

Economic and Social Impact Assessment Report

QR National Hexham Train Support Facility

Property:

Hexham

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Executive Summary

QR National is publicly listed national rail, freight and logistics business which was previously part of Queensland Rail. QR National is a leader in integrated seamless transport and logistics solutions, specialising in coal, bulk freight and containerised freight. QR National operates in the Hunter Region, transporting coal from Hunter Valley mines to the Port of Newcastle, and representing approximately 30% of this market. QR National's current access to train servicing and support facilities is far from optimal using shared facilities at The Port of Newcastle. Like other stakeholders in the Hunter Valley Coal Chain, QR National has an ongoing aim of increasing the efficiency and cost competitiveness of coal haulage and export with a focus on optimizing both capacity and operational efficiency.

The opportunity exists for QR National to establish a Train Support Facility (TSF) which will help increase haulage capacity and cost efficiency, not only for its business but for the Hunter Valley Coal Chain generally, by providing an offline facility in a new location separate to the existing coal haulage and unloading facilities located on Kooragang Island.

The project concept was initially developed and investigated in 2008. This document is a contemporary update of that work in support for the current Application to the NSW Government for planning approval.

Since that time detailed investigations and design processes have been undertaken, coupled with considerable stakeholder and community consultation to explore and resolve any issues, and ensure all opportunities have been considered. Community consultation was first undertaken in 2008, which included letterbox drops, information sessions, and stakeholder meetings. Since that time members of the project team have continued an open dialogue with residents and other related groups. Over the period 2008 to 2012 the issues raised by stakeholders remain reasonably constant, including:

- Environmental groups have raised issues including encroachment on the environmental protection zone and impacts on the wetlands; and
- Local residents have raised their concerns in terms of amenity impacts and the potential access and traffic for neighbours.

These positions have been considered and mitigations measures developed through the evolution of the project. Further consultation with these communities is recommended throughout the exhibition and approvals process, and during the development of the site. At a business and wider community level there has been ongoing support for the project based on its positive economic impacts and benefits. We believe that at these levels support will be sustained.

The demographic data produced for this project by Key Insight Pty Ltd has been based on the 2006 National Census, which remains the most recent national data available to date, until the release of preliminary 2011 Census data in July 2012. A review of Council's Development Applications indicates that no new housing has been constructed in the near vicinity of the site, and suggests a stable population over this time in terms of near

neighbours. Considerable growth has occurred in the wider catchment particularly the western growth corridor of Newcastle LGA and the suburbs east of Maitland, in Maitland LGA. Maitland is recognised as one of the state's fastest growing areas with medium growth projects of 2% pa. The project offers significant employment and small business opportunities to these growing communities and will draw on the skill base and employment experience of the area. The development of TSF will contribute to achieving the jobs targets of the Lower Hunter Regional Strategy (LHRS) and the social objectives of the LHRS of locating jobs near housing and on transport routes, as well as diversifying the employment and skills base of the region.

The proposed development represents an opportunity for a significant number of jobs to be created and significant investment opportunities for the area.

Estimates indicate the development of the QR National Train Support Facility at Hexham will:

- Contribute around \$130m directly to the economy during construction. This will generate the equivalent of 727 job years directly in construction related activities;
- Based on ABS benchmarks, generate a further \$118m of activity in production induced effects and \$125m in consumption induced effects;
- Result in at least \$373m of construction generated total economic activity;
- During construction generate at least 2,986 job years in the economy (direct and multiplier impacts);
- Provide around 30 full time and part time jobs on site after construction;
- Contribute in the order of \$8.9m per annum to NSW Gross State Product brought about by wages paid to workers involved in the operation of the facility; and
- Provide strategic infrastructure to support the state's coal export sector which is a key driver of the Regional and State economy.

At a strategic level the benefits of the TSF are highly significant. Development of the TSF will result in the relocation of fuelling and other provisioning and inspection activities currently located on Kooragang Island, to the proposed Hexham facility. Thereby reducing congestion and disruption associated with these activities at Kooragang. The relocation of these activities will also provide for the more productive use of the available industrial land on the Island and more efficient coal loading operations, which is becoming more critical as planning progresses for a fourth coal loading terminal, T4, on Kooragang Island.

In this context the proposal is vitally important to the local, regional and national economies as it supports the efficient and competitive delivery of coal for export. A continuing strong world demand for coal is encouraging major investment across the entire coal chain; this includes the establishment of new mines, increasing investment in the rail system and initiatives to increase the coal export capacity of the Port of Newcastle.

The combination of high output from existing mines, the coming online of new mines and the extensions to the capacity of mines is set to significantly increase the supply of coal eligible for transport to the Port. In response to the high demand for coal, the Australian Rail

Track Corporation (ARTC) is continually looking to improve the capacity of the rail network that transports the great bulk of coal mined in the Hunter and the Gunnedah Basin, to the Port of Newcastle.

Since September 2004, when the ARTC took over responsibility for management of the network, and, up until June 2007, the ARTC have invested \$109 million in improving the network. The Port of Newcastle (The Port) is the world's biggest coal port. In May 2012 the Newcastle Coal Infrastructure Group opened Newcastle's third coal loading terminal. In June 2010 the ARTC completed a major upgrade of Hunter Valley Rail infrastructure in support of the coal chain from mine to port. The chief economic benefit of QR National's proposed TSF is its contribution to the opening up of the Hunter coal haulage market, and the increased competition that will result from this. More immediately it will contribute to a reduction in congestion and disruption of the coal chain network on Kooragang Island.

The Hunter Valley Coal Chain Coordinator (HVCCC) declared capacity for 2011, which represents capacity of the chain as an integrated operation, of 125.1 million tonnes. The HVCCC is responsible for the co-ordination of coal chain planning on both a day to day and long term basis. It is continuously developing a Hunter Valley Master Plan that deals with the optimisation of capacity enhancements across all elements of the coal chain with a view to providing an integrated planning road map for the logistical chain.

The HVCCC is focussing on congestion and disruption planning as the network gets increasingly busier, and there is then the need not only to optimise capacity, but also to optimise operational efficiency. The Port currently has inefficiencies associated with the queuing of trains for loading and unloading, and the use of rail departure lines for the servicing and fuelling of locomotives and the examination of trains.

As barriers within the market are removed and competition and efficiency increases are realised, the ultimate outcome will be increased throughput for coal haulage on the Hunter Network at a lower cost. Plans and projections from coal chain stakeholders such as mines, the Newcastle Port Corporation and the ARTC emphasise the projected strong demand for Hunter Coal. Any increase in the efficiency of the coal supply chain, through QR National's proposed TSF, will lead to positive economic outcomes for the various stakeholders in the Hunter Valley Coal Industry, including coal producers, the NSW State Government and those directly and indirectly employed as a result of the coal industry. A letter of support for the proposed QR National TSF is provided in Appendix A.

1.0 Introduction

1.1 INTRODUCTION AND BACKGROUND

QR National proposes to develop 38ha of 255ha of land owned by the company at Hexham, NSW for the purpose of a Train Support Facility (TSF). The regional location and study area are presented in Figures 1 and 2 below.

In 2008 QR National had a range of reports and processes commenced and or completed in support of that proposal. Given a range of global influences the project was not progressed to the NSW Department of Planning and Infrastructure at that point in time. QR National is now seeking to reactivate the process. As part of this process the Director of the Department of Planning and Infrastructure has issued revised requirements which include a contemporary review of the Statement of Economic and Social Impacts.

Figure 1- Project site location

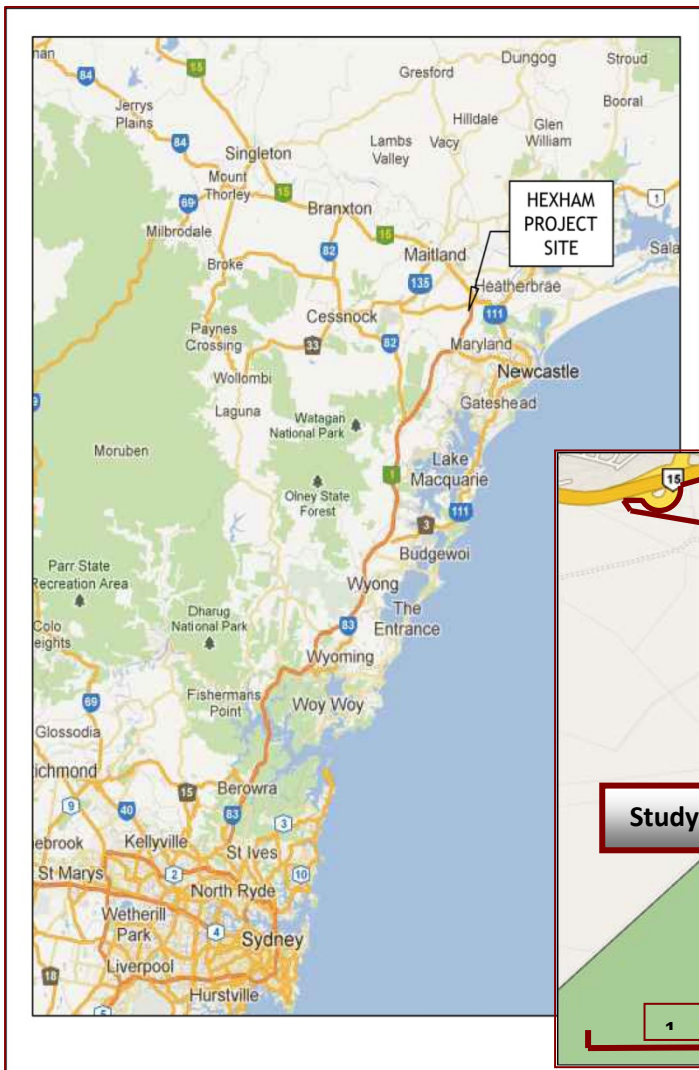


Figure 2- Study Area

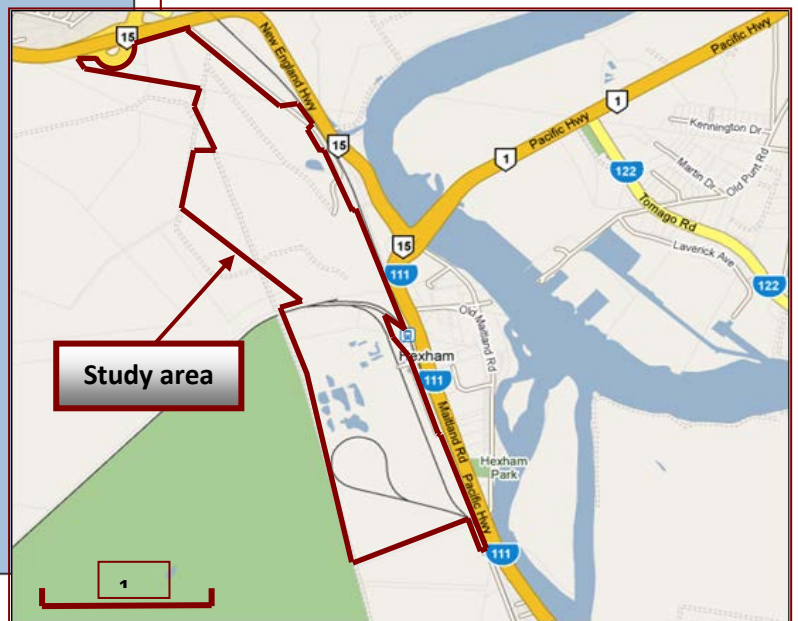
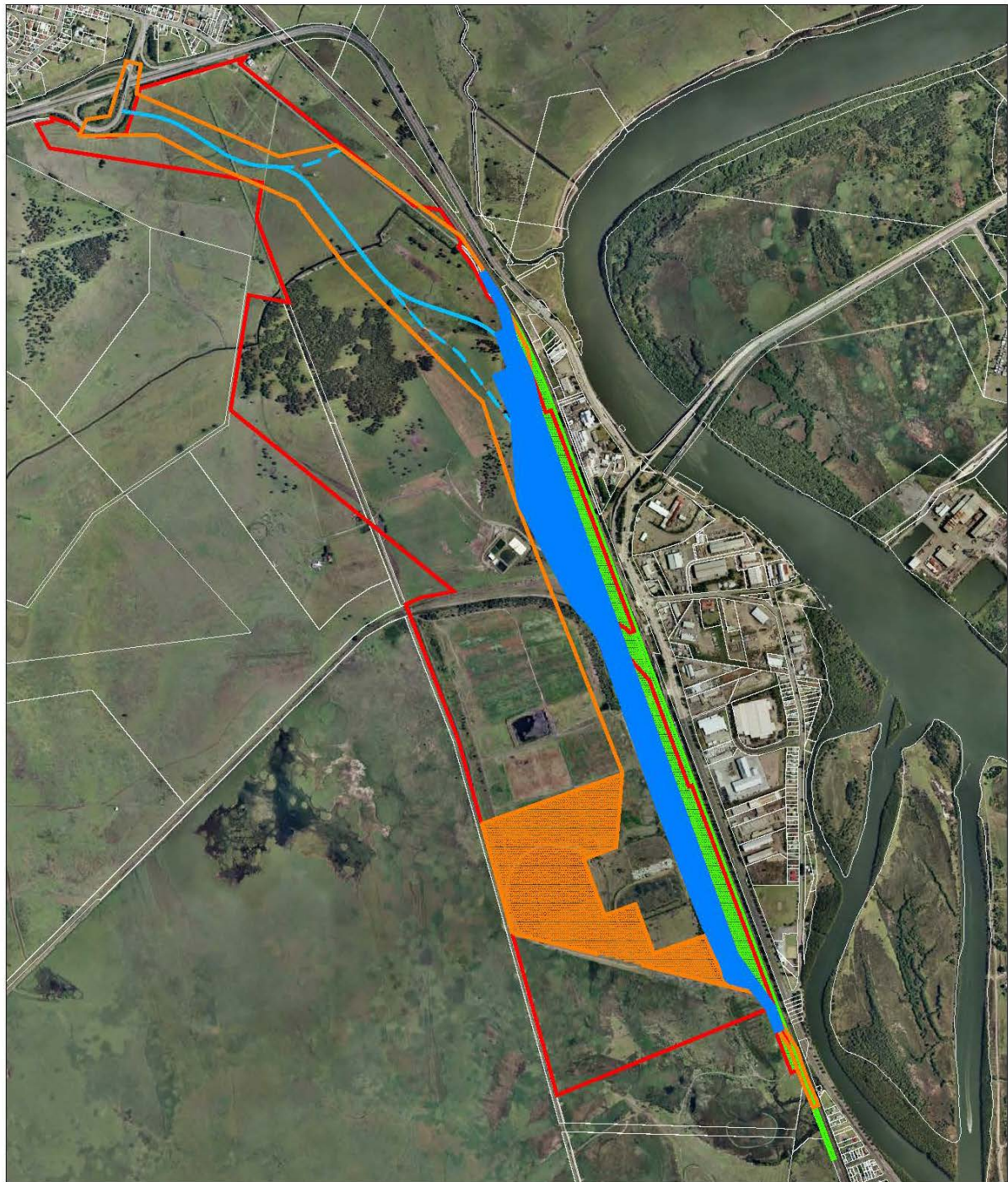


