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**TRANSCRIPT OF PROCEEDINGS**

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O/N H-953142

**INDEPENDENT PLANNING COMMISSION**

**PRIVATE MEETING**

**RE: BYLONG COAL PROJECT**

**PANEL:**

**GORDON KIRBY  
WENDY LEWIN  
STEVE O'CONNOR**

**ASSISTING PANEL:**

**MATTHEW TODD-JONES  
DAVID WAY**

**APPLICANT:**

**JONGSEOP (JOSEPH) LEE  
WILLIAM (BILL) VATOVEC  
KWANPILL (KP) PARK  
ANDREW BURLEIGH  
RORY GORDON  
JAMES BAILEY  
NATHAN COOPER**

**LOCATION:**

**IPC OFFICE  
LEVEL 3, 201 ELIZABETH STREET  
SYDNEY, NEW SOUTH WALES**

**DATE:**

**3.36 PM, MONDAY, 29 OCTOBER 2018**

MR G. KIRKBY: Okay. Thanks. Good afternoon and welcome. Before we begin I would like to acknowledge the traditional owners on the – of the land on which we meet and pay my respects to their elders, past and present. Welcome to the meeting today. KEPCO Bylong Australia Proprietary Limited, the applicant, is proposing to develop the Bylong coal project, an open cut and underground thermal coal mine near Mudgee in the Mid-Western Regional Council of New South Wales. My name is Gordon Kirkby. I am the chair of this IPC panel, and joining me are Wendy Lewin and Steve O'Connor. The other attendees of the meeting are David Way and Matthew Todd-Jones from the IPC secretariat and Joseph Lee, Bill Vatovec, Kwanpill Park, Andrew Burleigh, Rory Gordon, James Bailey and Nathan Cooper representing the applicant.

In the interests of openness and transparency and to ensure the full capture of information today's meeting is being recorded, and a full transcript will be produced and made available on the commission's website. This meeting is one part of the commission's decision-making process. It is taking place at the preliminary stage of the process and will form one of several sources of information upon which the commission will base its decision. It's important for the commissioners to ask questions of attendees and to clarify issues wherever we consider it appropriate. If you're asked a question and are not in a position to answer, please feel free to take the question on notice, and you can provide a written – additional information can be provided in writing, which we will then put on our website.

We will now begin. I might actually just get everybody to identify themselves as we go through. It just helps match the voices to the transcript later on. So we might start with you, Nathan.

MR N. COOPER: Sure. So Nathan Cooper, project manager on behalf of Hansen Bailey.

MR J. BAILEY: James Bailey, director of Hansen Bailey, responsible for preparation of the environment assessment.

MR J. LEE: Joseph Lee, CEO of KEPCO Bylong Australia.

MR W. VATOVEC: Bill Vatovec, chief operating officer for KEPCO Bylong Australia.

MR R. GORDON: Rory Gordon, approvals manager for WorleyParsons. Mr Burleigh.

MR A. BURLEIGH: Andrew Burleigh, project manager for WorleyParsons.

MR K. PARK: Kwanpill Park, KEPCO Bylong Australia general manager.

MR KIRKBY: Okay. Thanks for that. We have a bit of an agenda today, but I think I'll hand it over to you in the first instance. I think you've got a presentation you want to take us through.

- 5 MR BAILEY: We have. We have. Thank you, Gordon, and prior to that Joseph and Bill would just like to say a few words.

MR KIRKBY: Sure.

- 10 MR LEE: Okay. Good afternoon. My name is Joseph Lee, CEO of KEPCO Bylong Australia, and I appreciate the opportunity to present our project to you today. On behalf of KEPCO Corporation and its local subsidiary company I would like to present briefly on a number of key issues. Firstly, this Bylong project is a top  
15 leadership. KEPCO is responsible for generating more than 80 per cent of the power generation in Korea, and almost 40 per cent of them are generated by coal-fired power plant. Since 2005 KEPCO has constructed a fleet of high capacity high efficiency low emission coal-fired power plant with ultra-supercritical boiler.  
20 To operate these kinds of power plant with a very high technical specification the coal is very important, especially the ash and the sulphur contents of the coal must fall within strict parameters. So KEPCO decided to invest in Bylong because the coal in Bylong uniquely suited to this specification, and also the stability of the supply was very important to us, and ..... Korea, like many other countries in the  
25 world, is increasingly moving toward – to renewable energy sources. Coal will still be a primary fuel source in Korea until at least the middle of this century. Based on the Korean government's ..... basic plan for electricity supply and demand published at the end of last year the capacity of coal-fired power plant will increase eight per cent from current levels by 2030.  
30 So we are sure that this project will play a vital role in meeting the demand for quality coal over at least the next 25 years. Given this demand for quality coal, the total resource at Bylong has already been assigned to our number of KEPCOs generation companies. This also guarantees the viability of the project. I would also  
35 like to say that we take our responsibility to the Bylong community and to the environment very seriously. So we have worked very carefully over the last seven years to formulate a mine plan that creates economic and employment opportunities while also minimising the social and environmental and heritage impacts.  
40 Since July 2017 last year our objective has been to respond comprehensively and constructively to the issues raised by commission in its review report, and our colleagues will surely provide the overview of these parts. We have done our best effort to accommodate all the issues raised with us, and this revised mine plan represent a significant deduction for the footprint of EIS mine plan assessed by the  
45 commission, and it limits the off cut mining activity from the Tarwyn Park property and will ensure the final landform integrates well with the local topography. It also preserves significant local heritage items while ensuring the project remains highly

economically beneficial. So I'll ask now our chief operating officer ..... Mr Bill Vatovec to outline the key benefits of the project as we see them. Thank you.

5 MR VATOVEC: Thank you Joseph, and good afternoon. It's a privilege to speak to all of you. I'm Bill Vatovec. I'm the chief operating officer for KEPCO Bylong Australia. The Bylong coal project is a state significant development which provides substantial benefits to the Bylong community, the Mid-Western region and the State of New South Wales. To date KEPCO has invested approximately \$700 million over seven and a half years into the project. If approved, we will make a further capital investment of \$1.3 billion. The project is a generational investment in the Mid-Western region, and it is expected – with an expected life of 25 years.

15 I'm based in Sydney, but most weeks I travel to Bylong, Kandos, Rylstone and Mudgee, and the number one request I hear and the most common inquiry in our office in Mudgee and in Bylong is about employment. This is a region which is crying out for jobs. Major employers, particularly in Kandos and Rylstone, have closed in recent years. In my discussions with the principal of Kandos High School he explained to me that his staff not only see their job at getting students ready to leave school. They have to get them ready to leave the region. He said the local economy is faltering in his town and just can't provide these young people with the opportunities that they deserve.

25 The Bylong coal project is expected to provide around 650 jobs at the peak of construction and up to 450 jobs at the peak of production. It will also provide a substantial boost for local suppliers and other businesses on an ongoing basis. Our tangible commitment to the local community includes a \$9 million voluntary planning agreement we've agreed with the Mid-Western Regional Council and a further \$3.6 million to upgrade local roads. KEPCO has also reached an agreement with the Aboriginal native title claimants who also strongly support the project. Over the last few years the company has also directed \$600,000 to local community groups, events and charitable initiatives through its community investment funding.

35 A notable investment has been \$360,000 in funding over three years for Mid-Western Regional Council to employ and resource a youth officer to work with local youth throughout the mid-western area. KEPCO has listened to the local community, the council and the government agencies and over the last seven and a half years have made significant changes to the project. This has included reducing the number of open cut mining areas from seven to two and we have taken advice to acquire all the land required for the project to give certainty to the affected landholders and proactively manage community issues. And as Joseph has already discussed, the most recent changes embodied in the revised mine plan will further minimise environmental and heritage impacts.

