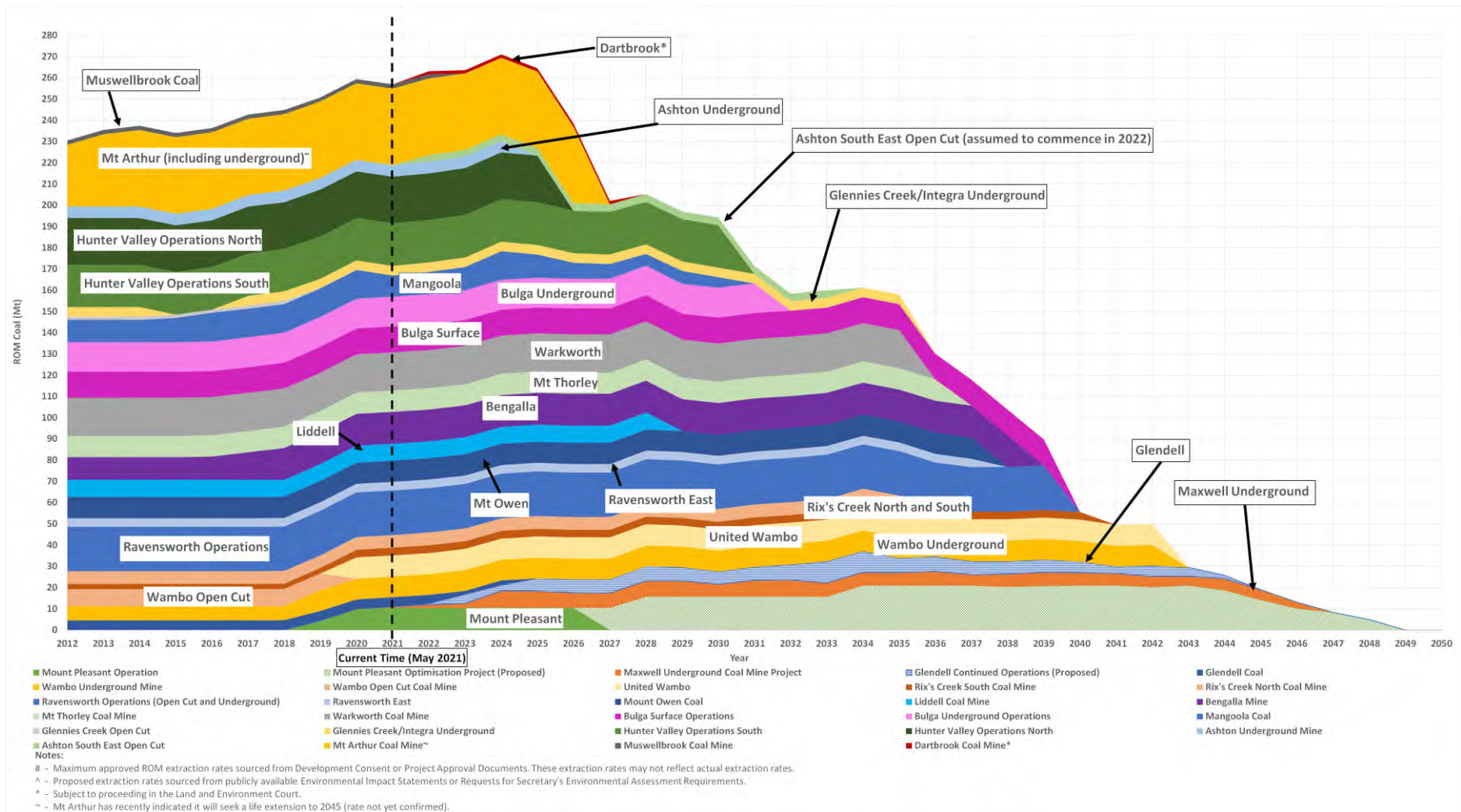
MOUNT PLEASANT OPTIMISATION PROJECT

Equine and Viticulture Enterprises
 in the Vicinity of the Project

Figure 4

ATTACHMENT F

Mount Pleasant Optimisation Project – Submissions Report



Graph 4 – Approved[#] and Proposed[^] Coal Extraction of the Upper Hunter Valley*

* Based on Major Projects website as at May 2021.