

MACH Energy

Mount Pleasant Operation

A JOINT VENTURE WITH
JODA
Japan Coal Development Australia



Section 4

Strategic Context

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4 STRATEGIC CONTEXT

This section outlines the strategic context for the Project, having regard to relevant plans and policies, community views, economic and social trends, and the natural and built environment (Plate 4-1).

This section also describes at a high level the strategic need for and potential benefits of the Project.

Additional analysis of government policies relevant to this section is provided in Attachment 6. Additional justification of the Project is provided in Section 8.

4.1 REGIONAL CONTEXT

Greater Newcastle is the main population centre in the Hunter region and the location of the Port of Newcastle. Home to more than 730,000 people, the Hunter region has the largest share of the regional NSW population and employment (NSW Government, 2016a).

The largest employers in the Hunter region are within productive industries, health and education, domestic services and a range of knowledge-intensive industries (NSW Government, 2016a).

The Hunter Coalfield and adjacent Newcastle coalfield in the Sydney-Gunnedah Basin form the target resource of major coal developments in the Hunter region (Figure 1-1).



Plate 4-1 Bridge Street Muswellbrook

Coal from the Upper Hunter is transported via the Hunter Valley rail network (Figure 1-1), which provides access to domestic coal customers (i.e. primarily electricity production) and international markets via the Port of Newcastle.

In the Upper Hunter Valley, mining employs almost 8,000 people in the Muswellbrook and Singleton LGAs alone (NSW Government, 2016b).

4.2 PROJECT CONTEXT

The Mount Pleasant Operation is located in the Muswellbrook LGA, approximately 3 km north-west of Muswellbrook in the Upper Hunter Valley (Figures 1-1 and 1-2).

The Project is located within a recognised mining precinct, with the Bengalla Mine located immediately to the south and Dartbrook Mine located immediately to the north (Figure 1-2). Other nearby coal mines include the Muswellbrook Coal Mine, Mt Arthur Coal Mine and Mangoola Coal (Figure 1-2).

Land use other than mining in the vicinity of the Project comprises a combination of agricultural land uses and the commercial, industrial and residential areas of the town of Muswellbrook and village of Aberdeen (Section 7.14).

Section 8 provides a detailed consideration of the compatibility of the Project with existing and approved land uses in the vicinity of the Project, along with any likely preferred land uses. MACH is confident that the Project would not be incompatible with existing, approved or likely preferred uses of land in the vicinity of the Project. MACH is also confident that the Project is not likely to have a significant adverse impact on likely preferred uses of land in the vicinity of the Project.

The Project proposes an extension to the approved life of the mine from 2026 to 2048, without significantly increasing the approved disturbance area, and remaining within the MLs held by MACH Energy Australia Pty Ltd and J.C.D. Australia Pty Ltd for the Mount Pleasant Operation.

The Project would provide continuity of employment for the existing Mount Pleasant Operation workforce, and the proposed staged increase in the rate of ROM coal extraction would progressively add to the current operational workforce over the extended operational period (Section 7.17).

The Project would continue to utilise the existing Hunter Valley rail network and the approved Mount Pleasant Operation Stage 2 rail infrastructure (Figure 1-3). Processed Project coal would continue to be transported on the Muswellbrook–Ulan Rail Line and the Main Northern Railway to the Port of Newcastle for export, or to domestic customers for use in electricity generation.

The Project would optimise mining activities within ML 1645, and would achieve this without significantly increasing amenity impacts on Muswellbrook or Aberdeen in comparison to the approved Mount Pleasant Operation (Section 7).

4.3 KEY STRATEGIC PLANNING DOCUMENTS

4.3.1 Strategic Statement on Coal Exploration and Mining in NSW

The NSW Government's 2020 *Strategic Statement on Coal Exploration and Mining in NSW* outlines how the NSW Government will continue to support responsible resource development for the benefit of the State (NSW Government, 2020). The statement recognises the value of coal production to the NSW economy, including:

- How regional NSW communities depend on the coal industry, which provides more than 110,000 direct and indirect jobs in the State.
- The significant benefits of royalties from coal that are used to fund public services and infrastructure (approximately \$2 billion in 2018-2019).