45 KEPCO believes the project is now in a form that appropriately balances impacts and benefits and we are grateful for the stakeholder feedback we've received. I will now pass onto James Baily who will overview the substantial further work undertaken by

our team over the last 15 months to provide a certainty and clarification sought by the IPC in its July 2017 review report.

5 MR BAILEY: Okay. Thank you, Bill. So I have got a presentation, Gordon, and we will obviously leave this with you. I'm happy to answer questions on the way through. The presentation is structured consistent with your agenda provided to us. So just very quickly with regard to the history of the project. The project – or the government first started exploration out in the area in the 1970s. The authorisations were granted to Austin Bewter in '82/84. The authorisations were acquired by  
10 KEPCO in 2010 and then from that stage on we saw exhaustive stakeholder consultation, background monitoring and exploration works. And then from '12 to '14 we saw detailed mine planning to develop what we considered at that time to meet all government requirements and approve a mine plan that would meet all government expectations and requirements and guidelines that were formed to that  
15 point in time.

From then on we positioned a background document to get the secretary's environmental assessment requirements and the gateway application lodged in January of 2014. The EIS lodged in '15 and the review, as you know, 2017 and  
20 culminating in the department's report. So I guess just one takeaway from this slide would be that there has been knowledge for at least 35 years so really a generation of people have grown up in the Bylong Valley with the knowledge of an exploration licence in that area and the potential for mining in some way, shape or form. The other takeaway, I would suggest, is that the amount of consultation that has occurred  
25 and the proactive effort of KEPCO to meet with and even acquire landholders at a very early stage in the project to avoid any uncertainty for those people has been exhaustive and probably unprecedented. Look, if I can just probably stand up – is that - - -

30 MR KIRKBY: Yes - - -

MR BAILEY: And I have got one of these little pointers here, whether it works on your screen or not – yes, it does. So just again familiarisation and please any questions on the way through. But, look, the project falls within the Central West  
35 Region. Within that region it falls within the Mid-Western Regional Council local government area. And within that, within the Bylong Valley. The Upper Hunter local government area is some four kilometres from the project. The Muswellbrook local government area also some four kilometres from the project. But the project is 50 kilometres from the township of Rylstone, some 80 kilometres via the Wollar  
40 Road which is in the midst of a major upgrade at the moment with royalties for regions funding, so 80 kilometres from Mudgee but some 100 kilometres from the township of Muswellbrook.

I guess if we think regionally, the economy out in this area, the unemployment rate in  
45 the region is higher than the state average and certainly in ..... Rylstone it's approaching some 13 per cent and youth unemployment within the entire region is running at over 12 per cent. So as Bill has stated, employment is on the tip of

everyone's tongue with regard to the locality ..... project. I think the next slide. So you would recall of course that there has been a PAC review and a PAC hearing over the project in May 2017. At the hearing there was only 10 objections out of 44 presentations at the hearing. And there is certainly a high level of support for this project within the local area. But, of course, the PAC has certainly found that there still remains some doubts over the project in the review of the project and a number of doubts and concerns were raised.

In light of that we saw some locals from Kandos-Rylstone start to petition, to lobby and express concern over the benefit of this project and the support for it and some 450 people signed that petition that has culminated in a presentation to council more recently. Beyond that over concern for the project you would also be aware that the local council, the Mid-Western Regional Council, has written to the Minister – the Minister for Planning expressing concern over the project and the council's desire for the project to proceed. So while that has been going though, KEPCO has instructed its consultants and experts to very carefully and methodically review the PAC report and we have done that. From that report we identified some 114 uncertainties and doubts that the PAC had raised.

We have methodically looked at and investigated each of those concerns and doubts and have worked as diligently as we can with the relevant experts to resolve all of those issues to take away that uncertainty and make sure that no doubt remains over the project. That work culminated in this report, Response to PAC Review Report, and appendix A of that report has a very detailed list – I apologise. It's how many pages long, Rory? I think - - -

MR GORDON: 70.

MR BAILEY: Some 70 pages long.

MR .....: 70 pages of .....

MR BAILEY: Of things that we identified, and, believe me, none of those were left unaddressed. The – our instruction was not to push back or criticise any of those concerns or doubts but to resolve. So I would encourage you, despite the project changing a little bit since this time, to look and focus on those concerns and doubts and how they've been addressed by the proponent. Most of them, I think you'll see, have been taken right off the table. So that report ..... quantifies any residual issues. Beyond that, there's been a lot of work done to both further manage and mitigate any remaining residual impacts over the project, and you'll see a lot of examples where – further mitigations, commitments to council, commitments to various government bodies, commitments to the local community to resolve any remaining residual impacts.

Beyond that, again as a consequence of some doubts remaining in the original ..... mine, we went the extra step beyond what we've normally done for a project at this point in time, as you'd probably appreciate, in developing the key management plans

that mines will operate under to give further certainty of the commitment of the business to meet all of the government expectations and requirements. So six of the key management plans have been prepared. They – there's been preliminary consultations with the relevant government authorities over those plans, but they are  
5 the, I guess – the minimum commitment from this business going forward as to how the project will be managed from aspects of noise and heritage and water and those sorts of things.

Of course, further consultations with the government and further comment from this  
10 PAC and others may mean that other commitments are added to that minimum commitment to ..... I guess, in this work, we had 12 very senior experts with over 300 years combined experience assisting the preparation of that document, and that body of work took six months to prepare. So it's a material body of work that we've prepared, and some of that work is visual display and montage and visual assessment  
15 of the project that's attached to ..... now, this is just for .....

MR KIRKBY: Just a question, James.

MR BAILEY: Yes.  
20

MR KIRKBY: Just – because in the department's referral to us, just to clarify that –  
–

MR BAILEY: Yep.  
25

MR KIRKBY: You still technically are seeking approval for the original mine plan. This is a response to the review - - -

MR BAILEY: Yes.  
30

MR KIRKBY: - - - and how you would respond, because the department advised it was ..... a condition to require this .....

MR BAILEY: Yes.  
35

MR KIRKBY: You're still, from a formal point of view, seeking approval for the original .....

MR BAILEY: Yep. In fact, that's not the case.  
40

MR KIRKBY: Okay. All right.

MR BAILEY: So, paralleling this body of work – and if I tell the story - - -

45 MR KIRKBY: Yeah. Yep. Sure.

MR BAILEY: ..... but you ..... will come back, and we'll definitively address that comment.

MR KIRKBY: Okay. Yeah. Good.

5

MR BAILEY: So, paralleling all of that work – and you're dead right. This was on the project as proposed in the EIS, with some changes in light of some of the comment - - -

10 MR KIRKBY: Yep.

MR BAILEY: - - - and concerns: for example, materially moving away from having a workers' accommodation facility at the project.

15 MR KIRKBY: Yeah. Yeah.

MR BAILEY: ..... off some sensitive features with underground, acquiring more water licence – you know, a whole lot of things generally about the project, but, in parallel to that, if we go to the next slide, we had – yes. So we had the Heritage Council – we had Department of Planning in parallel with us doing that body of work. Department of Planning went to the Heritage Council, and they sought further advice from the Heritage Council of New South Wales and the Division of Heritage in OEH. So these things were happening in parallel. That work culminated in comment from Heritage Council, expressing some further concern or remaining concern and quantifying their concerns around the original project, and it was that work that basically recommended that we needed to further mitigate the natural sequence farming research potential and the impacts on the scenic landscape. So that was happening in parallel. All right. Now, did we skip a slide there or not?

