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BYLONG COAL PROJECT
SUBMISSION ON DRAFT HUNTER REGIONAL PLAN

1. OVERVIEW

We refer to the 'draft Hunter Regional Plan' (draft HRP) released for public exhibition by the NSW Department of Planning & Environment (DP&E) in November 2015. The draft HRP "*outlines a vision and a series of goals to guide the sustainable development of the Hunter Region for the next 20 years (to 2036)*".

KEPCO Bylong Australia Pty Ltd (KEPCO) is pleased to accept the Government's invitation to make comment on the draft HRP, particularly in relation to the framework and direction proposed to guide development and investment, as well as strategic planning and land use considerations for the Hunter Region until 2036. KEPCO has reviewed the draft HRP and makes this submission having regard to its Bylong Coal Project (the Project). In preparing this submission, KEPCO has paid close regard to the Goal 2 Direction 2.1 and Direction 2.4 of the draft HRP and Chapter 3 of the '*Upper Hunter Strategic Regional Land Use Plan (2012)*' (Upper Hunter SRLUP). In doing so, KEPCO acknowledges the need for boundaries. However, KEPCO submits that sound and practical planning requires flexibility. Therefore, it is submitted that there needs to be some statement of intent regarding immediately adjoining lands and their use as well as their resource complexes in the future planning of those lands under yet to be published and exhibited major regional plans e.g. the Central West and Orana Regional Plan.

The Project is located within the Bylong River catchment which feeds the Goulburn River and subsequently the Hunter River. The Project also falls within the Mid-Western Regional Council Local Government Area (MWRC LGA). KEPCO draws attention to the fact that no land within the MWRC LGA is proposed to be included in the area subject to the draft HRP.

The Project is currently progressing through the NSW and Commonwealth Government's development assessment phase. KEPCO is currently preparing a Response to Submissions to appropriately respond to queries raised by stakeholders during the public exhibition period of the '*Bylong Coal Project Environmental Impact Statement*' (Hansen Bailey, 2015).

2. UPPER HUNTER STRATEGIC REGIONAL LAND USE PLAN

2.1. SRLUP Mapping

The introduction to the draft HRP notes that once finalised, the final HRP will replace a number of existing NSW Government strategies and plans in the 11 Local Government Areas (LGAs) to which it applies, including the Upper Hunter SRLUP. The draft HRP also identifies an action for the NSW Government to further refine biophysical strategic agricultural land (BSAL) mapping in the region based on updated data, in consultation with councils and industry stakeholders.

It is noted that the mapping of BSAL and Critical Industry Clusters (CICs) provided in the Upper Hunter SRLUP also covers a portion of the MWRC LGA within the Hunter River catchment, including the site of the proposed Project. Additionally, the revised mapping included within *State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007* (SEPP Mining) covers this portion of the MWRC LGA.

The “Hunter Regional Boundary” as defined in Figure 1 of the draft HRP is not consistent with the boundary of the “Upper Hunter Region” as mapped in the Upper Hunter SRLUP and SEPP Mining. Presumably, this is the result of the draft HRP boundary being based on the boundaries of 11 key LGAs, which does not include part of the MWRC LGA.

In the SRLUP, the Upper Hunter Region includes the five LGAs of Singleton, Muswellbrook, Dungog, Upper Hunter and Gloucester, as well as part of the Cessnock LGA that is within the mapped Viticulture CIC and also that part of the MWRC LGA known as the Bylong-Wollar-Ulan Corridor which is the subject of significant mining activity. The SRLUP identifies that the Bylong-Wollar-Ulan Corridor will ultimately be incorporated into the Central West Orana Strategic Regional Land Use Plan, which will address broader land use issues relating to mining in the corridor.

Notwithstanding the above, the Bylong-Wollar-Ulan Corridor (where the Project is located) is within the Hunter River Catchment and both the corridor and catchment are included in the SRLUP for the purpose of considering the impacts of mining on agricultural land and resources.

It is noted that the portion of the MWRC LGA within the Hunter River catchment is considered in Direction 3.2 (Figure 13) of the draft HRP in the discussion of water supply and management actions.

Recommendation: DP&E review this apparent inconsistency in policy approach. KEPCO submits this matter be addressed in the final HRP by clearly stating the areas covered by existing policies (to be superseded) which fall outside the draft HRP policy and the land use objectives to be applied to these areas.