The statement indicates that the NSW Government will take a balanced approach to the future of coal mining in the State by setting a clear and consistent policy framework that supports investment certainty, so the NSW coal sector can satisfy long-term global demand for coal, while giving NSW coal-reliant communities time to adapt to a low carbon future. The statement describes four areas for action within the NSW coal sector:

1. *Improving certainty about where coal mining should occur.*
2. *Supporting responsible coal production in areas deemed suitable for mining.*
3. *Addressing community concerns about the impacts of coal mining.*
4. *Supporting diversification of coal-reliant regional economies to assist with the phase-out of thermal coal mining.*

The Project would be consistent with the statement because:

- The Project would involve the intensification of open cut extraction within existing MLs, including extraction of lower coal seams in the North Pit, without significantly increasing the approved disturbance area.
- The Project has been designed and would be developed in a manner that considers the benefits and consequences for other land uses, including the town of Muswellbrook, the use of the road and rail transport network, and neighbouring equine, viticulture and other agricultural businesses (Section 8).
- The Project decision-making process will be informed by public involvement and participation through the Project EIS consultation program (Section 6), public exhibition of the EIS document, and assessment of the Project by the consent authority in accordance with the EP&A Act.
- This EIS transparently presents the potential benefits and impacts in NSW, including a cost-benefit analysis (Section 8.4 and Appendix O) and SIA (Appendix N) considering implications with and without the Project.
- The Project incorporates relevant ESD considerations (Section 8.3.5).
- The Project would operate within both MACH's safety management systems and NSW legislation, to manage potential risks to workers and other persons (Section 7.19).
- This EIS has been prepared using the best available science, and the Project would incorporate comprehensive management, monitoring and adaptive management (Section 7).
- Best-practice landform design principles have been adopted, including development of an integrated waste rock emplacement landform that incorporates geomorphic drainage design principles for hydrological stability, and varying topographic relief to be more natural in exterior appearance.
- In comparison to the originally approved Mount Pleasant Operation final landform, the Project would only involve one final void (as opposed to three) and would no longer include the development of the North West and South West Out-of-Pit Emplacements.

- The Project coal reserves represent a high-value resource as the thermal coal produced is a recognised product that is sought after internationally, and it can be extracted at relatively low mining cost in an efficient manner using bulk mining equipment (Section 8).
- Significant returns for society would be generated through contributions to State royalties, State taxes, Commonwealth tax revenue and Council rates (Section 8.4 and Appendix O).
- The Project would provide continuity of employment for the existing Mount Pleasant Operation workforce and facilitate additional local and regional employment and economic development opportunities (Appendix O). These benefits would continue after nearby mines have ceased operation (Graph 1-1), thus facilitating a more gradual decline of coal mining in the region and giving coal-reliant communities time to adapt.
- MACH is committed to ongoing financial support for regional community groups.

Additionally, the NSW Government's *Net Zero Plan Stage 1: 2020 – 2030* (Net Zero Plan) has also recently reiterated that the State's actions on climate change should not undermine the business, jobs (Plate 4-2) and communities supported by mining (DPIE, 2020a). Further discussion of the Net Zero Plan is contained in Appendix S.



Plate 4-2 Mount Pleasant Operation Employees

4.3.2 Hunter Regional Plan

The Project is located within the Muswellbrook LGA in the Hunter region. The *Hunter Regional Plan 2036* (Regional Plan) provides a blueprint for greater prosperity in the Hunter Region from 2016 to 2036 (NSW Government, 2016a).

The Regional Plan identifies mining as a significant opportunity for growth in the region, given the combination of undeveloped coal resources in the Hunter and Newcastle Coalfields and the export capability of the Port of Newcastle (NSW Government, 2016a). The Project would contribute to growth in the region by recovering additional coal reserves from the Hunter Coalfield for domestic use or export via the Port of Newcastle.

The Regional Plan acknowledges that coal mining has driven investment in transport and energy infrastructure, and will continue to underpin the growth and diversification of the Hunter's economy and employment base (NSW Government, 2016a). The Project would invest directly in public infrastructure through the development of the Northern Link Road and indirectly through royalties, tax contributions and Voluntary Planning Agreement payments.

The Regional Plan recognises that the expansion of resource industries can affect established urban and agricultural activities, and vice versa (NSW Government, 2016a). The plan describes the need for clear parameters and transparent processes to provide greater certainty for investment and to support new development. This EIS and the associated specialist studies present a transparent assessment of the potential impacts and potential benefits of the Project (Section 7). Determination of the Project will provide greater certainty for the Mount Pleasant Operation workforce, the local community and MACH.

Further, MACH has consulted with MSC and other stakeholders about land use during the life of the Project (Sections 6 and 7) and following the end of the Project life (Attachment 8).

The Regional Plan provides guidance on assessing and managing the social impacts of State Significant Development (NSW Government, 2016a). A SIA has been prepared for the Project, and key findings are presented in Section 7.17 and Appendix N.