30 MR .....: No.

MR BAILEY: Okay. So next slide. So what happened then – when Department of Planning got that body of work from the Heritage Council, they also had our responses to all of these questions and doubts – that they came back to the proponent asking what would the implications be of removing Tarwyn Park from the project and, in fact, also, in light of previous PAC concerns, further work to minimise and reduce visual landscape intrusions and impacts and – so the business then went away – and this is ..... two reports I will refer you to today, and the one I will be talking to largely today is we went away and provided supplementary information on what it would mean if the project was retracted off Tarwyn Park and what it would mean to do this extra visual work and production impacts on landscape, etcetera. So the summary – the net summary of that work was that the – KEPCO concluded that the project remains viable. It – the project still works.

45 Of course, we had to do some redesign to make it work because the project was always designed to balance the open-cut mining area to the underground mining waste disposal and water balance. So we had to do a lot of work around that, but the



project certainly remains viable with that retraction that was requested, and the impacts, of course, on heritage values are materially reduced as a consequence of this – you know, what is a major change to the mine plan, and we will show you that with some visual information today. Beyond that, from a heritage perspective again – this was largely focused on heritage.

The ..... from Tarwyn Park meant that we would no longer directly impact on the cemetery and former church that's in the area, and we would also not directly impact on the racing horses that – there's some racing horses buried on the property ..... unmarked pits. So there's consequences with, obviously, retraction of the mine plan. It sterilised a further 4.6 million tonnes of coal, and, when the economic analysis was undertaken, it reduced the net present value to New South Wales by some \$13 million, 12 million of which is just simply in the royalties of sterilising that additional coal. So some economic benefits to society but some material improvements from, particularly, a heritage perspective, but what you'll see ..... through is that there's – it made improvements in a whole lot of areas over the project, including air quality, including noise impacts, including even biodiversity but, materially, water as well.

So, in answer to your question, then – is the company – is satisfied that the retraction in mine plan still leaves the proponent with a viable project, and is that retracted project, that project ..... described in this book and in Planning's report that we're now seeking approval for. Okay? All right. I think ..... the next slide. Just before I go into detail, again, in this report of ours – and look, there were some summary tables in Planning's report, but, in particular, appendix C and D of this report – appendix C describes in great detail the changes, the retractions and changes, and quantifies those, both in quantum and percentage, and then appendix D describes in great detail the reduction largely – it's basically all reduction in environmental footprint and impact, but, of course, there is some reduction in economic benefit and stimulus.

So those two appendices, C and D, of that latest report of ours, I would again encourage you to have a look at it in your own time. So I'm just going to familiarise, before I go to the changes and – again, just to help – and perhaps Wendy in particular. I notice – and, Gordon, Steve has been out before, but I just thought I'd just familiarise you with the locality again. So we've got a blow-up now of the project within that setting, and, firstly, the Bylong Valley Way runs somewhere out here, and the Bylong village is somewhere over here.

Off the Bylong Valley Way, we have the – oops ..... just step beside you here. We have the Upper Bylong Road coming through here like that, and the existing Ulan rail line through here. So Bylong River, Lee Creek and the Growee Range and the Growee River over here that joins the Bylong River just off this plan. When we go out on site, we'll take you for a full tour around the mining areas, but, in particular, there's a high point up here called Telstra Hill and that gives a commanding view of the local area and shows this little subset valley in the upper Bylong Valley. The

green here is state forest. The proponent owns the vast majority of the land in this area.

5 There is private landholdings and private landholdings in here and, importantly, I think the focus on is the yellow, which is the boundary of the Tarwyn Park property and it is the Tarwyn Park property that we were asked to take the mine plan of, and it's the area in pink that is thus – if that is done and we're all in agreement that that will be done if the project is approved as being now sought – it is this area not mined. And just for familiarity – and, sorry, the Tarwyn Park Homestead is in here and the complex, so there's some old horse stables and the Tarwyn Park Homestead. This is the horse – where the horses were buried and this is the cemetery and the former – former church.

15 MR S. O'CONNOR: James, can you just explain what the different colours mean again.

MR BAILEY: Yes.

20 MR O'CONNOR: So pink is obviously - - -

MR BAILEY: Yes.

MR O'CONNOR: - - - an open cut pit, is it?

25 MR BAILEY: Yes. Look, there was – the project contracted through a process of consultation over seven years, from one of several mining areas down – precipitated down to two, and in the EIS, this was one of those; that's called the eastern mining area and the western mining area. Attached to that were two out-of-pit emplacement areas, so some areas to surcharge with overburden prior to be able to tip earth back in mine, and the difference in colour here is the area now that's proposed not to be mined.

35 Now, this area clearly not to be mined because it encroaches on Tarwyn Park, and that means that the area outside of Tarwyn Park also impractical to mine, and that gives us this benefit of these no direct impact on these two heritage items. What we found, when we did the mine planning work to take mining off Tarwyn Park, was that from the Tarwyn Park Homestead, albeit privately owned and, in fact, when acquired by KEPCO in 2014, not even on a local heritage register, so it had no heritage value attributed to it locally or state or federally, it has clearly become a centre of concern to a whole lot of stakeholders, and so we wanted to make sure that we didn't detract from the visual impact of the project by taking away mining in this area.

45 And what actually happened was, when we did cross-sections – and we will show you some of the montages and visualisations – what we found was we're not mining this area and leaving it fully open – it's a lower lying area – it gave direct view into an active mining area in the western open cut. So what we elected to do, beyond

what planning asked us to do really, was also sterilise some coal in this area such that we didn't cause that visual intrusion – and you will see it very graphically in a minute – from Tarwyn Park and some key visual points around Tarywn Park, look into the mining area here.

5

MR O'CONNOR: This might be an oversimplified question - - -

MR BAILEY: Yes.

10 MR O'CONNOR: - - - but if you've reduced the area of the pits, how come the emplacement areas haven't correspondingly been reduced?

MR BAILEY: No, it's a good question. You recall that the Heritage Council's questioning and then Planning's question that you've asked was to look further at the final landform and make sure that final landform minimised visual intrusion and was aesthetically pleasing and as natural as possible. We engaged some additional engineers that hadn't been involved in this project before, a company called Zenith Consulting, who are – their expertise, partially, is in final landform design, and they came back and retrofitted a design for these overburden emplacement areas which basically incorporated what's called macro-relief into the design, whereby you're putting natural contours back into the adjacent – back into the open mining area and the overburden emplacement areas. That can be a sponge and can push down and go up.

25 We already had a project that was very carefully designed such that it – you know, all that could not be seen from the Bylong Valley Way right from day one, which we recognised that as a very sensitive view of ..... and so we simply didn't want the overburden emplacement areas to go up at all, so wherever we went down in developing these natural relief contours, we had to account for that, and that meant really balancing out the surface with volume for the dumps. Long-winded, but that's the story behind it.

MR O'CONNOR: So there's less material, but it's being distributed over - - -

35 MR BAILEY: That's correct.

MR O'CONNOR: - - - a greater area, which means it's height is reduced, because that - - -

40 MR BAILEY: That's right. That's right. 23 per cent less overburden in fact is now moved as a consequence of this project, so that's a very material change. And, look, I think that's described up here with 23 million in the eastern and 9 million in the western area now not to be moved. So there is a consequence, of course, and they relate to the coal sterilisation, so I think there's 4.6 million tonnes of coal now sterilised, but a 10 per cent reduction in the disturbance footprint and, yes, a 23 to 24 per cent reduction in the overburden moved.