2.2. Equine Critical Industry Clusters

Reference is made to the KEPCO letter ‘*Submission on the Revised Draft Regional Critical Industry Cluster Mapping*’ dated 8 November 2013. In the submission, KEPCO requested that the 2013 mapping of the Equine CIC within Authorisation 287 and Authorisation 342 held under the *Mining Act 1992* (the Bylong Authorisations) be amended to remove all areas mapped as Equine CIC. The suggested amendments were not taken forward to the revised final mapping included within the SEPP Mining in January 2014. In seeking the amendment to the Equine CIC mapping, KEPCO reviewed the status of the three properties mapped as Equine CIC against the relevant criteria of the Upper Hunter SRLUP and noted that:

1. “...The predominant agricultural land use on two of the three properties that have been mapped as CIC within the Bylong Authorisations is generally associated with cattle grazing and fodder cropping;
2. Tinka Tong is a small ASH property that is considered to be not part of the Primary Concentration of CIC within the Upper Hunter Shire. This property (due to its size) may be related to it, however it is unlikely to form a significant part due to it being remove to Primary Concentration of CIC;

3. *Equine related activities within the Bylong Valley have historically been predominate land use. However, in the last 10 years the predominant land used within the Bylong Valley has been diverted towards cattle grazing and fodder cropping. This change in land use within the Bylong Valley is evident on two of the three properties which have been mapped as CIC within the Bylong Authorisations on the 2013 CIC within the Bylong Authorisations on the 2013 CIC Mapping;*
4. *In this regard, the properties that have been mapped as CIC do not contribute to the operations, development or marketing of horse breeding as an iconic industry within the Upper Hunter nor does the current land use on these properties influence the importance of the equine industry at a national or international level; and*
5. *The three properties that occur within or partly within the Bylong Authorisations that have been mapped as Equine CIC within the 2013 CIC Mapping do not embody the definition of an equine CIC as prescribed by the criteria in Table 1 of the SRLUP."*

Having regard to the above, the mapping within the Project's Authorisations is inconsistent with the intention of Equine CIC as defined in the Upper Hunter SRLUP.

Recommendation: The three properties that occur within or partly within the Project's Authorisations should not be considered as part of the Equine CIC in any future revision of the CIC mapping completed for the draft HRP, or other NSW Government policy.

3. BIODIVERSITY AND THE NATURAL ENVIRONMENT

Direction 3.1 of the draft HRP identifies areas of "high environmental value" to guide strategic planning decision. While the Project is located outside of the high environmental value areas mapped in Figure 11 and Figure 12 of the draft HRP, it is noted that the Project is located in the vicinity of the Merriwa Plateau link.

A Biodiversity Offset Strategy has been proposed for the Project to compensate for the potential impacts on the biodiversity values within the region. The proposed Biodiversity Offset Strategy commits to the offsetting of 4,082 ha of land, including 3,684 ha of native vegetation. Much of the land to be offset contains threatened ecological communities, and will assist in improving habitat linkages for threatened species between existing conservation reserves in the long term.

KEPCO will continue to liaise with DP&E, the Office of Environment and Heritage and the Commonwealth Department of Environment as the Project progresses through the planning assessment process on the finalisation of the Biodiversity Offset Strategy for the Project.

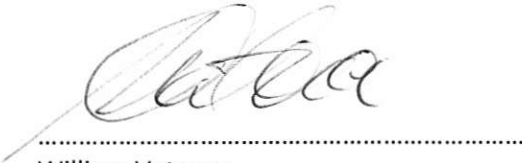
4. CONCLUSION

The Bylong Coal Project is classified as a State Significant Development under the EP&A Act which, if approved, will result in the exploitation of a state significant coal resource. It has long been identified for development by the NSW Government as it will provide very material benefits to the local region and more generally to the whole of NSW.

While the draft HRP provides some strategic direction for the mining industry in part of the Hunter Region, it does little to provide additional certainty for mining land immediately adjoining the area to which the draft HRP applies. In the absence of an adopted Central West and Orana Regional Plan, the framework and direction to encourage continued investment in and development of the state's valuable coal resources, such as that proposed by the Project, is missing.