Figure 3- Proposed Development Footprint



- Key**
- Study Area (Site)
 - Project Outline
 - ▨ Future Investigation Area
 - Proposed Vehicular Access
 - - - Temporary Construction Access
 - QR National TSF Footprint
 - ARTC Hexham Relief Roads Footprint

1.2 REPORT SCOPE

In support of QR National's application for a TSF at Hexham, this report provides:

- A description and analysis of the community demographic profile;
- An evaluation of the project's economic context, its strategic importance, and the employment and economic impacts;
- A consideration of the cumulative impacts of the project in a social and economic context; and
- An impact assessment and recommended mitigation strategies.

1.3 PROJECT DESCRIPTION

Description of Train Support Facility

QR National currently hauls coal from the Hunter Valley to the Port of Newcastle. They have a secured and forecast growth that will increase train sets from 10 today to 38 trains by 2019. This will drive demand for additional train service capacity. Substantial amounts of rolling stock have been purchased to cope with the growth. Correspondingly the new rolling stock requires new provisioning and maintenance facilities. It is of critical importance that new maintenance and provisioning facilities are brought on line in parallel with the delivery of new rolling stock. Currently available options for rolling stock maintenance are undertaken at Kooragang Island and are logistically difficult and inefficient. The proposed Train Support Facility at Hexham will provide QR National with the appropriate facilities for the region for now and into the future and at the same time provide for an industrial and employment generating outcome. Approval is sought for the Hexham Train Support Facility. The facility will provide a train support facility where:

- The operation of QR National trains can be managed;
- QR National trains can undergo statutory and routine maintenance inspections;
- Locomotives and wagons can be attached/ detached from/to QR National trains;
- Locomotives can be provisioned;
- Locomotives and wagons can be serviced;
- Locomotives and wagons can be parked; and
- Spare parts can be held for locomotives and wagons.

TSF Project Details and Timing

It is currently planned that the TSF will be constructed in a single phase over a period of approximately 20 months. However consideration is being given to the immediate construction of a provisioning shed and adjacent tracks in order to give relief to the current wait times for existing trains. The proposed Train Support Facility development is described in more detail as follows:

Preliminary Works

- Construction of a connection to the Tarro Interchange and main vehicle access road to the site which will involve importing 56,984 tones of clean fill.
- Construction of earthworks, drainage, circulating road works and the construction of one provisioning track, a train examination road, two cut out roads and three wagon maintenance roads;
- Minor reshaping and modification to the existing coal reject stockpile will be required to make way for track associated with the TSF. Some 97,500 tones will be stockpiled on the existing coaling tails immediately west of the TSF site;
- Some filling and grading of the TSF area will be required (some 322,150 tones of clean fill will be imported) to ensure site levels can match the adjoining rail network;
- Associated signaling and connections to the down coal road on the Great Northern Line;
- Construction of a Wagon Maintenance Building and wash bay;
- Construction of a Provisioning Facility; and
- Fuel storage area will initially accommodate 2 x 100,000 litre tanks and will be constructed in such a manner as to allow for future expansion of up to 4 x 100,000 litre tanks of diesel fuel.

Completion Works

- Locomotive maintenance roads;
- Wagon storage roads;
- Locomotive Maintenance Shed and wash bay;
- Second Provisioning Facility;
- Wheel Lathe Building and Turntable; and
- Administration Offices.

Operational Details

For the operational management of QR National trains running on the Hunter rail corridor, the facility is expected to be open 24 hours per day 7 days per week.

Servicing of locomotives and wagons will be undertaken predominantly during the hours of 0600 to 2200 hours 7 days, but will also be undertaken to a lesser extent at other times the facility is open to meet the needs of the 24 hour QR National train operation. Servicing can be planned (i.e. preventative) and unplanned (due to failures). During night time hours the facility will be lit for security reasons.

Car movements can be expected from on-site worker's cars with dedicated employee car parks adjacent the main buildings. Site workers will be predominantly maintenance staff as train drivers will be based at Kooragang Island.

Fuel will be delivered by B-double tankers; delivery is expected to occur during daylight hours. There will also be infrequent road delivery of spare parts, sand and other

consumables expected to occur during daylight hours Monday to Friday. Most deliveries will be pallet based, but sand will be in semi-trailer based tankers.

The total employment for the proposed TSF is estimated to be 30 people. The final numbers will be dependent upon contracts in the future.

2.0 Community Profile

The community profile has been prepared by Key Insights Pty Ltd for the Project which has been based on the 2006 Australian Bureau of Statistics Australian Census, in particular, from data reported in the 2006 Basic Community Profiles. This is the most recently available National Census data until the release of the preliminary 2011 census data in July 2012.

However, during the almost 5 years since the census there has been little change evidenced in the residential community of the local area. This is consistent with the pattern over the previous census period from 2001 to 2006, where the Hexham population increased by 1, from 148 to 149 persons¹. Discussions with Newcastle City social planning staff reinforced this, revealing that there had been no new housing construction approvals in the Hexham area since 2006.

In a broader sense, the areas to the North and South of Hexham have experienced growth in recent years. The surrounding suburbs of Fletcher and Maryland in the Newcastle LGA, and Thornton, Woodberry and Metford in Maitland LGA, are recognised as strong first and second home buyer areas witnessing growth. Maitland LGA has experienced in the order of 2.3% growth in population between 2005 and 2010². Projections in the 2011 Maitland Urban Settlement Strategy indicate medium growth forecasts of 2% pa.

The report, prepared for QR National through ADW Johnson, by *Key Insights*³ has been reproduced within this document in section 2.1 (2.1.1 – 2.1.11), for ease of presentation.

2.1 PREAMBLE: HEXHAM AND THE NEWCASTLE LGA

This demographic community profile centres on Hexham (as defined in the State Suburb Hierarchy, coloured yellow in Figure 4). Comparisons will be drawn between Hexham, its surrounding state suburbs, Newcastle LGA (coloured purple in 1), and the NSW state as a whole. For the purpose of this report, surrounding state suburbs have been classified into two regions; 'Surrounding Northern Suburbs' (coloured brown in Figure 5), and 'Surrounding Southern Suburbs' (coloured pink in Figure 5).

The area classified as 'Surrounding Northern Suburbs' includes the state suburbs of Beresfield, Berry Park, Millers Forest, Tarro, Thornton and Woodberry, most of which (excluding Tarro and Beresfield), lie within Maitland LGA. 'Surrounding Southern Suburbs' includes the state suburbs of Black Hill, Fletcher, Minmi, Sandgate, Shortland and Maryland, all of which lie within the Newcastle LGA⁴. The inclusion of these two regions is justified by their proximity to the site and their regional significance as population growth centres, subsequently providing an increased demand for employment opportunities.

¹ www.newcastle.nsw.gov.au/_data/assets/pdf_file/0006/38436/Census_Snapshot_Profile_2006_

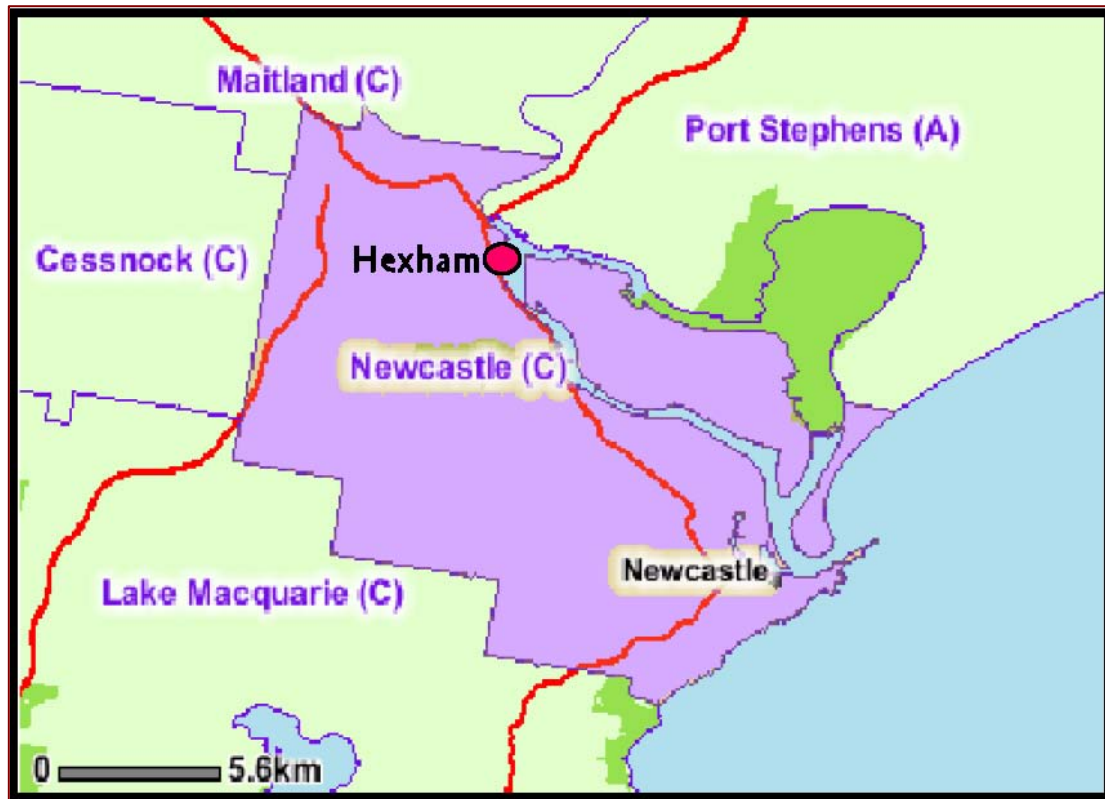
² <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3218.02009-10>

³ QR National proposed TSF Socio Economic Impact Assessment, Key Insights Pty Ltd July 2008.