So the other consequence, of course, you know, it's quite a material change to the application, you'd appreciate from the visualisation. It does reduce the life of the open cut mine down to seven years from eight. Again, we need to keep perspective; this is a very small open cut compared to Hunter Valley or other open cut mining areas in Australia. It's a relatively small, almost quarry-scale, open cut. I think you might appreciate that the depth of mining in this area runs from 15 metres to 90 metres deep.

In the Hunter Valley, we're mining over 300 metres deep, so it's a very shallow, relatively small open cut to be completed within seven years, but, critically, that first seven years of mining both makes a project financially viable; it stacks up financially to warrant the investment. Bill mentioned \$1.3 billion of investment up-front capital. Over the first 10 years of this project, there will be a \$3.8 billion investment, so it's very material and for the project to stack up it needs the open cut.

But more importantly, as I hope you can appreciate and from all of the work that has been done, both water balance and mining overburden and waste balance, we do need somewhere to store water during the mining operation, whether for extreme droughts or whether in extreme wet periods. We've had to design, of course, for the millennium drought and, you know, 99 per cent of wet year, and we do need storage for that 12 million cubic metres of waste material from the wash room. And, critically, these open cut mining has provided that storage for that waste material and water buffer material during the entire life of the underground mining area. Now, what I didn't point out, of course, the underground mining area encroaches up in this area up in here. So, yes, I've touched on this, so water storage and CHPP.

And reduced heritage impacts, I've spoken about. I want to say two things about the heritage while I'm on this slide. First is with regard to Tarwyn Park. Very recently, we have entered into a discussion, a more detailed discussion, with the University of Newcastle over the establishment of a collaborative training and research centre to be developed on Tarwyn Park; this was whether or not we retracting mining off Tarwyn Park, of course, because the facility was going to remain intact as a ..... managed anyway, but very recently Professor Brett Neilan, he's head of the School of Environment and Life Sciences at Newcastle University, and his – Dr Greg Hancock, have put a proposition to the Vice Chancellor in way of a business case for them being the leading body in the development of this collaborative research centre with KEPSCO.

KEPCO have already invested over \$100,000 in just stabilising that property. It was in deterioration and Steve would have seen some of that on site. And they've earmarked another 600,000 for further maintenance and repair to that property pending what happens going forward. The second thing I wanted to say, sorry, was with regard to the cemetery and you'd appreciate over the last seven to eight years there's been very detailed discussions developed with the identified descendants of the four gravesites in that – in that former cemetery and that it may well be that some of those descendants may want their forebears relocated from that cemetery now,

even if the cemetery remains as is because it – they might want them taken to be with other descendants.

5 And KEPCO's again, you know, wants to keep all of its commitments and they're saying to those people, look, we're – now that that cemetery will not be disturbed, however, if you still feel and you're, you know, you're excited about moving your descendants – your forebears to join others in other graves that you so desired, we will still work with you to do that so that's just a point we wanted to make. I think that's all right. So, look, I'm not going to go through great detail, I'm going to – as I  
10 said, in appendix C of that supplementary information, there's great detail on all the changes in the mining plan but just to hit on some key points – and I've probably already touched them mostly – so we go from eight years to seven years open-cut mining, we come back to 120 million tonnes of coal mined, a 4.6 million tonne reduction.

15 Overburden is, as I said, 24 – 23 to 24 per cent less overburden moved as a consequence of the detracting in open cut. The peak production workforce drops from 470 to 450 so there is some reduction in workforce but over the life of the project, it's material when you consider a lot of the mine has that underground  
20 operational workforce. A reduction of 113 hectares in disturbance area and so that brings the disturbance area down to 107 – 147 hectares – sorry, 1047 hectares – please correct that for me. And, I guess, the final landform, as I've described, is now, you know, much more detailed design around commitment for that's going to be re-established to be more amenable as the adjacent lands.

25 There is a further reduction in visual impacts, although, of course, the project could have really only be seen from the Upper Bylong Road previously and surrounding high property which is less accessible. From a heritage perspective, again returning – retaining the church, the racehorse burials and certain improvement in visual  
30 landscape in Tarwyn Park and we'll show you that in a minute. To put it in perspective, we now, with that retraction in mind, can take the mine some 190 metres from the homestead and stables to 1.4 kilometres away so it's a – it's a material distance and you'll see that visually in a moment as well.

35 And that, of course, reduces the challenges; technically, it can be done to mine close to historic structures but now, 1.4 kilometres away from – from that homestead. And I spoke about the net reduction in royalties and economic benefit to New South Wales; from the – from the CGE logging – and I'll talk a little bit about that later – it's also a reduction of about half a billion in benefit to New South Wales by CGE  
40 modelling and 350 million to Mid-Western Regional Council so we can talk about that. What's not on that slide is the reduction in native vegetation removal. That western open-cut area is in an area that has some sensitive ecological features and so stepping off that has a material benefit.

45 We reduce native vegetation surface by some 62 hectares so that's an eight per cent reduction overall. The business has committed to maintaining the offset strategy that's been previously agreed with government – the whole of government over the

project so that offset commitment remains, as was for the EIS project. We've got a, you know, an offset ratio, if you like, of something like six to one so it's quite material. So, again, you know, I'll refer you to the appendix C in that report for more detail on those changes and all of those mining parameters and things that  
5 someone might want to have a look at.

I was just now going to touch on some of the key areas and I'll touch on the – on the reduction in impact as a consequence of the retraction of the mine ..... so we all appreciate that the water resources in the area are sensitive. We are in two water  
10 sharing plans in the area, one alluvial aquifer water sharing plan and one hard rock aquifer sharing plan. There's been now – and, look, there'll continue, no doubt, to be criticisms from some over the work that's been done but there's been an inordinate amount of work done to get certainty over this water model. I, in my lifetime, have never seen a study that has been so detailed and, as you know, I was involved in the  
15 Watermark Project that was also sensitive in that area.

So seven years of detailed assessment and modelling and there's a very good figure in the Department of Planning's report that maps out that seven years and the various water modelling exercises that have been done to try and respond to all of the  
20 criticisms, concerns and uncertainty raised by all stakeholders, including the previous PAC. But, yes, so an inordinate amount of work done; that was reviewed by Dr Franz Kalf. It was also reviewed, of course, well, that was the planning – the government – it was also reviewed by the Department of Industry, Crown Lands & Water – now they call themselves – Andrew ..... and, of course, it had to meet all of  
25 the IESC expectations and requirements so a lot of work done to get certainty, as much certainty as possible over a modelling exercise for a project and an inordinate amount of sensitivity analysis to the stage where, you know, we were driving the project to cause more water to be generated or run out of water in those – in those extremes just to see what that meant when that would happen.

30 So the summary of all of that is that we have a project that has a – will be a nil-discharge mine, there's no question about that in my mind and the experts' mind and it will fully comply with the New South Wales Aquifer Interference Policy and all IESC expectations. It'll have no material impacts beyond KEPCO's landholdings  
35 and that's with regard to quality or quantity of water and, certainly, the proponent has an inordinate amount of water licensing, some 3045 megalitres of alluvial water. Even in the most extreme event of a millennium drought occurring in that seven years of open-cut mining when the mine was at its highest, we would only need 1300 megalitres.