4.3.3 Upper Hunter Strategic Regional Land Use Plan

The *Upper Hunter Strategic Regional Land Use Plan* (Regional Land Use Plan) provides a framework to support growth, protect the environment and manage competing land uses from 2012 to 2032 (NSW Government, 2012a). It is noted that the Regional Land Use Plan has been recommended for review in the Regional Plan.

The Regional Land Use Plan is focused around eight key areas: balancing agriculture and resources development; infrastructure; economic development and employment; housing and settlement; community health and amenity; natural environment; natural hazards and climate change; and cultural heritage (NSW Government, 2012a).

With respect to balancing competing developments, the Gateway process is outlined in the plan as the key policy response for resolving land use conflict between mining and coal seam gas proposals and strategic agricultural land (NSW Government, 2012a).

The Project would involve the continuation and extension of mining operations within the existing MLs for the Mount Pleasant Operation. Therefore, in accordance with clause 17A of the *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries), 2007* (Mining SEPP) and clause 50A of the EP&A Regulation no Gateway Certificate is required for the Project.

The plan also outlines actions by the NSW Government to prepare additional guidance and policy material. This EIS has been prepared with reference to relevant NSW environmental planning instruments, policies, guidelines and plans required by the SEARs (Attachment 1).

It is noted that the Project open cut would not intersect any Biophysical Strategic Agricultural Land (BSAL) or Critical Industry Clusters (CICs) mapped by the NSW Government that would not already be intersected by the approved Mount Pleasant Operation (Plate 4-3). Consideration of potential indirect Project impacts on CICs is provided in Section 7.14.

4.3.4 Muswellbrook Community Strategic Plan

The *Community Strategic Plan 2017-2027* (Community Strategic Plan) identifies the Muswellbrook community's main priorities and visions for the future (MSC, 2017). The Community Strategic Plan has been developed to align with the Regional Plan and includes some 25 goals to meet six objectives comprising:

- economic prosperity;
- social equity and inclusion;
- environmental sustainability;
- cultural vitality;
- community infrastructure; and
- community leadership.

The Project would be generally consistent with the Community Strategic Plan, as:

- The Project would continue existing mining employment, support progressive job growth, provide employment opportunities for the local community and create additional direct and indirect economic revenue (Section 8 and Appendix O).
- The Project would provide continued support for local and regional business, including construction and operational expenditure, and demand for a skilled workforce (Appendix O).



Plate 4-3 Mount Pleasant Operation Viewed from the Hunter River Floodplain

- The Project incorporates a range of strategies to manage and minimise potential impacts on the surrounding environment and the community (Section 7).
- The Project's major landforms incorporate geomorphic drainage design principles for hydrological stability, and varying topographic relief to be more natural in exterior appearance for nearby residents and transport network users.
- The Project would continue and extend the Mount Pleasant Operation's contributions to State royalties, tax revenue and Voluntary Planning Agreement payments. MACH would continue to fund local community programs and groups during the life of the Project, including social inclusion initiatives.
- The decision-making process will be informed by public involvement and participation through the Project EIS consultation program (Section 6), public exhibition of the EIS document, and assessment of the Project by the consent authority in accordance with the EP&A Act.

4.3.5 Muswellbrook Land Use Development Strategy

The *Muswellbrook Land Use Development Strategy* (MSC, 2015a) identifies six objectives for the use of land for coal mining purposes, which are relevant to the Project:

- *The overriding principle governing planning considerations is the best use of land.*
- *The use of land for a coal mining purpose does not fetter the use and future use of land for more sustainable purposes.*
- *Mining development which seeks to intensify extraction is preferred to coal mining development which seeks to establish new not presently approved disturbances.*
- *Coal mining makes a positive contribution to the Shire economy whilst maintaining a balance with the integrity of the natural environment on which the Shire's agricultural and tourism economies depend.*
- *Coal mining does not adversely affect the environment, heritage, or liveability of the Shire either during or after the use of the land for mining purposes.*
- *Land which is disturbed for the purpose of coal mining is rehabilitated to a satisfactory standard for future use.*

The Project would be generally consistent with the objectives of the *Muswellbrook Land Use Development Strategy*, as:

- The Project has been designed and would be developed in a manner that considers the benefits and consequences for other land uses, including surrounding communities and other mines, the use of the road and rail transport network, and neighbouring equine, viticulture, tourism and general agricultural businesses (Section 8).
- The Project would involve the intensification of open cut extraction within the MLs obtained in support of the approved Mount Pleasant Operation, including extraction of lower coal seams in North Pit, without significantly increasing the approved mine disturbance footprint.
- Significant additional returns for society would be generated through contributions to State royalties, State taxes, Commonwealth tax revenue and Council rates (Section 8.4 and Appendix O).
- The Project's major landforms incorporate geomorphic drainage design principles for hydrological stability, and varying topographic relief to be more natural in exterior appearance (Plate 4-4) for nearby residents and transport network users.
- The Mount Pleasant Operation prioritises the rapid rehabilitation of mine landforms that are visible from Muswellbrook and other major public viewpoints, and this would continue to for the Project (Sections 3.17, 7.16 and Appendix M).
- The Project incorporates a range of strategies to manage and minimise potential amenity impacts on the surrounding environment (Section 7).