⁴ Black Hill lies within both Newcastle LGA and Cessnock LGA

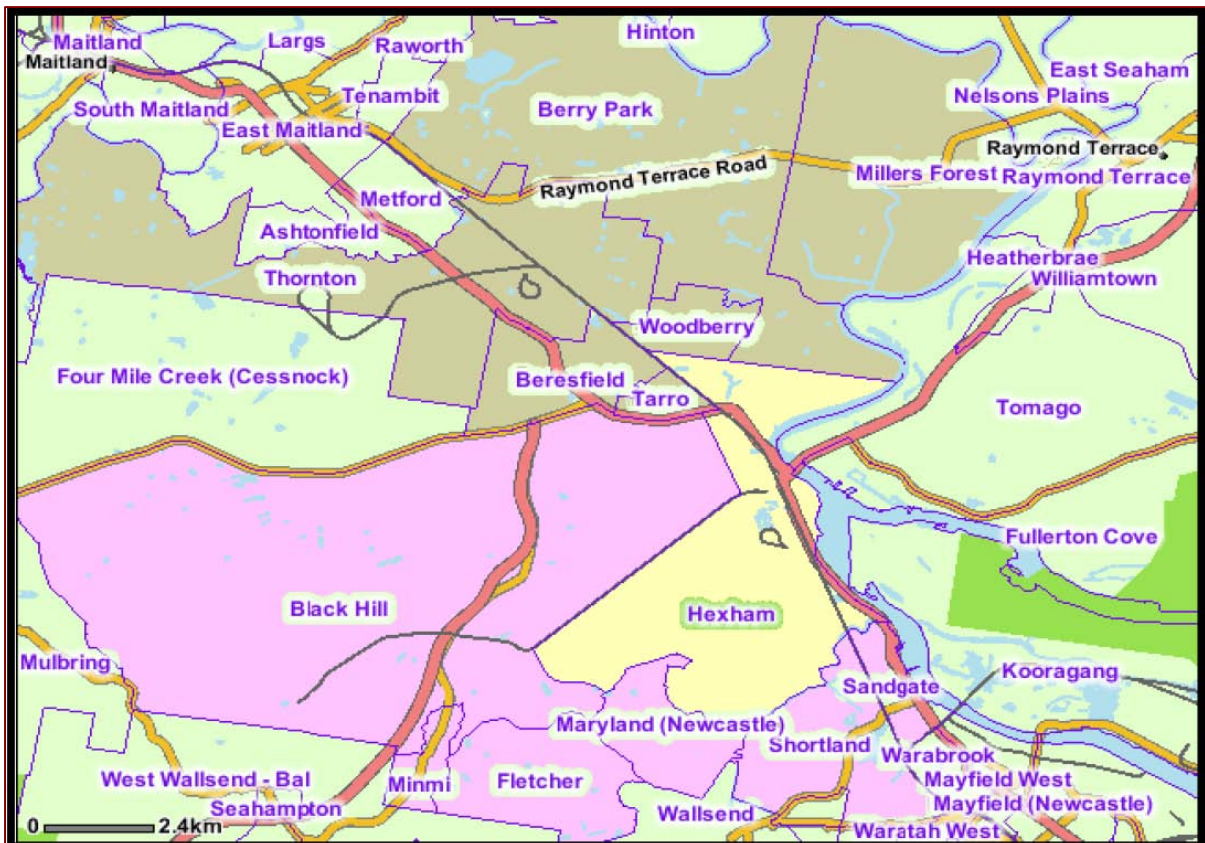
All data, unless otherwise stated, is drawn from the 2006 Australian Bureau of Statistics Australian Census, in particular, from data reported in the 2006 Basic Community Profiles which contain 45 tables covering a wide range of measures. It is noted, due to Hexham's low population, caution should be taken when interpreting Hexham data as there is increased volatility and likelihood of introduced random error⁵ due to the small sample.

Figure 4- Newcastle and Surrounding LGAs



⁵ The ABS utilises "introduced random error" in census tables to protect the privacy of individuals. See <http://www.abs.gov.au/AUSSTATS/abs@.nsf/bb8db737e2af84b8ca2571780015701e/d4fdd7702e326b6fca25720a007891f0!OpenDocument>

Figure 5- Hexham 'State Suburb'



2.2 GENERAL COMMUNITY PROFILE

2.2.1 Age Profile

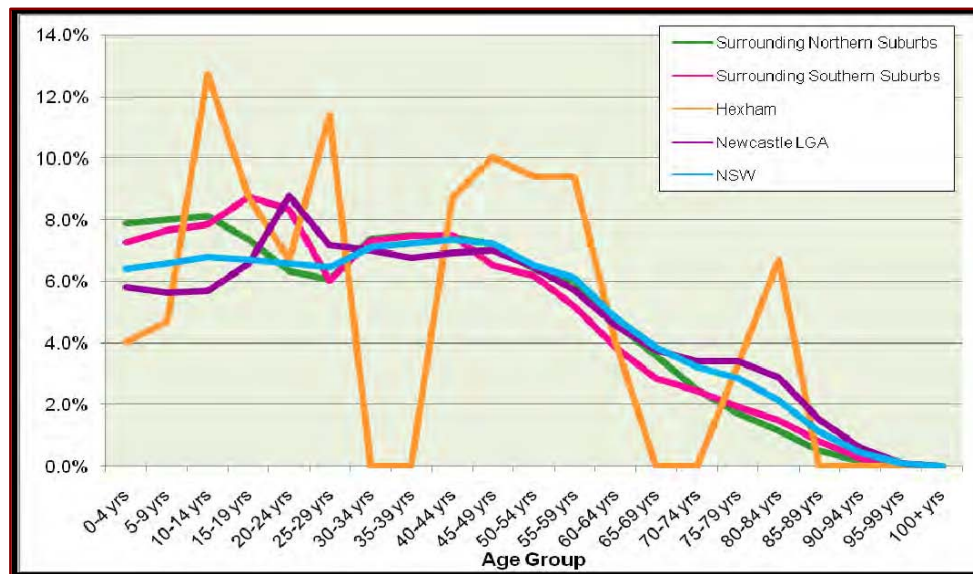
Table 1 displays the number of people in each of the populations within the various age brackets. This data shows the significant differences in populations between the regions, particularly establishing Hexham's small population, contrasted with the large surrounding populations located to the north and south of the site.

Figure 6 shows the proportion of each of the subject populations within the various age brackets. With the exception of Hexham, each population area has a similar age profile from the 30-34 years age group onwards. However, within the younger 0-29 year age groups, deviations exist between the populations, revealing interesting characteristics of the local populations. Most notably, both 'Surrounding Northern Suburbs' and 'Surrounding Southern Suburbs' maintain a higher population percentage within the 0-19 years age group, than both Newcastle LGA and NSW as a whole.

Table 1- Age Profile

Age (years)	Surrounding Northern Suburbs	Surrounding Southern Suburbs	Hexham	Newcastle LGA	NSW
0-4 yrs	1,344	1,129	6	8,261	420,431
5-9 yrs	1,365	1,191	7	7,982	431,924
10-14 yrs	1,385	1,223	19	8,076	446,561
15-19 yrs	1,253	1,360	13	9,320	439,862
20-24 yrs	1,079	1,298	10	12,436	431,854
25-29 yrs	1,032	936	17	10,155	424,154
30-34 yrs	1,261	1,137	0	9,960	466,891
35-39 yrs	1,279	1,161	0	9,608	474,684
40-44 yrs	1,271	1,170	13	9,802	483,159
45-49 yrs	1,226	1,012	15	9,954	475,233
50-54 yrs	1,090	962	14	9,164	429,103
55-59 yrs	1,020	809	14	8,125	401,921
60-64 yrs	792	599	6	6,498	317,625
65-69 yrs	610	440	0	5,353	254,424
70-74 yrs	421	380	0	4,831	210,901
75-79 yrs	288	298	5	4,859	188,091
80-84 yrs	197	232	10	4,103	140,704
85-89 yrs	85	123	0	2,178	74,527
90-94 yrs	25	40	0	868	29,465
95-99 yrs	5	15	0	181	6,606
100+ yrs	0	0	0	39	1,057
Total	17,028	15,515	149	141,753	6,549,177

Figure 6- Comparative Age Profile (Worksheet B04)



The most notable departure from the NSW profile in the older age groups is from 56+ years, where the 'Surrounding Northern and Southern Suburbs' exhibits a smaller population, corresponding to its larger young populations. This is reflective of the local region's recent population increase (discussed in Table 2), consisting mainly of working households and families, rather than retirees and pensioners.

As identified in the preamble, Figure 6 displays high volatility for Hexham, due to its low population total of 149 persons. Comparative statistical evidence cannot be drawn from the graph below, however it can be stated that Hexham's population predominantly falls within the 10-29 years, 40-59 years and 75-84 years age groups.

Table 2 displays the comparative age profiles of the selected populations for 2001 and 2006. Consistently, all populations have experienced an overall increase. Most notably however, Hexham and its 'surrounding northern and southern suburbs' are shown to have experienced population increases, reflecting the area's strong growth over recent years. The growth of these areas supports the justification for increased infrastructure and employment opportunities within the local area.

Table 2- Comparative 2001 & 2006 Age profile⁶ (Worksheet 04 ABS 2006 and Workbook B03)

Age (years)	Surrounding Northern Suburbs		Surrounding Southern Suburbs		Hexham		Newcastle LGA		NSW	
	2001	2006	2001	2006	2001	2006	2001	2006	2001	2006
0-4 yrs	*	1,344	1,137	1,129	*	6	8,108	8,261	422,341	420,431
5-9 yrs	*	1,365	1,232	1,191	*	7	8,114	7,982	445,983	431,924
10-14 yrs	*	1,385	1,151	1,223	*	19	8,153	8,076	445,026	446,561
15-19 yrs	*	1,253	1,348	1,360	*	13	9,265	9,320	436,626	439,862
20-24 yrs	*	1,079	1,210	1,298	*	10	11,380	12,436	408,719	431,854
25-29 yrs	*	1,032	1,041	936	*	17	10,197	10,155	446,515	424,154
30-34 yrs	*	1,261	1,154	1,137	*	0	9,876	9,960	468,524	466,891
35-39 yrs	*	1,279	1,137	1,161	*	0	9,879	9,608	483,003	474,684
40-44 yrs	*	1,271	1,075	1,170	*	13	9,801	9,802	482,318	483,159
45-49 yrs	*	1,226	974	1,012	*	15	8,999	9,954	438,277	475,233
50-54 yrs	*	1,090	830	962	*	14	8,242	9,164	412,967	429,103
55-59 yrs	*	1,020	634	809	*	14	6,656	8,125	325,330	401,921
60-64 yrs	*	792	421	599	*	6	5,507	6,498	267,064	317,625
65-69 yrs	*	610	416	440	*	0	5,044	5,353	228,029	254,424
70-74 yrs	*	421	403	380	*	0	5,590	4,831	217,237	210,901
75-79 yrs	*	288	305	298	*	5	5,241	4,859	177,684	188,091
80-84 yrs	*	197	211	232	*	10	3,503	4,103	114,764	140,704
85-89 yrs	*	85	104	123	*	0	2,024	2,178	61,490	74,527
90-94 yrs	*	25	37	40	*	0	638	868	22,667	29,465
95-99 yrs	*	5	9	15	*	0	178	181	5,778	6,606
Indigenous										1,057
Total										6,549,177

⁶ Note: * Indicates that the region was deemed 'Unclassified NSW' in the 2001 Census. No census data is available for such regions. State Suburbs deemed as 'Unclassified NSW' include Hexham, Beresfield, Berry Park, Tarro, Thornton, Millers Forest and Woodberry

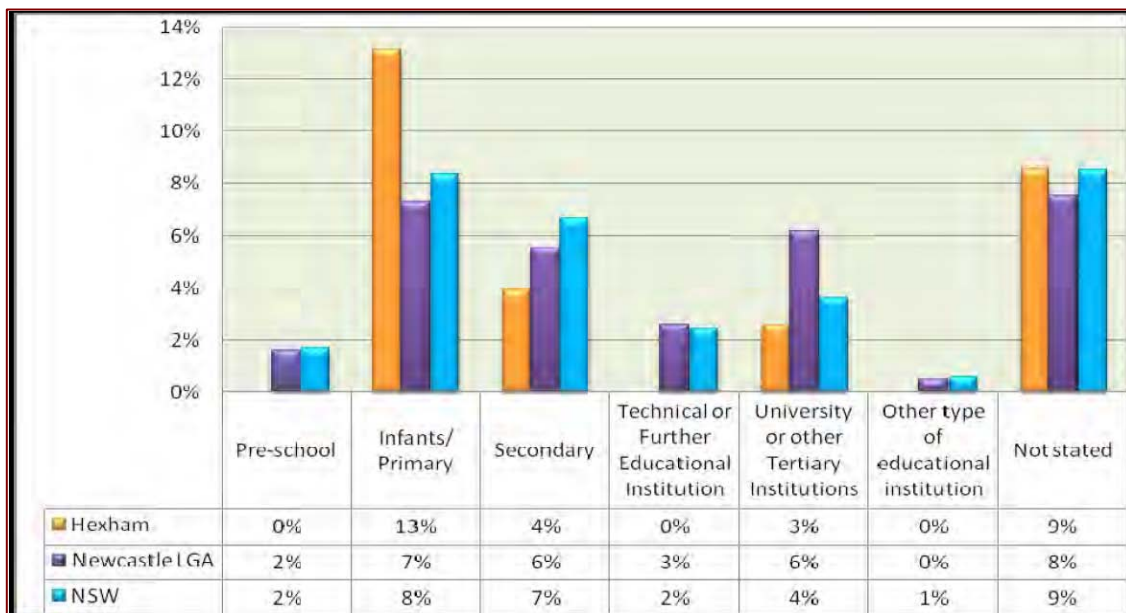
2.2.2 Cultural Diversity and Indigenous Residents

The Hexham and Newcastle LGA profiles reveal less cultural diversity, in terms of residents born overseas, than the broader NSW population. 88% of Hexham residents were Australian-born (contrasted with 69% in NSW), with the most common overseas birth countries being United Kingdom, Philippines and New Zealand. 82% of Newcastle LGA residents were Australian-born, with the most common overseas birth countries being United Kingdom, New Zealand and China. Newcastle LGA is consistent with the NSW level of Indigenous residents of 2.1%. Hexham has a higher rate of 5.9%; however this represents a count of just 9 Indigenous persons.