40 So you can see that the water licences held go far beyond what is required for the project. Some have argued that there may not be enough water in the system and that may well be the case but, certainly, KEPCO's reliance on its units held will be nothing like what it – what it would be entitled to take. And I do note that we've –  
45 we've had a millennium drought from '96 to 2007 and we've just come out of an extreme drought event now. I ..... I shouldn't say come out of, I suppose, but – but we're starting to see some green, you'll see it nice and green out at Bylong at the

moment, at least. But in both those extreme drought events that have recently been experienced, the government has not elected or not needed to adjust the allocation from those 3045 units from one megalitre to one unit – for that system.

- 5 So that water sharing plan hasn't been driven to reduce allocation as a percentage of water unit so that's, again, it gives confidence that if we've got 3045 units, worst case scenario, most extreme drought on record in 126 years of modelled data, that 1300 megalitres is all that we need. So the revised plan does further reduce impacts on water but, of course, the original EIS mine plan was designed to step well off the alluvials, to have a buffer so that we wouldn't have incursion of alluvial water into the open-cut mining area and it's a very shallow open-cut mining area, relatively.

- 10 So what we – what we see there is little – even though the mine steps further away, slightly further away from the alluvials, the modelling work doesn't detect any change and thus still doesn't detect any water from the alluvials incurring into the open-cut mining area. But mining to that 90-metre depth, there is hard rock aquifer water that comes in as a consequence of that depth of mining, and that does reduce by 168 megalitres over the life of the project, so that is a positive. Water management fully compliant with all ready dregs and stations has been prepared, so again, that water management plan I've described meeting all of the draft conditions as set now by the Department of Planning, but relying on best practice water management in mining in New South Wales – is prepared and the company is committed to that, and, you know, whatever else might come for it.

- 25 And, I guess, again, just the context that the – that the change in water balance on that site – the scale for change will reduce dramatically when – after that seven years and it falls back to an underground mine. It will be more a steady state operation at that time, so unlike open-cuts that are open for 20 or 30 years, we're talking about seven years here, and we would probably have designed for worst case events and – in all of that model. Despite all of that and despite demonstration that there will not be impacts beyond the active interference policy, expectations and limitations upon private receivers, some of those private receivers have expressed doubt and concern about that, so the company has proactively approached its neighbours, and it's described eloquently, I think, in the Beanings report, some 13 neighbours and offered to enter into compensatory water supply agreements.

- 35 So those agreements sit with those neighbour, but, of course, beyond that, you would have seen in the draft conditions that the company remains responsible for proving it hasn't caused an impact if one is identified, firstly, and secondly, the company is responsible – if it's determined either by joint assessment or by independent review that the company is responsible, they will need to replace, replenish, even to the extent of acquiring property if there were impacts beyond what any of our expert advice would say simply will not occur.

- 45 MR KIRKBY: Your monitoring should pick that up in advance anyway, really, shouldn't it?

MR BAILEY: Well, look - - -

MR KIRKBY: If there's a problem, you'll pick it up closer to home before it - - -

5 MR BAILEY: There's 100 bore monitoring points in place at the moment. There's another 17 proposed in the most, you know – to reconfirm a distance, but – if impacts are occurring and there's also a requirement in the draft conditions to revise the water model. So yes, you know, we can be very certain - - -

10 MR VATOVEC: So, Gordon, there's a combination of government bores and our own bores.

MR KIRKBY: Yes.

15 MR O'CONNOR: And, James, you mentioned the compensatory water service agreements - - -

MR BAILEY: Yes.

20 MR O'CONNOR: - - - that have been made available to neighbours – up to 13 neighbours. What's been the response to date?

MR BAILEY: Look, some have said, “Well, let's wait and see what happens if or when”- you know, “if the project is approved”. Some have asked the company to  
25 sponsor legal advice which was offered in the agreements to have legal review, and some have taken the company up on that. Others haven't responded yet.

MR VATOVEC: Not all of them that are – we've had to give a common document and we've had it tailored for their specific circumstances and that's what we're  
30 working towards.

MR BAILEY: Yes. Yes, so I think we've provided that generic agreement so that that's in the public record, but with each individual – might have different circumstances. We've asked them to go away and think about what they might want  
35 in the agreement so that the – the one we've given pro forma is a starting point for a discussion, I suppose.

MR KIRKBY: Okay. That's, I think, the water.

40 MR BAILEY: So with regard to agriculture – now, this plan here does show some micro-relief has now been incorporated into the final landform design, and you can see how it's more naturally contoured to meet adjacent contouring and matching natural drainage lines, and there's an enormous amount of work and science goes into that. It's not a matter of matching the natural topography, but it's also making  
45 sure that the – that both the geology of the materials we're working with will remain stable in that microclimate with regard to intensive rainfall, etcetera. So there's a ..... detailed modelling exercise ..... the company's at.



MR GORDON: James, just possibly pulling up the – the valley that's ..... northern ..... afternoon placement. I think that's going somewhat to Steve's question.

MR BAILEY: Yes. Yes. So Telstra hill up in here, which Steve has visited and we  
5 will be taking everyone to have a look over the entire area. There's an overburden  
emplacement area proposed in here. That overburden – the footprint for that  
overburden emplacement area previously had a drainage line running down through  
here. These experts have been able to redesign that drainage line within that  
footprint. So the area still remains low and shield from Bylong Valley Road but also  
10 now has a drainage line consistent with the existing drainage line.

So the final land form uses those existing characteristics. KEPCO, from – so that's  
the rehabilitation side of the equation. From the agricultural side of the equation,  
KEPCO has from a very early stage established an agricultural company. So it has  
15 an agricultural manager living out on the property, its properties that hold some  
10,000 – over 10,000 hectares. That agricultural company employs eight people who  
also live within the local area. And that's a, you know, a material agricultural  
enterprise. Just prior to the extreme of this drought it held and managed some 2800  
cattle. That obviously, with best practice, was brought back a little bit during the  
20 drought period but that company has a very high reputation to the extent that it has a  
contract with Coles to supply Coles supermarkets under its quality assurance regime  
with very high quality Angus beef.

It also produces a large amount of fodder which it sells into the market and was one  
25 of the key local businesses able to provide hay in the drought relief programs in that  
area as well. So beyond its own agricultural enterprise which will continue  
throughout the life of the project, there's a commitment to that and, you know, it is a  
highly productive well-managed enterprise as you will see on the ground. The PAC  
did raise questions about commitment to re-establish biophysical strategic  
30 agricultural land. At the time of the PAC – drafting the PAC report, there was no  
scientific evidence that such rehabilitation had been able to recreate biophysical  
strategic agricultural land.

However, since the time of the drafting of the existing PAC report there has been  
35 some scientific at Bengalla mine and there was scientific work done at other mines  
and continue with other mines to ascertain whether the rehabilitation does meet that  
criteria. Bengalla, there was no regulatory requirement to recreate biophysical  
strategic agricultural land but they had a requirement to recreate class 2 and class 3  
agricultural land. But the study has shown – it was conducted by SLR – that study  
40 showed that Bengalla has in fact created biophysical strategic agricultural land. So  
now there can be no doubt that certainly that that quality of rehabilitation cannot be  
recreated. There's a scientific paper available on that and, in fact, that work was  
nominated as a finalist in the Environmental Excellence Awards last year. So that  
work is there for all to see.