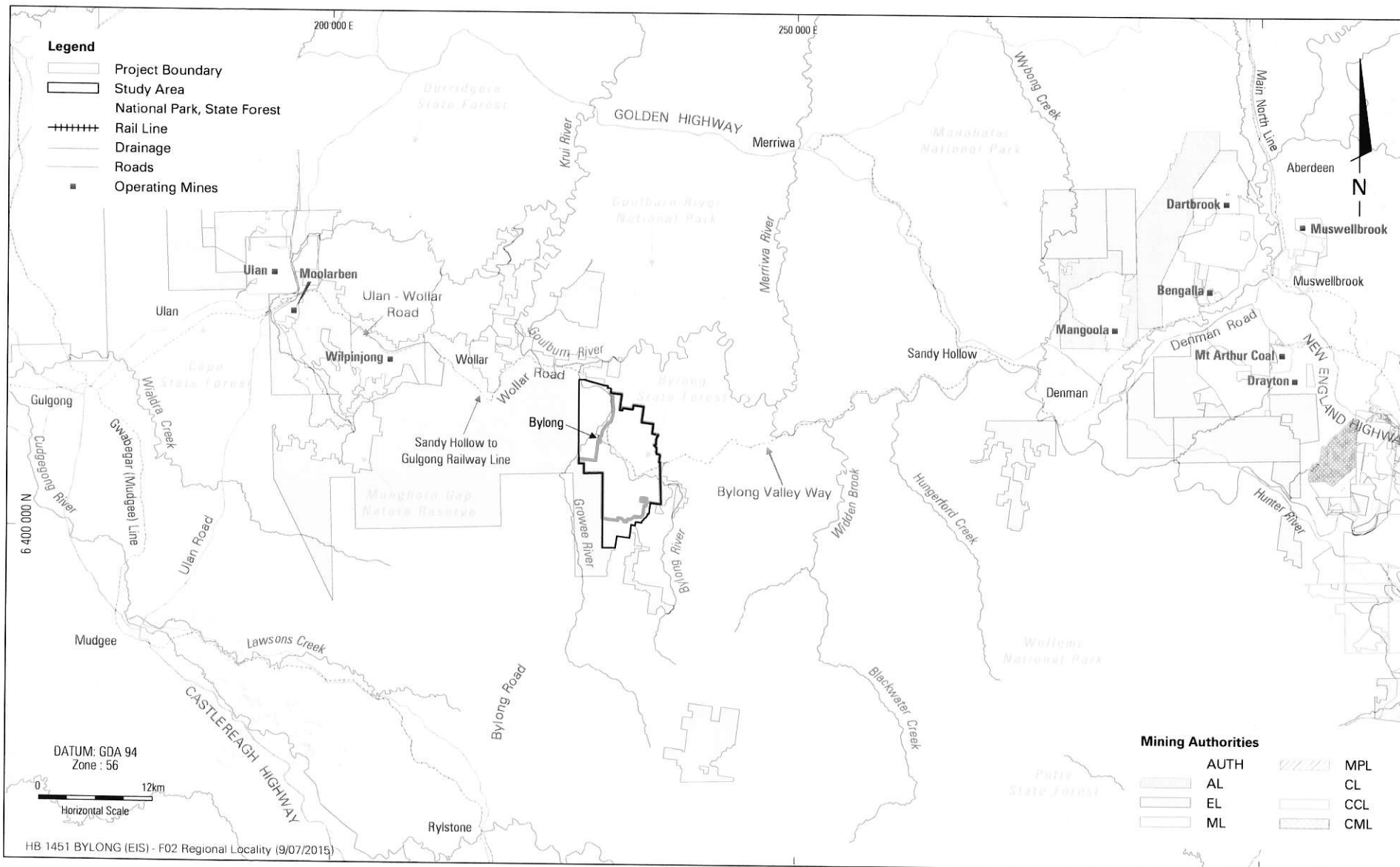
In particular, the SRLUP assessment criteria and associated mapping has been poorly executed for use in the determination of the value of land for purposes other than its intended use for mining. The preparation of the HRP and other regional policies provides an ideal opportunity to protect and promote the development of the state's significant mineral resources for the betterment of the State of NSW and remedy the flawed SRLUP process. Neither opportunity has been seized in this draft HRP.

Should you have any queries in relation to this letter, please do not hesitate to contact me on (02) 8904 9508.

A handwritten signature in dark ink, appearing to read 'W. Vatovec', is positioned above a horizontal dotted line.

William Vatovec
Chief Operating Officer
KEPCO Australia Pty Ltd

Attach: Regional Locality Plan - Bylong Coal Project



BYLONG COAL PROJECT

Regional Locality

FIGURE 1