Table 3- Indigenous Persons (Worksheet B07)

Indigenous persons:	Hexham	Newcastle LGA	NSW
Aboriginal	9	2,851	130,787
Torres Strait Islander	0	112	4,771
Both Aboriginal and Torres Strait Islander	0	58	2,949
Total	9	3,021	138,507
Total persons	152	141,752	6,549,178
Indigenous %	5.9%	2.1%	2.1%

Figure 7- Educational Attendance



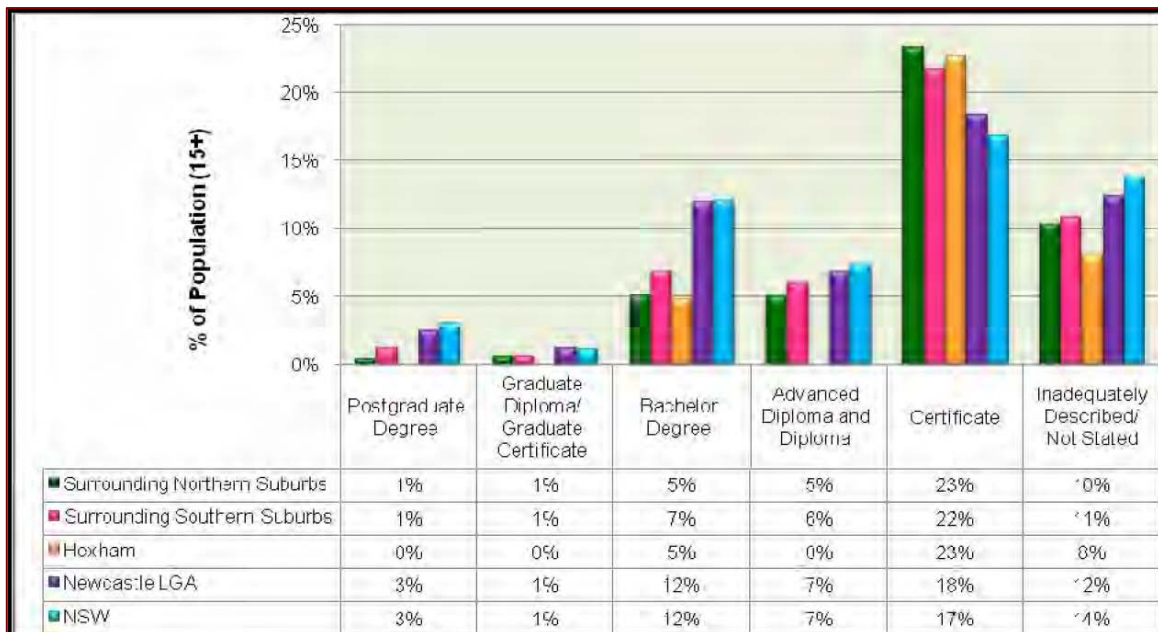
2.2.3 Educational Attendance

Figure 7 shows the proportion of the subject populations attending the various types of educational institutions. The Newcastle LGA and NSW profiles generally follow the same trend, with the exception of 'University and other Tertiary Institution' and 'Technical and Further Educational Institution', in which Newcastle exceeds the state level. Most notable within the Hexham profile is a high proportion of its population attends Infants/Primary, (which reflects the age profile of that community). This reflection is also true of the Secondary and University attendance rates as Hexham also has a high proportion of its residents within those age groups typically engaging in Secondary and University education.

2.2.4 Educational Attainment

Figure 8 shows the proportion of educational attainment of the identified populations. Newcastle LGA and NSW have similar profiles throughout all groups and have higher rates of attainment than Hexham and Surrounding Northern and Southern Suburbs; this is with the exception of 'Certificate' qualifications. Significantly, over 20% of the populations of Hexham and 'Surrounding Northern and Southern Suburbs' have achieved a 'Certificate' qualification.

Figure 8- Educational Attainment

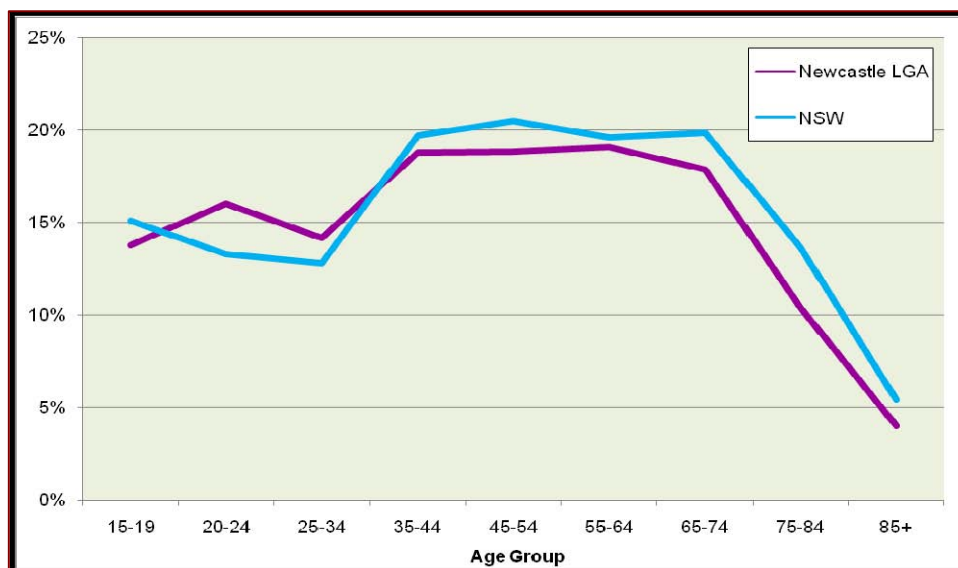


2.2.5 Voluntary Work for an Organisation or Group

The 2006 Census was the first Australian Census to include a question on unpaid work, including caring for children or those with a disability, unpaid domestic work and voluntary work. Rates of voluntary work for an organisation or group, by age, are displayed in Figure 9.

Newcastle LGA and NSW as a whole follow a similar volunteering profile; however Newcastle LGA has a higher proportion of volunteers in the 20-34 years age group, whilst NSW has a higher proportion of volunteers in the 35-85+ years group. It is noted that Hexham's profile has been excluded as it cannot be statistically analysed due to the small number of volunteers (totalling 10 persons).

Figure 9- Volunteering Rates, By Age (Worksheet B18)

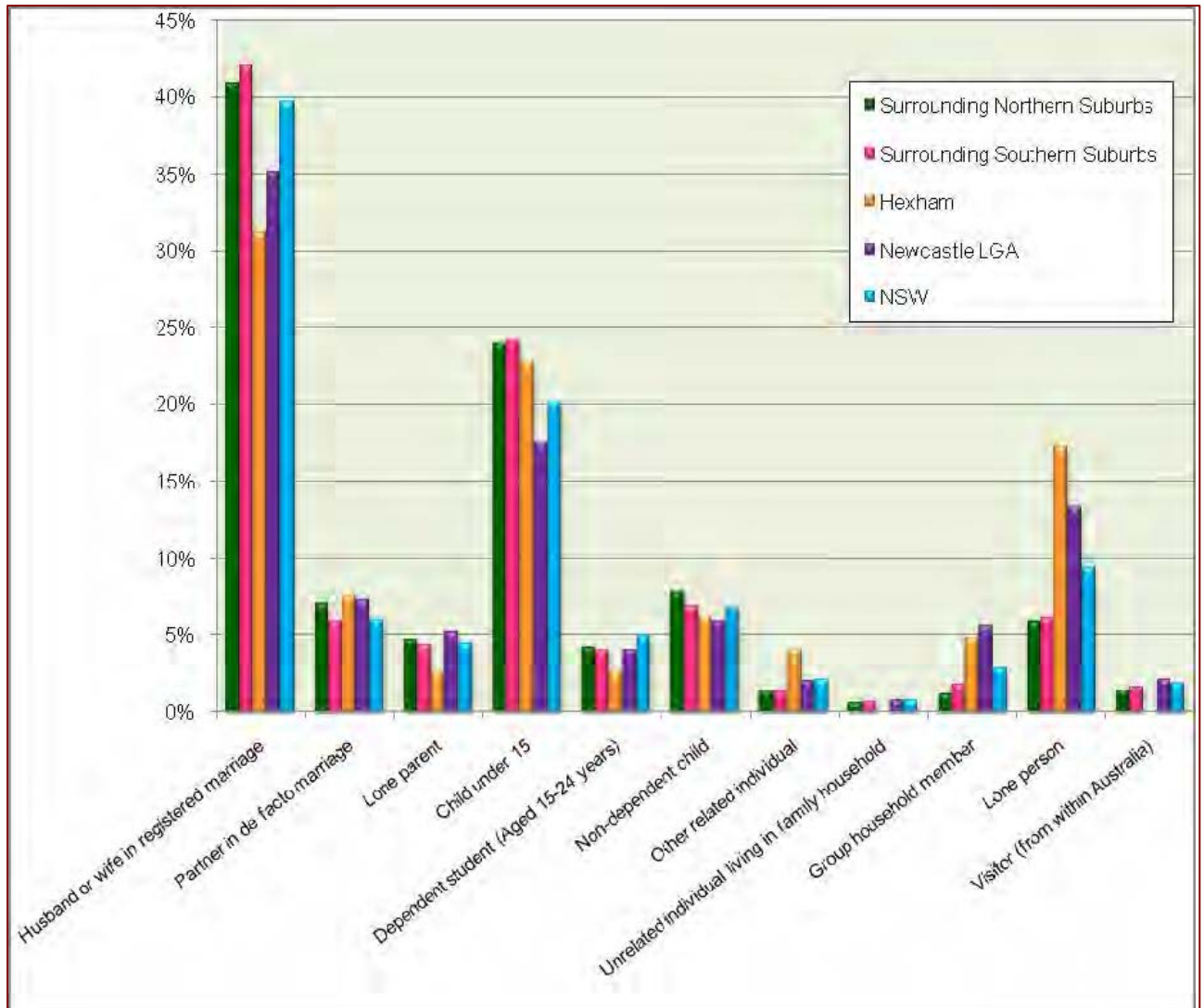


2.2.6 Household Structures

Figure 10 below outlines the breakdown of residents by their status within the household. With the exception of Hexham, the proportions follow a similar profile across each of the study populations, showing little variation for most relationship statuses. Of note is the higher proportion of 'husband or wife' and 'children under 15' relationships within the 'Surrounding Northern and Southern Suburbs'. This reflects the area's recent population boom which has attracted working family households. This is further represented in the comparatively low percentages of group households and lone persons.

Hexham departs from the standard household profile for numerous characteristics; including a high proportion of lone households and a low proportion of persons in registered marriages.

Figure 10- Relationship Within Household (Worksheet B22)



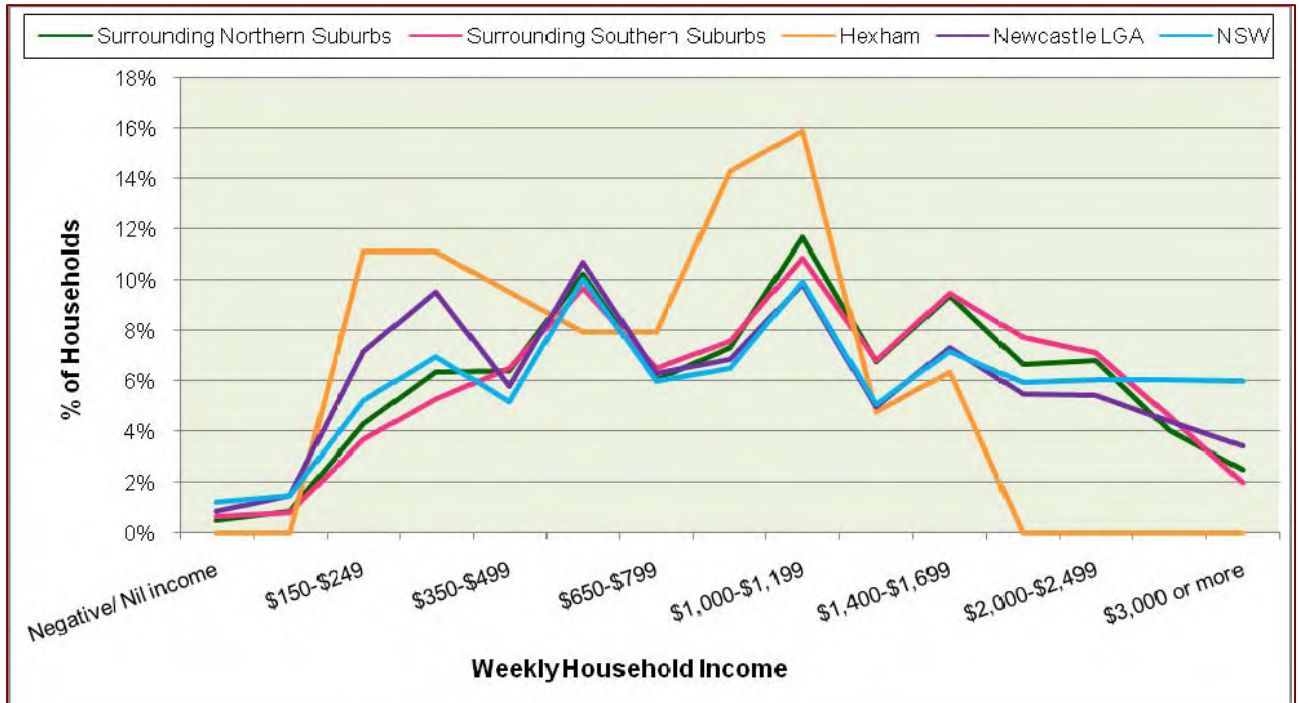
2.2.7 Household Income

Figure 11 shows the proportion of household earnings across each of the weekly income bands. The populations show a broadly similar distribution of household incomes across the earnings spectrum, while Hexham displays a predictable volatility because of the statistically small and unreliable numbers. Hexham has no households earning over \$1,700, however this is offset with significant proportions of the community earning incomes between \$150-\$499 and \$650-\$1,199.