45 Beyond that, there has been a four year project in the Hunter Valley administered by  
DPI agriculture to look at the quality of cattle produced on mine rehabilitation so that

- was run with the Department of Agriculture, now Primary Industries and the Upper Hunter Dialogue. That project ran for four years and that work is now completed and that concluded that the cattle grazed on mine rehabilitation are in fact more productive than that on natural land and the cattle that were studied throughout that four year program were getting on 100 kilograms additional weight than on the adjacent control natural land. So that research is available. It has been attached to that report and it has been independently undertaken and again confirming that cattle grazing can be very successful on mine rehabilitated land.
- 10 The reason I'm referring to cattle grazing here is that the lands that we're proposing to mine are the lower quality lands, that they're not the alluvial lands. We always, as I said, stepped off those lands. So it really is cattle grazing land that we're proposing to mine and thus having to reinstate and I guess we can – with the scientific materials available we can have great confidence that we will be able to recreate cattle grazing
- 15 land. It will be productive and at least as productive as the adjacent land, and we will be able to recreate the 400 hectares that – biophysical strategic agricultural land that we're going to disturb as a consequence of the project.
- MR KIRKBY: James, can I just clarify this area here, which was originally open cut - - -
- MR BAILEY: Yep.
- MR KIRKBY: - - - and was removed. You've got rehab showing there.
- 25 MR BAILEY: Yep. Yep.
- MR KIRKBY: What's going on there? Is it - - -
- 30 MR BAILEY: Yep. Look, as a consequence of the material change to the mine plan stepping off Tarwyn Park we had to look at some of the infrastructure and where we've placed topsoil that was stripped from the mining areas.
- MR KIRKBY: Okay. So that's ..... okay.
- 35 MR BAILEY: We have a back haulage route here. So when we strip this area we can store some stockpiles in here.
- MR KIRKBY: So that's rehabilitating after the stockpiles.
- 40 MR BAILEY: After disturbance. Yeah.
- MR KIRKBY: Yeah.
- 45 MR BAILEY: That 145 – sorry. Yeah. 147 hectares – 1047 hectares of disturbed area is not all mining. In fact, less than 900 is mining.

MR KIRKBY: Yeah.

MR BAILEY: But there's infrastructure for a whole lot of other things, and there'll be a commitment to rehabilitate all of that after mining.

5 MR KIRKBY: So it's not a permanent placement area.

MR .....: No.

10 MR BAILEY: No.

MR KIRKBY: It's, like, a temporary stockpile area.

MR BAILEY: Temporary stockpile.

15 MR KIRKBY: Okay.

MR BAILEY: Some infrastructure.

20 MR KIRKBY: Yep.

MR BAILEY: Whilst open-cut mining in particular, and – but then rehabilitated.

MR KIRKBY: Yep.

25 MR BAILEY: Yep.

MR KIRKBY: Okay.

30 MR BAILEY: Okay. So I think that brings me to take my breath, and I'm going to hand over to Nathan. He's going to take us through just some of the visual materials, a small snippet of a video and some photo montages. I would say none of this material has been prepared as marketing materials for this project, obviously. They've – it's been prepared by visual experts renown in their field to replicate what

35 we would see from standing height, the appropriate focal length and with the imposition of mining infrastructure and mining in the path of view from the most sensitive areas that those visual experts have selected that we should be looking from to see the impacts of this project.

40 So it's not marketing materials. It's visual replication of what we can expect to see, and there is an inordinate amount of material available. In fact, there's five separate videos. There's several photo montages, and there is also a dynamic 3D model that we're hopeful that the Department of Planning will make available and show you through.

45 MR KIRKBY: I think they left that with us.

MR .....: They raised that this morning, so - - -

MR BAILEY: Okay. Yep.

5 MR VATOVEC: That's on the surface, which you - - -

MR KIRKBY: Yeah. Yeah. No. They left that with us, so - - -

10 MR BAILEY: Yeah, and, literally, you'll be able to drive – fly around, drive around that model to see the mine from any aspect that you may wish to see it.

MR COOPER: So have we got sound?

15 **VIDEO SHOWN**

MR .....: We'll probably leave that off, if you like.

20 MR .....: Okay. Yep.

MR COOPER: Okay. So we've got – as James said, there's five photo montages from within the Upper Bylong Valley. The Upper Bylong Valley is largely owned by KEPCO, but today I'll present the first three of those, mainly from the Tarwyn  
25 Park homestead and also the homestead driveway looking down to the key views down in the south.

So this photomontage is from the north-western corner of the homestead, looking to south down the – to Tal Tal Mountain to the south of the project. You can see views  
30 down towards the Upper Lee Creek Valley, and Bald Hill is a prominent feature there. The Growee Ranges to the west of the project and the Telstra hill that James mentioned earlier is basically the north-western side. Obviously, there's a range that extends down to the north of there that does shield views from the Bylong Valley Way into this Upper Bylong Valley area.

35 So in terms of the EIS conceptual final landform design – so we obviously designed that with landscaping. You can still see the prominent Tal Tal Mountain down to the south, also the Growee Ranges out to the west, and Telstra hill is also unaffected, as well as the ranges beyond that in the Growee River Valley. However, they key  
40 concern from the Heritage Council was that that would actually obstruct the view down towards the Lee Creek Valley. In terms of the revised mine plan, obviously extending from 190 metres from the homestead down to a – 1.5 kilometres. You can see that that view down towards the Lee Creek Valley is opened up. So you can see the prominent feature of Bald Hill. James mentioned earlier about the wooded ridge  
45 line within the ..... this is the ridge line in through here.

If it was to be retained within the open-cut area, you would've obviously been visually ..... from the homestead. So that's the reason why we left it – and also the north-west ..... with the development of the macro relief in the landform, you can actually see the drainage line. If you zoom in on that image, you'll be able to see the drainage line developed in the landform. This slide basically provides a comparison between the EIS landform and also the revised landform, which obviously materially improves the visual and landscape impacts of the project. So the driveway about 150 metres to the west of the homestead: again, looking down towards the south-west, you've got Tal Tal Mountain as a overarching feature, the Growee Ranges. Looking across to the west, towards the Growee Ranges, you can also see the Upper Bylong Catholic church and cemetery, which is now - - -

MR BAILEY: You can imagine where it is if you can't see it. My eyes .....

MR COOPER: Okay.

MR BAILEY: It's in that vicinity.

MR COOPER: There's also, I guess, fence line planting along the western boundary of Tarwyn Park, which also restricts the views over towards the western open-cut, as you'll see later. So, at project year 5 of the EIS mine plan, you could see that the landform – whilst we had rehabilitation on the northern faces, it obviously obscured the view down towards Upper Lee Creek Valley. However, Tal Tal Mountain and the Growee Ranges were still prominent features in the area. With the revised mine plan, obviously, the mining activities are further away. So there's a less – less of an impact on the landscape. Again, we've highlighted here the wooded ridge line to be retained in the western open-cut area, and you can see some glimpses above the existing vegetation of the south-western overburden emplacement area and also some of the western OEA, overburden emplacement area.

Again, a comparison between the EIS project year 5 mine plan and the year 5 revised mine plan materially improves the impacts on the landscape. Showing the EIS final landform looking down to the south with the landscaping attributes on the landform, again, the views down towards the Upper Lee Creek Valley are obscured by the rehabilitated landform. However, the Growee Ranges and Tal Tal Mountain still remain, and then, with the revised mine plan, a – you maintain that view down towards the Lee Creek, and you can clearly see Bald Hill there as a prominent feature.

You see the top of some of the south-western rehabilitated OEA, the wooded ridge line that's retained in the western open-cut, and, again, some tree-planting, etcetera, on the western OEA rehabilitation ..... landform, and this provides a comparison between the EIS landform on the top and the revised mine plan on this here. So as you can see from these photomontages, the revised mine plan does materially improve the visual and landscape impacts of the project.