4.3.6 Other Potentially Relevant Strategic Planning Statements and Policies

Attachment 6 contains further discussion of the following additional potentially relevant strategic planning documents and the alignment of the Project with these:

- *Draft Muswellbrook Local Strategic Planning Statement 2020-2040* (MSC, 2020a);
- *Upper Hunter Economic Diversification Action Plan: Implementation Priorities* (NSW Government, 2018a);



Plate 4-4 Mount Pleasant Operation Geomorphic Landforms

- *Muswellbrook Mine Affected Roads – Road Network Plan* (MSC, 2015b) and *Muswellbrook Mine Affected Roads Network Plan Review* (MSC, 2020b); and
- *Muswellbrook Industrial Lands Audit* (MSC, 2015c).

In addition, policy frameworks and plans regarding greenhouse gas emissions are described in Appendix S which includes consideration of a range of national and international guidance materials, and the following NSW policy documents:

- *NSW Climate Change Policy Framework* (NSW Office of Environment and Heritage [OEH], 2016); and
- Net Zero Plan (DPIE, 2020a).

4.3.7 Strategic Need and Potential Benefits of the Project

The Project would optimise the extraction of coal reserves within the existing MLs for the approved Mount Pleasant Operation (by deepening part of the pit floor and increasing the rate and duration of mining). The extraction of additional coal reserves would provide an additional return on existing investments at the Mount Pleasant Operation, and would be supported by the augmentation of the Mount Pleasant Operation infrastructure.

The intensification of mining as the Project proposes at the Mount Pleasant Operation is a preferred land use outcome under the *Muswellbrook Land Use Development Strategy* (MSC, 2015a), rather than new mining developments that would involve significant additional land disturbance within the LGA.

The Project would also comprise a low-cost mining operation, as the geology of the Mount Pleasant Operation coal resources favours the recovery of low strip ratio thermal coal that is recognised and accepted internationally.

Production at many existing mines is expected to decline or cease in the next decade as existing coal mining operations in NSW deplete their reserves. MACH anticipates that there will be some contraction in the number of operating coal mines in NSW, as less efficient and higher-cost coal mines begin to close.

Long life and low operating-cost projects such as the Project (which has in-situ coal resources beyond the proposed Project life) will therefore be important to maintain the generation of royalties and employment in the NSW mining industry.

Graph 1-1 shows the currently approved ROM coal production rates and duration of mine lives and proposed expansions in the local area. While it is recognised that some of the mines represented in this graph may currently, or in the future, be seeking to extend their permitted duration of mining, MACH anticipates that the Project is likely to offset some of the coal production declines in the local area and wider Hunter Valley from 2034, rather than significantly expanding total Hunter Valley coal production compared to current approved production rates.

As stated by the NSW Government, mining will continue to be an important part of the State economy into the future, and the Project represents a mining proposal that aligns with key local, regional and State strategic policy objectives.

Further, the low-cost nature of the Project and production of high-quality recognised thermal coal products leads to a key role in the long-term transition to a low-carbon economy by meeting ongoing demand for high quality thermal coal and facilitating a more gradual decline of coal mining in the region, giving coal-reliant communities time to adapt.

If approved, the Project would produce the following benefits for the Upper Hunter, NSW and the national economy:

- additional construction employment in key stages of the Project life (Section 3.16) and associated capital expenditure (Appendix O);
- continuation of current Mount Pleasant Operation operational employment and generation of approximately 300 additional jobs for the region, with many more expenditure-induced indirect jobs;
- continued support for regional business, including construction-related capital expenditure and substantial ongoing operating expenditure;
- State and Commonwealth corporate tax contributions;
- payment of significant additional coal royalties to the NSW Government over the life of the Project;
- contributions to local government via rates and Voluntary Planning Agreement payments; and
- ongoing financial support for regional community groups.

Further justification of the Project including an evaluation of costs and benefits, including consideration of socio-economic impacts and benefits is presented in Section 8.