A number of slight variations between the remaining populations are evident. Most notably, the Newcastle LGA and NSW profiles have a higher proportion of household earnings between \$150-\$349 per week, while in the middle and upper-middle income bands of \$650-\$2,499, the Surrounding Northern and Southern Suburbs

have higher proportions than Newcastle LGA and NSW. In the highest bands (\$2,500+) NSW is considerably more highly represented.

Figure 11- Weekly Household Income

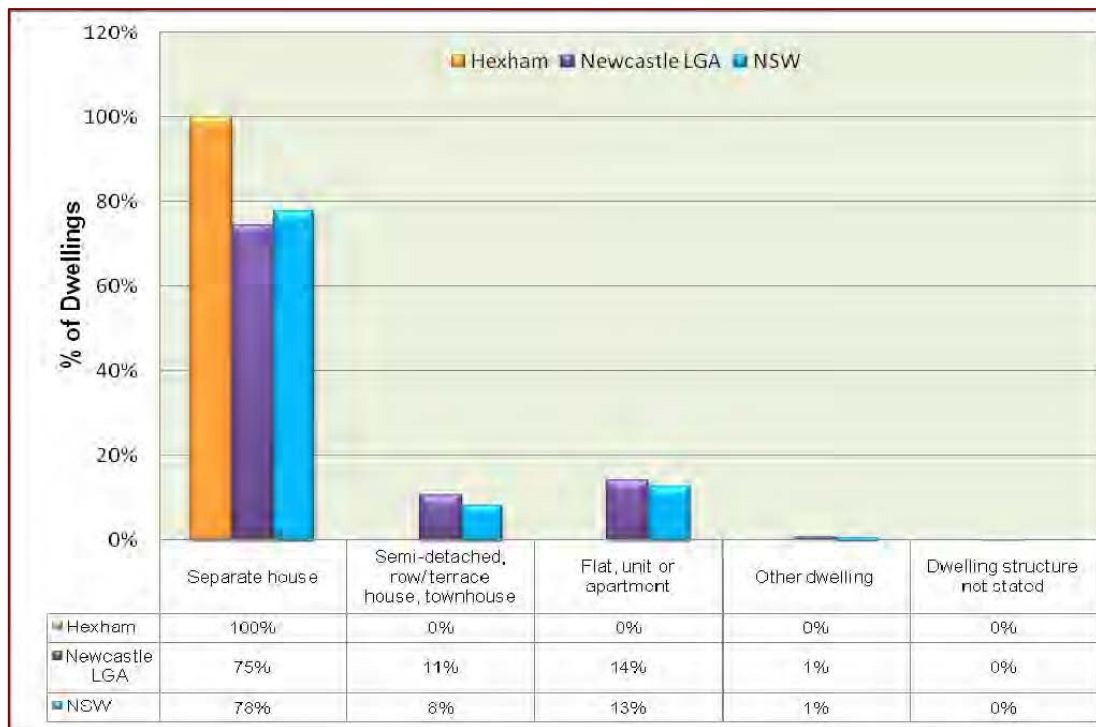


2.2.8 Dwelling Structures

Separate houses remain by far the most popular dwelling structure across NSW. This is also true for the Newcastle LGA whose dominant dwelling structure is the 'separate house'. To be noted however, Newcastle does have a higher proportion of 'Flats, units, apartments, semi-detached houses and townhouses than NSW.

The most significant profile is Hexham, whose dwelling structures consist entirely (100%) of separate houses.

Figure 12- Dwelling Structure



2.2.9 Labour Force Summary

The second release of 2006 Census data provides extensive data relating to the labour force of study populations including basic labour force performance, industry of employment and occupation of employment. The 2006 Census data for NSW captures the dramatic improvements which have occurred across many areas of the labour market over the previous 5 years. The basic labour force characteristics are shown in Table 5. In 2006, across NSW, the unemployment rate had fallen to 5.9%, which is down from 7.2% as at the 2001 Census.

Direct comparisons from 2001-2006 for the other populations is difficult, due to the fact that community profiles were not compiled for "Hexham State Suburb" and the state suburbs which create the 'Surrounding Northern Suburbs' for the 2001 Census. However, 2001 unemployment figures for Newcastle LGA and each of the state suburbs included in the 'Surrounding Southern Suburbs' region were all higher than their comparative 2006 unemployment rates (with the exception of Fletcher which maintained its 2001 rate). These were: Newcastle LGA: 11.1%, Surrounding Southern Suburbs: 10.4%.

More recently, unemployment information released for the September Quarter 2007⁶, reflects the ABS data which shows a pattern of decreasing unemployment

⁶ Department of Education, Employment and Workplace Training. *Small Area Labour Markets Australia- September Quarter 2007*.

figures and rates. The Statistical Local Areas of Newcastle (Inner and Remainder), displayed in Table 8 reveal an ongoing steady decline in unemployment numbers and rates over the past year from September 2006 to September 2007.

Table 4- Newcastle Unemployment: September Quarter 2007

Statistical Local Area	Unemployment					Unemployment Rate (%)					Labour Force
	Sep 2006	Dec 2006	Mar 2007	Jun 2007	Sep 2007	Sep 2006	Dec 2006	Mar 2007	Jun 2007	Sep 2007	
Newcastle- Inner	266	264	240	218	194	9.4	9.4	8.6	7.9	7.1	2,744
Newcastle- Remainder	4,606	4,602	4,273	3,919	3,525	6.3	6.4	6	5.6	5	70,496

Table 5 also shows the labour force participation rate across the subject populations. Surrounding 'Northern Suburbs' enjoy a higher participation rate than NSW.

The unemployment rate across all local and regional profiles, identified in Table 5, are higher than the NSW unemployment rate. This gap supports the need for increased employment opportunities throughout the region, which could subsequently be created through the proposed QR National development.

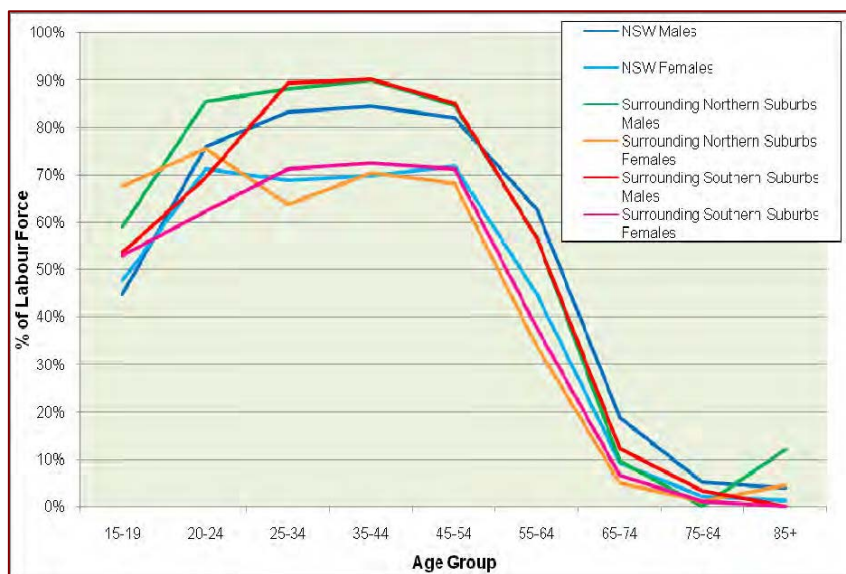
Table 5 - Labour Force Characteristics ABS 2006

	Surrounding Northern Suburbs	Surrounding Southern Suburbs	Hexham	Newcastle LGA	NSW
Persons aged 15 years and over	12,943	11,978	123	117,434	5,250,259
Labour force status:					
Employed, worked full-time	4,721	4,139	38	37,989	1,879,628
Employed, worked part-time	2,341	2,303	16	20,373	842,715
Employed, away from work	515	498	3	4,066	187,104
Unemployed, looking for work	532	469	10	4,889	183,157
<i>Total labour force</i>	<i>8,109</i>	<i>7,409</i>	<i>67</i>	<i>67,317</i>	<i>3,092,604</i>
Not in the labour force	4,263	4,082	52	43,000	1,801,010
% Unemployment	6.6	6.3	14.9	7.3	5.9
% Labour force participation	61.6	58.2	54.9	57.3	58.9

Figure 13 shows the rates of workforce participation across age brackets. Interestingly, both the “surrounding Northern and Southern suburbs” participation rates for males was higher than NSW across the 25 – 54 years age group, which is considered to be the prime working years.

Expectedly, female workforce participation declines after the 20-24 years age group, with a lower participation rate occurring throughout the remainder of the age spectrum. The profile of Female ‘Surrounding Northern Suburbs’ shows a high participation rate of 15-24 years, even higher than NSW males and males living in the ‘Surrounding Southern Suburbs’.

Figure 13- Workforce Participation, By Age ⁷



2.2.10 Industry of Employment

Table 6 shows selected industries making up the employment for male Hexham residents. The dominant industries represented are manufacturing, construction, ‘transport, postal and warehousing’ and ‘agriculture, forestry and fishing’. These industries strongly suggest the “blue-collar” makeup of Hexham’s economy, which is based on agricultural and industrial positions.

⁷ The workforce participation rate of over 10% for ‘Surrounding Northern Suburbs’ 85+ Males is most likely the result of ABS perturbations of the data.

Table 6- Hexham: Selected Male Industry of Employment (Worksheet B42)

Industry of Employment	Number Employed
Agriculture, forestry & fishing	8
Manufacturing	6
Construction	7
Transport, postal & warehousing	10
Other services	3
Total	34

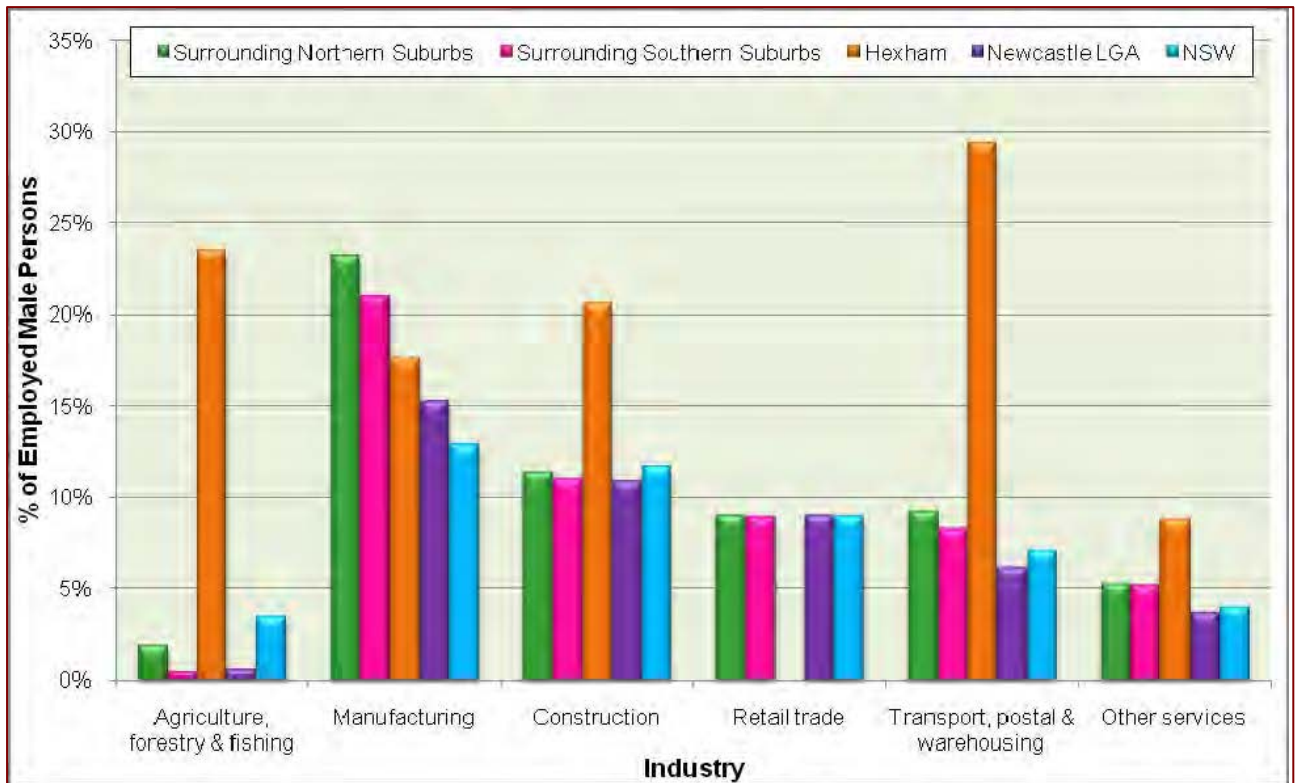
Table 7 shows selected industries of employment of female Hexham workers. A different set of dominant industries are displayed in the female profile. The dominant industries are 'health care and social assistance', retail trade, manufacturing, financial services and public administration and safety.