MR KIRKBY: All right. Any questions to that or - - -

MR COOPER: Okay. I will just finish up with a couple more slides. So obviously that sterilisation of that coal, that's stepping back of Tarwyn Park, that has had economic impact, but I guess our key message today is that the project, from a financial viability perspective, remains solid, albeit there will be some reduction in benefits to New South Wales and particularly the local region, but the project remains viable. I've spoken about the loss of some \$13 million of net present value to New South Wales and I – yes.

So then, I guess, we go to the CGE analysis, this is something new and different. This was requested by the PAC as another form of economic analysis. With all of the projects we get involved with these days, there seems to be great debate about, unfortunately, about the economic benefits of projects and I guess different economists have different views. We, when we first embarked on this project, we selected Dr Robert Gillespie to do the economic analysis for us. The key reason we did that was because Dr Gillespie designed the original economic analysis model for – and guidelines for the New South Wales Government, for the Department of Planning.

We also had Dr Drew Collins – sorry, Drew Collins, involved in the review – peer review of that work. Drew Collins is a former manager of natural resources with ABARES and also an executive director of economics with the EPA. So again someone we thought would give great confidence to the work that was done. It was, though, tested and questioned throughout the initial PAC and public – and review. The Department of Planning engaged their own economic experts, the CIE, to review all the work that we had done, and then the PAC ultimately recommended that further modelling be done by a different methodology entirely, and that being computer equilibrium generated modelling.

So we selected George McCaylus to do that work. George was instrumental in the development of that model, so we thought he should know what he is talking about. We also had the Department of Resources and Geoscience, the Division of Resources and Geoscience, be involved and comment through the public arena on the economic parameters that went into that model, so we thought we would be transparent and give the most robust modelling exercise we could.

That CG modelling analysis has surprised us in the amount of gross regional income that it illustrated would be generated by this project. I suppose I shouldn't be surprised in this, if there's \$3.8 billion worth of investment in the first 10 years, that that is going to generate a lot of economic stimulus, but what it's showing is, with this revised mine plan, so the contracted mine plan of 6.4 or 6.8 billion in economic stimulus through gross regional income as a consequence of this project. That's a half a billion reduction, by the way, from what was the EIS mine plan, and 350 million less stimulus to the region, but still, obviously, very material.

I think the next slide. So the company has always committed to investing and developing the project within the region and trying to provide as much benefit back to the local region as possible, and it's – so it's no surprise that the majority – the

5 vast majority of benefits do go to the Mid-Western region over this project, and that's some 4.9 billion in gross regional income and 602 million in business turnover. These are net present value figures. 71 million in annual household incomes and 805 jobs, including 290 direct jobs over the life of the project, so it's of very material benefits, and those are the things that come from the economic modelling.

10 Beyond that though, the business is doing a lot of work locally with the local council and local businesses, etcetera, and they are employing people locally as much as they possibly can. There's commitments to relocate people who can't be sourced locally to work at the project to the local area and there's certainly material benefits to be gained by the local council through the voluntary planning agreement. Bill mentioned about, I think, \$9 million in benefit. That's \$4 million in net present value. There's also 3.6 committed beyond this to Mid-Western Council for local road upgrades and 277,000 committed to the upgrade of the Bylong Valley Way in 15 the Muswellbrook shire.

20 And we did talk about the Warrabinga-Wiradjuri People's agreement. That's a several million dollar commitment to benefiting the local Aboriginal peoples and the plan is well advanced to invest that in a medical centre in Mudgee for local Aboriginal people. So some very material benefits coming back to the local area and I guess, you know, I can only assume that's one of the reasons why the local council is so outspoken and so positive and so wanting of this particular project. So no doubt you will hear from them. So there has been conjecture and, again, the PAC in their review questioned the need for the open cut component of the project at all and we 25 embarked on further work and, again, attached to this latest report we've done and the response to submissions as well with this latest report illustrating the criticality of a component of open cut mining to this project.

30 And it's for two reasons. One is from an economically – make the project an economically viable investment of that \$3.8 billion, there is a need for some upfront economic stimulus and revenue early on in the project life from open cut mining. There's no question about that. If one is going to invest that \$3.8 billion to have a project that has a net present value benefit to the investor, the open cut would supply it. But more critically from my perspective that open cut is required so we can 35 contend with the waste from the washery, so the tailings and rejects from the washery, that 12 million cubic metres of waste from the washery and also the potential in worst case scenarios of 7000 megalitres of water to be stored on the site in the wet times to be used in the dry times, etcetera.

40 So this project simply does not stack up economically and technically without a component of open cut mining. That component of open cut mining has been shrunk here to the extent now where it's only proposing to mine eight per cent of the total open cut mineable resource and there is a very authoritative study undertaken by J.J. Boyd who has confirmed that without an open cut component the net present value 45 of this project to the component – often stated as benefit ..... to the proponent – reduces by some 93 per cent. So it really means that the project is not viable and

KEPCO have stated that and I can state that from a technical perspective this particular project simply can't proceed without that open cut.

5 So socioeconomic benefits, there has been some conjecture and clearly KEPCO  
coming to Bylong in 2010 caused some upheaval in that area but if we look  
historically and there has been a lot of work undertaken to have a look at the stability  
of the community within that area and we've seen a material population decline over  
the last 20 years, really, at the conclusion of the construction of Ulan rail line. And  
at that stage as well, there has been consolidation in farming and mechanisation of  
10 farming such as far less people farming far greater areas of land to the extent that the  
local school was scheduled to close in any event. The company offered to move the  
school and support the school but the Education Department decided that the school  
simply was not viable and was not stable. I think it had something like eight  
children. And that decline was ongoing. And also there was other structural decline  
15 in the area.

But now that KEPCO has its landholdings it has established an agricultural company.  
It is employing eight people out in that area on that agricultural company. It has  
acquired the local shop and is committed to maintaining that shop, whether it be  
20 economically viable or not, for the life of the project. It has invested in the local fire  
brigade. It has invested in the local hall and beautification works in the town and a  
lot more earmarked and commitment to continue that work through an action plan  
that has been developed under the social impact management plan. I guess, you  
know, we can't encourage enough to talk to people and key opinion leaders for  
25 Kandos and Rylstone. They, in particular, in light of Charbon closing, ..... closing,  
Kandos Cement Works closing, are, you know, in a very difficult situation and  
wanting this project to proceed, as demonstrated by the 450 signatures on that  
petition.

30 I think we're nearly finished. So, I guess, in summary, really KEPCO has instructed  
all of the people in this room to work entirely with the government to definitively  
address each of the doubts and uncertainty that pack identified within their previous  
work and review, and we've certainly underpinned that with the best experts in the  
land that we can find. We've worked closely with Mid-Western Regional Council to  
35 ensure the project benefits that council to the maximum extent possible, of the Local  
Government area maximum extent possible.

The revised mine plan has been confirmed to be viable to KEPCO. KEPCO is  
committing to develop this project, invest that \$3.8 billion if the project is approved.  
40 KEPCO has demonstrated the need to mine for this coal for at least the next 25 years  
and beyond that, in fact. That's illustrated by the company spending over some \$700  
million to date on this project and that commitment is ongoing. KEPCO has  
confirmed on the allocation of this energy – and it is low emission. It's .4 per cent  
sulphur and .3 per cent phosphorous. So it's a very low sulphur and - - -  
45

MR VATOVEC: .38 per cent below the .4 per cent South Korean government  
requirements.



MR BAILEY: Yes. So it meets all those requirements. And, I guess, we will support those HELE coal-fired power plants that have been constructed, not and are currently operated in Victoria in that period. And just find again, you know, there is, and I'm sure you will find that there is a lot of local support for this project. Thank  
5 you.