Table 7- Hexham: Selected Female Industry of Employment (Worksheet B42)

Industry of Employment	Number Employed
Manufacturing	3
Retail trade	4
Financial & insurance services	3
Public administration & safety	3
Health care & social assistance	6
Arts & recreation services	3
Total	22

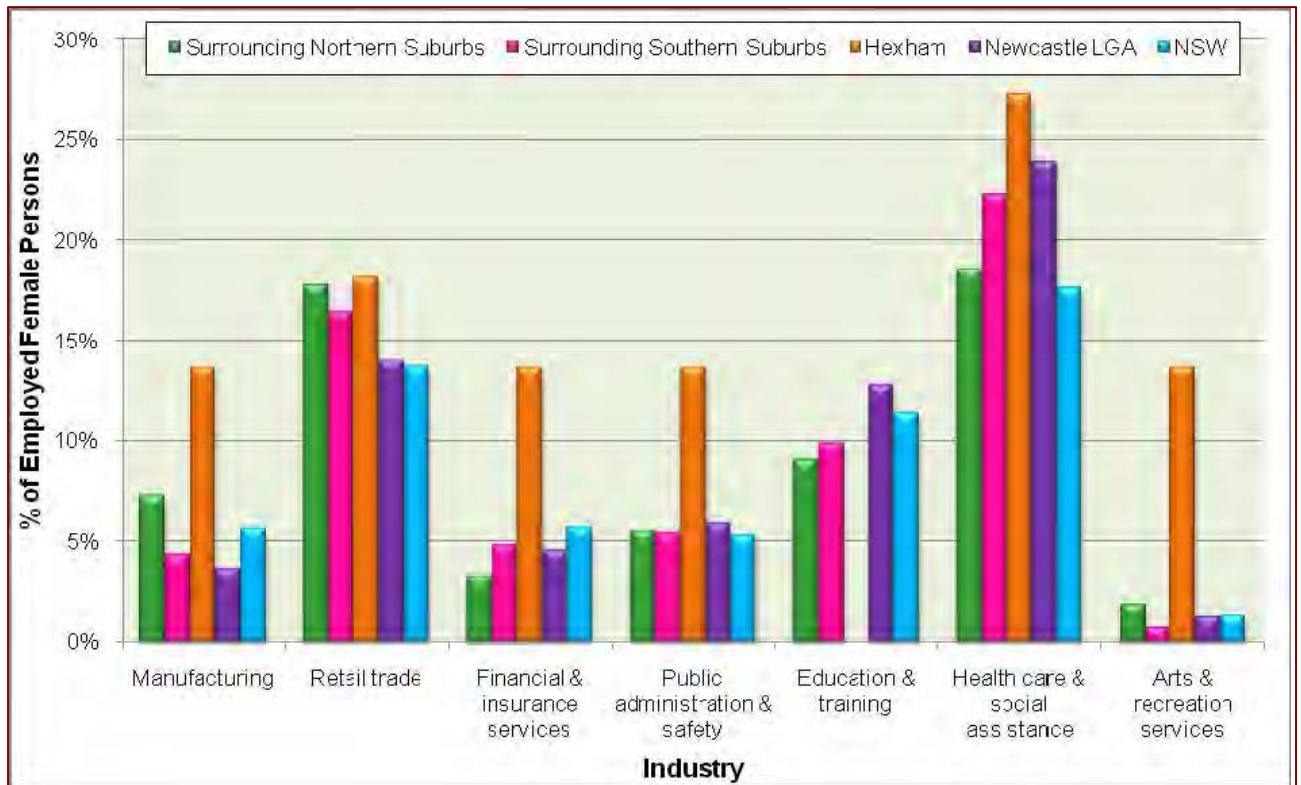
With the exception of Hexham, Figure 14 shows similar profiles for all populations across construction, retail trade and 'other services'. Reflective of the area's predominant employment sectors, the 'Surrounding Northern and Southern Suburbs' have a relatively higher proportion of males employed in manufacturing and 'transport, postal and warehousing'.

Figure 14- Comparative: Males Selected Industry of Employment (Worksheet B42)



With the exception of Hexham, Figure 15 shows relatively similar profiles for all female populations across 'financial and insurance services', 'public administration and services' and manufacturing. A lower proportion of females from 'Surrounding Northern and Southern Suburbs' are employed in the 'health care and social assistance' and 'education and training' industries than the Newcastle LGA population. However, these profiles do show a higher proportion of females employed in the 'retail trade' industry.

Figure 15- Comparative: Females Selected Industry of Employment (Worksheet B42)



2.2.11 Occupation

Figure 16 displays the comparative occupational breakdown of male employment across NSW, Newcastle LGA, Hexham, Surrounding Northern Suburbs and Surrounding Southern Suburbs. The five predominant occupations are managers, professionals, labourers, 'machinery operators and drivers' and 'technicians and trade workers'.

Interestingly, a higher proportion of NSW and Newcastle LGA males are employed in manager and professional occupations, whilst a higher proportion of Surrounding Northern and Southern Suburbs males are employed as labourers, 'machinery operators and drivers' and 'technicians and trade workers'. This pattern is reflective of the local area's agricultural, construction and industrial sectors.

Figure 16- Comparative: Males Occupation of Employment

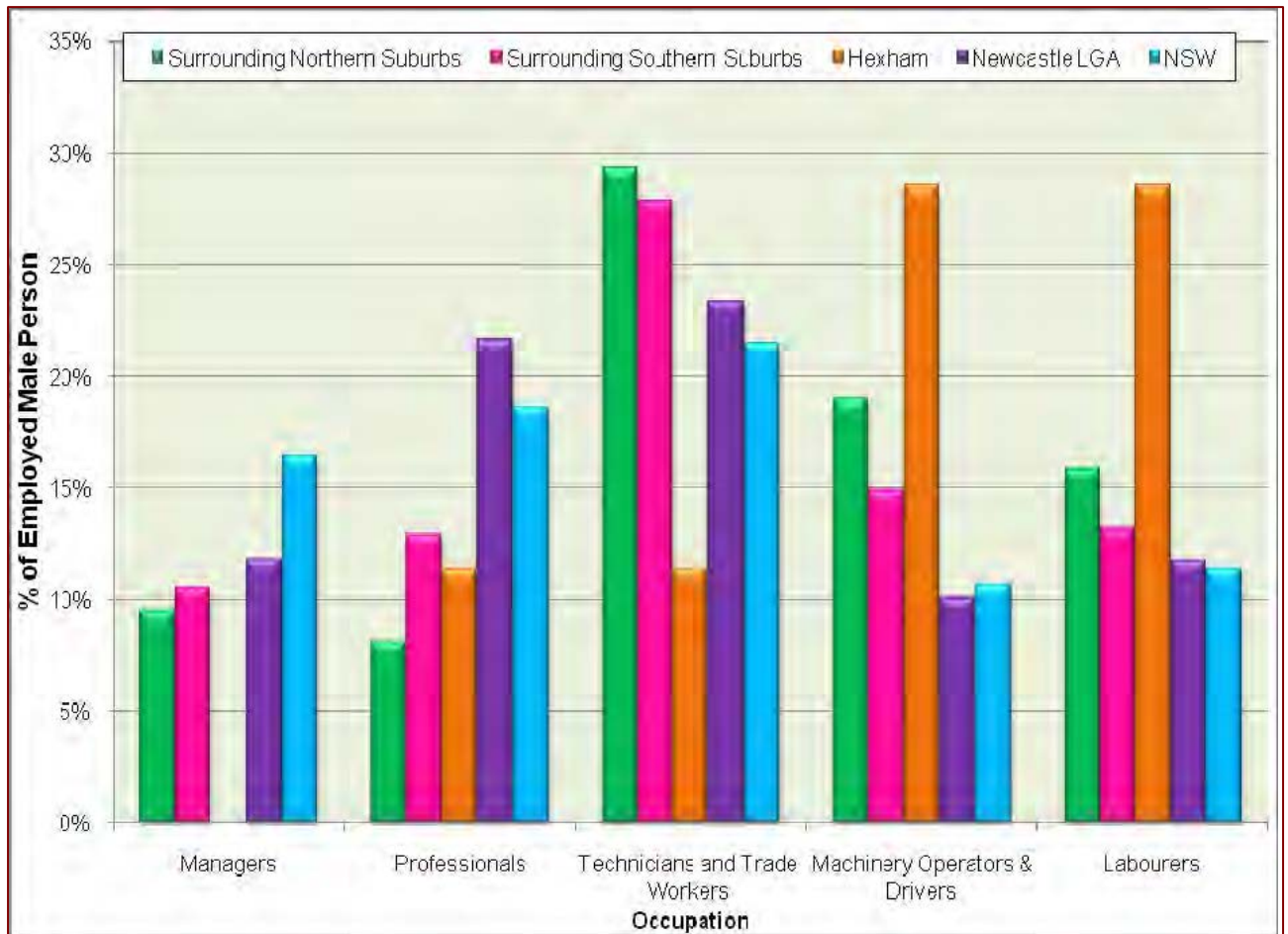
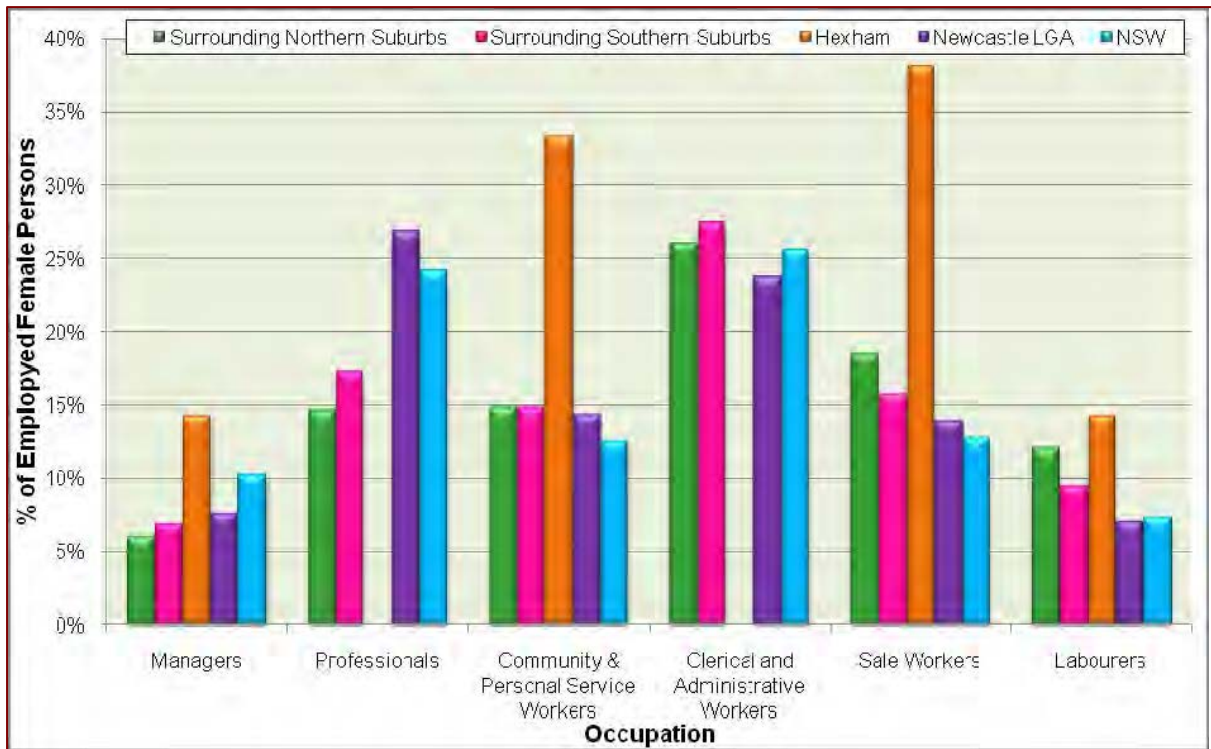


Figure 17 displays the comparative occupational breakdown of female employment across NSW, Newcastle LGA, Hexham, 'Surrounding Northern Suburbs' and 'Surrounding Southern Suburbs'. The six predominant occupations are managers, professionals, labourers, 'sale workers', 'clerical and administrative workers' and 'community and personal service workers'.

With the exception of Hexham, a similar profile has emerged within the managers, 'clerical and administrative workers' and 'community and personal service workers' occupations. Most interestingly, NSW and Newcastle LGA have a significantly higher proportion of female professionals; however 'Surrounding Northern and Southern Suburbs' have higher proportions of females in the 'sale workers' and 'labourers' occupations.

Figure 17- Comparative: Females Occupation of Employment



3.0 Stakeholder Consultation

As indicated, the ABS census data and discussions with Council's planning staff confirm that the stakeholder community, and importantly the near neighbour community, has not substantially changed since the initial rounds of consultation were undertaken in 2008. Given the very limited change in the near neighbour community since those consultations and the fact that the project as presented then and now are substantially the same, we believe that the issues raised at the time of the earlier consultation remain valid today. On this premise a separate and new round of structured community consultation has not been undertaken but rather there have been ongoing and targeted discussions and updates with near neighbours and key business groups. Discussions with Council planning and communications staff, review of the Greta TSF proposal, ongoing discussion with technical consultants and stakeholder agencies confirm that the issues raised and considered in 2008 remain those which should be considered and addressed in the assessment of this proposal and the associated conditions which may apply. A summary of the 2008 consultations is provided in Appendix B.

Near neighbours, stakeholders and the wider community will also have a further opportunity to review, consider and comment on the proposal during the DOPI exhibition period.

In 2008 three levels of consultation were completed: The details are in the appended reports by Key Insights. These levels included:

Expert Consultation: A full list is provided in the Environmental Assessment Report and these consultation met and exceeded the requirements set by the Director General for the project.

Local Consultation: 121 local households and businesses were letter box dropped and one on one meeting held with adjoining neighbours. Neighbours were invited to information sessions and were provided with company contacts with who issues could be raised. Input was openly invited and received.

Group Stakeholder Consultation: at that time 4 groups were identified for group stakeholder consultation. Their summarised responses are listed below.

Hunter Bird Observers were not in favour of any development that resulted in a reduction in the Environmental Protection Zone or the integrity of the Hexham Swamp land, and members stressed the importance of the ecologically sensitive zones for local and migrating birds⁸.

⁸ Socio Economic Impact Assessment, Key Insights, 2008.

Hunter Business Chamber was strongly supportive of the investment that this project represented in the Region and offered their full support.⁹

Green Corridor Coalition clearly indicated that they were opposed to a proposal that resulted in a reduction in the Environmental Protection Zone and which could adversely affect Hexham Swamp.

Beresfield Community Forum members centred their concern on the proximity of the TSF to near neighbours. The forum was also concerned about the encroachment on the Environmental Protection Zone.¹⁰

In summary the major issues identified through consultation processes are:

- the positive economic impacts and benefits;
- encroachment on the Environmental Protection Zone;
- potential impacts on the wetlands;
- local amenity impacts; and
- the potential access and traffic impacts for neighbours.

Consultation processes confirm what is usual in projects of this nature and that is that there is a strong dichotomy between local near neighbour negative amenity impacts and much wider positive economic and employment impacts. Environmental issues remain at the fore and require considered discussion, monitoring and design solutions.

⁹ Ibid

¹⁰ Ibid.

4.0 Economic Overview and Context

4.1 THE PROJECT IN THE CONTEXT OF THE ARTC NETWORK STRATEGY

In 2007 the Australian Rail Track Corporation (ARTC), having secured a 60 year lease on NSW and interstate rail lines, produced the Hunter Valley Coal 2007-2012 Capacity Strategy. This was the basis for its investment over the next 5 years.

The Hunter Valley Coal 2007-2012 Capacity Strategy identified the following problems to be resolved:

- Bottlenecks, junction conflicts and reduced headways;
- Conflicts between maintenance and train running;
- Limited capacity (single track sections, wagon capacity, train length limitations);
- Inadequacies in maintenance sidings; and
- The demands of rapid growth.

In 2007 the Hunter rail network had capacity for 85 million tonnes per annum (mtpa) of coal, and growth in demand was predicted to reach up to 177mtpa of coal in 2012.¹¹

At that time the need for strategies to increase the network's efficiency, capacity and reliability were in clear focus and the QR National proposal was assessed as being in logical support and continuity with ARTC plans.

QR National's proposal then as it is now was considered consistent with and supportive of the Hunter Valley Coal Capacity Strategy. The proposed development complements the ARTC's plans to relocate all train maintenance and servicing activities out of the Port and off the tracks. QR National's proposal will assist to alleviate congestion at the Port and enhance the capacity of the Hunter Valley's rail network.

The ARTC reports annually on its priorities, progress and projects in terms of improving the overall efficiency and effectiveness of the network. The 2011-2020 ARTC report continued to provide the context and in-principle support for the QR National project. The report states "For much of the period since the first strategy, the infrastructure solutions have been comparatively straightforward. The rapid growth in demand meant that the primary focus was on delivery of projects to meet the growth. ARTC believes that it has now reached the point where its ability to deliver projects is comfortably ahead of demand and it is increasingly focussed on optimising the management of the delivery program."¹² It goes on to say that they are turning their attention to examining congestion and disruption planning as the network gets increasingly busier. They confirm there is a need to not only optimize capacity but to optimize operational efficiency. They confirm that relocation of fuelling and

¹¹ 2007-2012 HUNTER VALLEY CORRIDOR CAPACITY STRATEGY - CONSULTATION DOCUMENT. 2007, p.3

¹² 2011-2020 HUNTER VALLEY CORRIDOR CAPACITY STRATEGY - CONSULTATION DOCUMENT, 2011, p.3

other provisioning and inspection activities away from the terminal at Kooragang has long been considered the best solution in this regard.

The report explains that Port Waratah Coal Services (PWCS) Kooragang Island facility has 6 departure roads for its three dump stations, but only one arrival road for each dump station. As a result, trains need to queue on the mainline before being called forward into the arrival road as the preceding train moves through the dump station. The other critical issue at PWCS Kooragang is the use of the departure roads for stabling trains while locomotives are serviced and fuelled and trains are examined, and for holding trains where there is a time delay before their next run. The PWCS Kooragang Island plan to increase capacity up to the order of 105 mtpa with the construction of a fourth dump station on the existing PWCS Kooragang Island loop. Development of dump station 4 will exacerbate the existing problems, and poses significant issues in terms of providing adequate and suitably configured arrival and departure capacity. There is concern over congestion issues arising from growth, given the limited availability of arrival roads and the use of the mainline for queuing which underscores the growing system capacity loss as a result of congestion.

4.2 COMPARATIVE PROJECT CONTEXT

In March 2011, the NSW Department of Planning and Infrastructure completed an assessment of the Train Servicing Facility at Greta, where the Director General recommended its approval to the Minister. That recommendation was accepted and consent granted. A direct quote from that report¹³ (see below) recognised the strategic economic importance of that proposal. The Greta facility is very similar to the proposed Hexham TSF and therefore the same strategic economic importance should be applied to the Hexham proposal.

¹³ NSW Department of Planning, Major Project Assessment, Train Support Facility, Greta NSW, Director General's Assessment Report, March 2011, p. 4.

2.2 Project Need and Justification

The export of coal through the Port of Newcastle (the port) is expected to grow from 91.5 million tonnes per annum (mtpa) in 2006-2007 to 211 mtpa by 2015. Due to this expected growth, alternative fuelling/provisioning locations to meet demand from an increase in coal freight has been identified to enhance the existing system capacity. The Australian Rail Track Corporations' *Hunter Valley (Rail) Corridor Capacity Strategy* (2009) identifies a requirement for alternative fuelling/provisioning locations to accommodate the expected growth in coal freight traffic within the Hunter Valley region. In accordance with this Strategy, the project is expected to contribute to a freeing up of coal chain capacity given operational constraints from the existing provisioning facilities at the Port end of the rail system.

The project will contribute to achieving the aims of the *NSW State Plan 2010* by increasing business investment and support job. The project is also consistent with the directions of the *Lower Hunter Regional Strategy 2006-2031*, through the provision of employment during construction and operational phases of the project, as well as long-term economic and employment benefits through the improved efficiency in transportation of coal.

Pacific National currently hauls approximately 80 mtpa of export coal to the port which accounts for approximately 85 per cent of traffic. This is supported by existing fuelling and provisioning facilities, maintenance, train crewing and administration facilities at Kooragang Island and Carrington at the port end of the coal chain. The current system is considered constrained as further expansion of existing facilities cannot be achieved to meet the increased demand that will be created with the addition of the Maitland to Minimbah Third Track Project. A new train support facility would provide capacity for increased maintenance and re-fuelling as a result of increased capacity on the wider network. Expansion of the existing facilities at Carrington and Kooragang Island was considered but discounted as a viable option due to insufficient land availability to construct the additional facilities at both locations. While partial expansion may be possible, the servicing capacity that could be achieved would be lower than that which could be achieved at a new site. In addition, rail network configuration at the port end, in particular limited track lengths, restricts increased activity and any additional throughput capacity. The proposed facilities are required to service the Pacific National coal freight rail business in the Lower Hunter region and would deliver improved traffic and system capacity in the movement of export coal to the Port of Newcastle.

As already mentioned, a number of alternative options to the project were considered, including expansion of the existing provisioning facilities at Carrington and Kooragang Island described above and the 'do nothing' option. The do nothing option was discarded as it could lead to network delays and disruptions and compromise the system capacity in the movement of export coal to the port.

4.3 ECONOMIC CONTEXT

Continuing strong world demand for coal is encouraging major investment across the entire Hunter Valley coal chain; this includes the establishment of new mines, increasing investment in the rail system, and initiatives to increase the coal export capacity of the Port. Several major new coal projects and expansions to existing projects have been precipitated by high coal prices and strong demand. The combination of high output from existing mines, the coming online of new mines and extensions to the capacity of existing mines, is set to significantly increase the supply of coal eligible for transport to the Port.

When the QR National TSF project was originally conceived in 2007/8 the ARTC (2007- 12) had identified expenditure of \$918.2 million over the next five years. This was in addition to \$71.1 million identified for "minor upgrades" and \$156.4 million identified for "major periodic maintenance/renewal.

The updated 5 year expenditure forecast from 2011-15 of "\$854.8m is significantly less than that of previous years. This is due to some major projects being completed, the industry

decision to not pursue a multi-user provisioning facility, and lower cost solutions for Nundah Bank and the Liverpool Ranges being identified.”¹⁴ The Report in no way indicated a weakening of the coal export market or growth of mining in the region.

However, there may be some confusion around this issue. The ARTC’s forecasts of industry demand for export coal capacity from the Hunter Valley identified a decline in demand from 2007 to 2011 (see below).

- 2007 Report 2012 demand projection 170 mtpa¹⁵
- 2009 Report 2012 demand projection 190 mtpa¹⁶
- 2011 Report 2012 demand projection 163 mtpa¹⁷

The decline in export coal capacity demand was due to changes in the forecasting methodology. The ARTC Bi-annual Reporting of coal transport demand is now separated based on those estimates which are subject to an indicative contractual nomination and those that are prospective volumes in the planning stage. The 2011 Report has indicative contractual nominations reported, whilst prospective volumes are excluded.

The Annual reports of the Newcastle Port Corporation provide evidence of the strength and growth of the Hunter coal mining industry. In the period from 2006-07 to 2010-11 coal shipped through the Newcastle port has increased from 80.77 million tonnes to 108.26 million tonnes – an increase of 34 percent. In terms of export value, coal trade was estimated at \$5.7 billion in 2006-07, increasing to \$13.55 billion in 2010-11, representing an increase of 138 percent or an average annual increase of 34 per cent.¹⁸

The Newcastle Port Corporation anticipated that by 2012 the Port will have a loading capacity of 123.6 million tonnes of coal.¹⁹ In saying that, export coal supply has the potential to reach 275Mtpa between 2017 and 2025.²⁰ The Newcastle Port Corporation assert “the most significant component to expanding coal chain capacity will be sufficient below rail capacity along with support infrastructure to park, refuel and maintain trains”²¹

4.4 CONTEXT OF THE PORT OF NEWCASTLE

In order to reach export potential additional coal loading terminals have either been approved (T3) or seeking approval (T4).