MR KIRKBY: Thanks, James. Any additional questions, Steve?

MR O'CONNOR: No. Not at this stage, no.  
10

MR KIRKBY: Wendy?

MS W. LEWIN: I would still like to just have some comment about the monitoring process.  
15

MR KIRKBY: Monitoring, yes.

MS LEWIN: Or the water - - -

MR KIRKBY: Okay.  
20

MS LEWIN: - - - yes, the water balance as well, that the systems - - -

MR KIRKBY: Sure.  
25

MS LEWIN: - - - have – that all processes in place, or that you would put in place, or will agree to prior to, or at the time of consent, if that happens. How do you see those monitoring processes being put in place - - -

MR KIRKBY: Yes.  
30

MS LEWIN: - - - and independently, as well as, obviously ..... - - -

MR KIRKBY: Yes.  
35

MS LEWIN: - - - being able to report in such a way that it's - - -

MR KIRKBY: Go ahead, .....

MS LEWIN: Yes.  
40

MR BAILEY: So, Wendy, I guess monitoring at mine sites has come a long way.

MS LEWIN: Yes.  
45

MR BAILEY: To the extent now that it is not only real time, but even predictive whereby with meteorological data and modelling you can predict and forecast what's

ahead of you, that – in days, with some certainty, in days ahead. And that is fed back in real time to mining operations so that they manage and plan for that next day of operation.

5 MS LEWIN: Yes.

MR BAILEY: So there is a lot of potential and scope and commitment to real time monitoring of all of the aspects of the project. That real time monitoring data is made available to the public. It's transparent. So monitoring data is put up in  
10 company websites, and that's a requirement under the draft conditions of approval. And beyond that, there is a requirement for peer reviews of that. Some independent by government will come in after one year and do a full manager compliance audit to make sure all that is intact and working properly. And two year intervals – two or three year intervals after that so it is reviewed.

15 MS LEWIN: Is it – sorry to interrupt – is it common that it's two to three year intervals after that? I think it's three years in this recommendation.

MR BAILEY: Yes. Yes.

20 MS LEWIN: Is that common practice, or is it - - -

MR BAILEY: It's common. Yes, yes. Some say two, some say three. So it's two to three. But typically one year after operation is the first full ready for compliance  
25 order of the project.

MR VATOVEC: Yes. It should come – this particular project get approved. We also have to ..... a consultation committee. Which they will be able to review the results of the monitoring. So we have the ability to be able to understand what is  
30 occurring and also adjust anything abiding to the management plan that we provide. And the management plan in this project in its infancy and even particularly from the first pack were developed well in advance so that – engaged not only the planning and assessment commission but also the planning commission – a good idea in regards to what we were proposing and how we would resource particular plans.  
35 And, Wendy, and your question those are some of the examples that we would be resourcing and maintaining and executing.

MS LEWIN: And the bores that are owned by the government and yourselves and the monitoring of those would be done by - - -  
40

MR VATOVEC: It will be – particularly in regards to monitoring the bores and so forth. The government bores are just historical bores. And gives some – a confidence to the local landholders, particularly in regard to - - -

45 MS LEWIN: So they're separately monitored?

MR VATOVEC: Yes. But they're monitored and resourced by ourselves and provided by the information to the local landholders and the government bores are working in adjacent so that we can cross-reference.

5 MR GORDON: So we have groundwork specialists - - -

MS LEWIN: Yes.

10 MR GORDON: - - - monitoring those bores. They're down-hole loggers, and that equipment is read on a regular basis by independent consultants who carry out the mine work for the company.

MR VATOVEC: Not all landholders have agreed for us to put bores on their - - -

15 MR .....: Monitors.

MR VATOVEC: Monitors on their sites. But we have – we have given 13 - - -

20 MR KIRKBY: You've offered to - - -

MR VATOVEC: 13 landholders the compulsory border agreements and 10 have taken – and we've met with 10 of them.

25 MS LEWIN: Yes.

MR KIRKBY: I've just got a question – obviously Muswellbrook Council have been saying – been disputing, I guess, the traffic or the source of the workforce or whatever, and in part of the response, I guess, you've talked about, you know, how you would require the workforce to, sort of, live near. How does co-manage that, I

30 guess, given obviously there's an existing workforce in the Hunter Valley – and I appreciate there's distance. But how do you, sort of, manage to encourage the workforce to reside, sort of, in mid-west?

MR VATOVEC: So our main focus in the areas is being through the Midwestern

35 region. And that's why we had workers accommodation facility in this first instance. We've taken – we moved our – they're just for public safety and also in regards to worker's safety, we've always said that any person who works within one hour range, one hour's drive from the mine site is – that's what we're trying to focus. Now, unfortunately, a lot of the people that you're speaking about, in all due respect,

40 are living far beyond that, that drive.

MR KIRKBY: Yes.

MR VATOVEC: But we have been working with the council, particularly in

45 regards to the surveys that we've conducted, and particularly in regards to the range of services and people that would be coming from that particular area. But our main

focus has been in the Mid-Western region, and there are pockets outside the Muswellbrook region, particularly in Denman – not – sorry, Denman and - - -

5 MR .....: Sandy Hollow.

MR COOPER: Sandy Hollow.

MR .....: Within that range.

10 MR COOPER: Within that range, and that fits in very comfortably with it. However, what we have done is upgraded our offer, particularly in regards to the maintenance and ongoing maintenance of the Bylong Valley Way. So we originally had \$80,000 - - -

15 MR .....: 40,000.

MR COOPER: \$40,000, and now that's increased to two hundred and - - -

20 MR .....: 277.

MR BAILEY: I think the key, though, will be the extra 3.6 million to upgrade the road between - - -

25 MR .....: The other way.

MR BAILEY: Yeah.

MR .....: Yeah.

30 MR BAILEY: Yep, and I think there's - - -

MR .....: Resources - - -

35 MR BAILEY: - - - 40 million - - -

MR .....: Yeah ..... the region .....

MR BAILEY: ..... the region. So that will add another 3.6 to - - -

40 MR .....: Yeah.

MR BAILEY: - - - make sure that that is the safest best place to live apart from Kandos-Rylstone.

45 MR .....: Sure.

MR .....: Okay.

MR KIRKBY: Just – one other thing. Obviously the department has given us some recommended conditions, should the panel approve it, without any sort of prejudice, is there any – you’ve been through those conditions – is there anything in there that you would want to draw our attention to? Something you disagree with, is  
5 unworkable or - - -

MR BAILEY: No. We’ve been through meticulously all of those conditions, but there are obviously some costs and imposts to them, but the company has confirmed that it – certainly that it can meet all of those conditions. They are all achievable and  
10 enforceable from our perspective.

MR KIRKBY: Okay. Thanks. Well, thank you for the presentation. Obviously we will meet out on site next week.

15 MR BAILEY: Yes.

MR KIRKBY: So we can probably follow up with things when we’re actually there looking at something. We can then ask questions there. But we may in our deliberations come back to you.  
20

MR BAILEY: Yes.

MR KIRKBY: With supplementary questions which we ask you to, yes, respond to.

25 MR BAILEY: Our experts have also encouraged me to remind you that they’re there if there’s, you know, a particular area of discipline where someone is saying something different in any conflict between what has been determined by planning and the business compared to others, that those experts are there to meet with any other expert or yourselves to talk through their conclusions, to try and give a  
30 certainty that we have everything intact.

MR KIRKBY: Okay. I think that wraps the meeting up. Thank you very much for coming and ..... thank you.

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**RECORDING CONCLUDED**

**[5.06 pm]**