Stage 1 of the T3 Terminal was completed in May 2010 with a capacity to handle 30Mtpa. As at October 2011, T3 had loaded 20mtpa onto 300 ships. Output through T3 has already

¹⁴ ARTC 2010-2020 Hunter Valley Corridor Capacity Strategy - Consultation Document, 2010, p.33

¹⁵ ARTC “2007-2012 Hunter Valley Corridor Capacity Strategy Consultation Document, 2007, p.3

¹⁶ ARTC “2009-2011 Hunter Valley Corridor capacity Strategy –Consultation Document, 2009, p.3

¹⁷ ARTC 2010-2020 Hunter Valley Corridor Capacity Strategy - Consultation Document, 2010 p. 3

¹⁸ Newcastle Port Corporation Annual Report 2010-11, page 10

¹⁹ Newcastle Port Corporation Annual Report 2009-10, page 8

²⁰ “Coal Exports through Port of Newcastle will not exceed 275Mtpa before 2025” Newcastle Port Corporation publication, 8 February 2012, p1

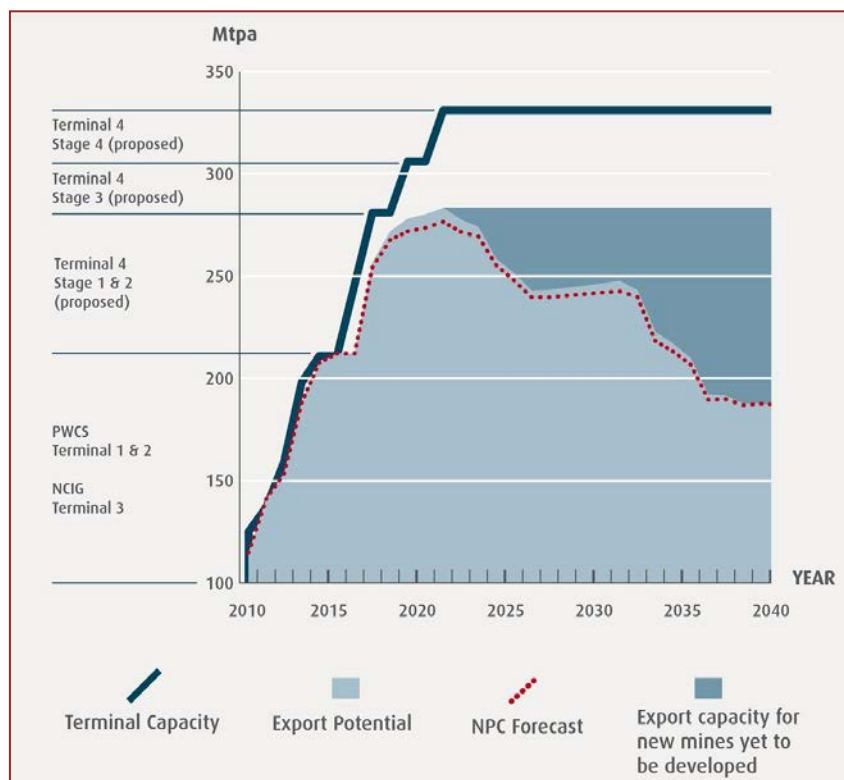
²¹ Ibid, p2

approached loading capacity. Stage 2AA commenced construction in August 2010 and is expected to have a loading capacity of 53Mtpa when completed.²²

PWCS is pursuing the development of Terminal 4 (T4) to ensure they maintain the Capacity Framework Arrangements which supports the long term infrastructure for the Hunter Valley Coal Chain. Terminal 4 is expected to have a maximum capacity of 70Mtpa in stage 1, 95Mtpa in stage 2 and 120 Mtpa when completed. The project has a 10 year time frame with target commencement in 2013.

The Newcastle Port Corporation has graphed the projected coal export capacity which is expected to grow at 6 per cent per annum. This graph is reproduced in Figure 18.²³

Figure 18- Port Export capacities



Global energy consumption is forecast to grow at 53 per cent between 2008 and 2035. Coal will continue to provide a significant proportion of energy needs. Australia is expected to produce 31 per cent of OECD coal production and 7 per cent of total world production by 2035.²⁴

In summary there is considerable evidence that Hunter Valley Coal Chain infrastructure needs to be aligned to the future demand for export coal. This is already being addressed by stakeholders who are already undertaking and proposing significant infrastructure investment.

²² http://www.ncig.com.au/Portals/2/files/NCIG_Dredging_Complete_22_October_2011.pdf

²³ "Coal Exports through Port of Newcastle will not exceed 275Mtpa before 2025" Newcastle Port Corporation publication, 8 February 2012, p1

²⁴ T4 Project: Environmental Assessment. Prepared for PWCS, February 2012, Ref: ES6.1

4.5 QR NATIONAL MARKET CONTEXT

QR National has experienced strong penetration into the coal transportation market in the Hunter Valley. Market share has increased from 17 per cent in 2009-10 to 30 per cent in 2010-11²⁵. In 2010-11 QR National transported 27.8 million tonnes of coal to the Newcastle Port²⁶. Haulage is expected to increase to 45Mtpa for the financial year 2012 with the signing of three major coal contracts.²⁷

This has resulted in an increase in the demand for rolling stock. In 2009-10 QR National operated four train sets (2 locomotives and 74 wagons per set) in the region. In order to meet demand and its growing market share, QR National has indicated it will invest \$360 million for 19 x 5020-class locomotives and 800 coal wagons.²⁸ This strong growth has also required QR National to open a new depot at Mayfield after outgrowing the Kooragang location.²⁹ Some of this stock was already operational with the entire order due to commence service by 2013.³⁰

QR National's increasing presence and market share in the Hunter has resulted in the demand for a TSF. The need for train support facilities that do not compromise the network capacity, but deliver efficiency and customer service benefits.

²⁵ http://www.qrnational.com.au/OurBusiness/Coal/Hunter_Valley_OCT2011.pdf

²⁶ *ibid*

²⁷ QR National Annual Report 2010-11, p20

²⁸ *ibid*, p20

²⁹ *ibid*, p20

³⁰ http://myresources.com.au/index.php?option=com_content&view=article&id=2281:qr-national-trebles-nsw-workforce&catid=52:stories&Itemid=113

5.0 Economic Assessment and Impacts

5.1 QR NATIONAL'S LOCATION CONSIDERATIONS

Assessments over the last 5 years have confirmed the suitability and capability of the Hexham site for the TSF. These locational considerations include:

- The availability of level land immediately adjacent to the existing rail line;
- The ability to keep wagons attached to locomotives during servicing avoiding cost and delays;
- The dimensions of the site to accommodate existing and future train lengths;
- Appropriate industrial zoning and history of industrial/coal related uses;
- The potential for minimal environmental and community conflicts associated with the site;
- The availability of a large scale property in single ownership;
- The adequate depth of the site from the rail line to accommodate the most efficient servicing of rail fleet;
- The ability to amalgamate like and related uses and develop synergistic relationships and activities; and
- The site's close access to a trained and skilled labour force.

5.2 ECONOMIC ADVANTAGES

The opening up of the coal haulage market to competition is the principal benefit of the QR National proposal. The establishment of a TSF will improve QR National's competitiveness by reducing costs, minimizing off track time, and improving reliability. This in turn would work to drive down haulage prices. Further, improved efficiency and more competitive pricing would result from becoming self-sufficient, rather than relying on third party facilities and suppliers.

From a broader system perspective, there is a very real need to maximise existing rail network utilisation to support increased capacity of the system and access to the port. Projects such as the QR National TSF have been widely recognised as part of a wider strategy to improve coal chain efficiencies and to ensure continued business viability and market growth.

The proposed Train Support Facility aims to improve the efficiency of train time-tabling, maximise haulage time, reduce down time and improve reliability. All these variables will combine to improve competitiveness and at the same time reduce haulage costs which underpin the international competitiveness of the industry.

One of the most significant benefits of the QR National proposal will be the freeing up of land at The Port which is currently used for train servicing. This will enable Kooragang Island

to be used for more specific port related functions, thus improving the capacity and efficiency of the existing port facilities.

5.3 EMPLOYMENT CONSIDERATIONS

The employment considerations associated with the TSF include the following benefits:

- ongoing full time equivalent employment of approx 30 persons;
- building on and expanding the regions long history and skill base in the rail support sector;
- skills retention and development;
- construction employment of up to 20 months of 100 FTE workers; and
- flow on and multiplier benefits of both the operation of the facility and from increasing the coal chain's overall export capacity.

The most immediate impact will come from the construction phase. Construction investment includes employment and payment of wages, the purchase of construction materials and products. This results in induced consumption and production impacts in the economy. The multiplier effects have been estimated using ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.466, \$0.438 and \$0.962 respectively to every dollar of construction. Table 8 estimates these impacts.

Table 8- Construction Multiplier Effect on Employment - \$130m Capital Investment in TSF

Train Support Facility	Effects Direct	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	.33	.45	2.33	4.11
Employment No. per \$million	5.59	1.84	2.52	13.02	22.97
Total job years created	727	239	328	1,693	2,986

* Source: ABS Australian National Accounts: Input-Output Tables 1996-1997 (ABS Pub: 5209.0). Shows 9 construction industry jobs directly created for every \$1 million of construction output. This equated to 1 employee for every \$111,111 of construction. The current rate (December 2008) is \$178,900 per employee.

The proposed development will generate 727 job years directly during construction, with a further 567 to 1,693 jobs created from production and consumption induced effects. Therefore, based on an initial construction cost estimate of \$130 million, the proposed development will generate 2,986 job years in the economy.

Table 9- Contribution to the Economy from Construction of Train Support Facility

Train Support Facility	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers		0.466	0.438	0.962	2.866
Output (\$millions)	\$130m	\$61m	\$57m	\$125m	\$373m

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2)

The multipliers presented in Table 9 indicate a construction project costing \$130 million could result in a positive wider multiplier effect factor of 2.86. This is derived from the combined benefit from production induced effects and consumption induced effects. However, it is important to note that multiplier effects tend to impact at a national level and do not necessarily have a local level impact. At this stage of the project, state or local level impacts cannot be precisely quantified because the factors that feed into the assessment of multipliers (such as the origin of materials and construction contracts) have not been determined.

The ABS notes that "Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy."

While the specific direct and indirect employment and economic impacts of the TSF construction are considerable, it is the continuous underpinning and strengthening of the foundations and efficiencies of the coal chain that will secure employment and economic benefits to the region in the longer term.

The ongoing operation of the facility will also have multiplier effects as a result of the payment of wages and from employee's subsequent spending patterns in the local and surrounding economy. As a result, the project will contribute to the New South Wales economy. Table 10 shows the likely contribution of the project to NSW Gross Domestic Product (SGDP).

Table 10- Contribution to NSW Gross Domestic Product of Train Support Facility

Effects Direct Production Induced Effects	Consumption Induced Effects Total
	Value
Total Workers (Industrial/Other)	30
Average Salary #	\$60,000
Total Wages	\$1,800,000
Initial Income Multiplier	2.72
Imputed Turnover (actual + initial multiplier)	\$6,700,000
Weighted Avg Direct Value Added Multiplier	0.3333
Direct Value Added	\$2,200,000
Direct and Flow-on Value Added PER ANNUM	\$8,900,000

* Source: ABS Australian National Accounts: Input-Output Tables 1996-1997 (ABS Pub: 5209.0).

#Estimated average earnings based on comparative projects, 2006 ABS average weekly earnings for Transport and Storage sector.

Table 10 indicates that the direct contribution and multiplier (flow on) contribution of workers during the operation of the Train Servicing Facility is expected to result in an annual contribution to the New South Wales Gross Domestic Product of \$8.9 million.

6.0 Cumulative Impacts

The QR National TSF will be developed in the context of a range of other infrastructure projects for the Lower Hunter. In particular the QR National TSF is proposed to be constructed on land adjacent to the ARTC Hexham Relief Roads project. The ARTC project has been submitted for consideration by the NSW Minister for Planning and Infrastructure and it is considered reasonable that the ARTC project be evaluated determined and conditions set in the context of the QR National proposal.

Cumulative assessments have been considered as part of each of the specialist studies undertaken by both QR National and ARTC. There has been an ongoing and open dialogue between the two proponents to determine and resolve issues and relationships.

This chapter considers the cumulative impacts of the two projects from a socio- economic perspective. Cumulative impacts are those which add together to generate an impact level that may then collectively reach threshold or tolerance level. This may be the simple numeric level of impact for example resultant traffic volumes being combined. In other cases the cumulative impacts may be larger than the sum of the two impacts.

Projects rarely operate in isolation yet it is not always easy to calculate cumulative impacts or separate the causal factors. While a range of other unrelated and perhaps less significant projects will influence the QR National TSF project perhaps the most significant is the ARTC Hexham Relief Roads project. The cumulative impacts of these two rail infrastructure projects being undertaken in close physical proximity and over a relatively parallel time frame should be considered and managed. The main cumulative impacts will relate to: visual impact, local amenity, employment, economic capacity and the environment and will have the potential to be both positive and negative.

The construction and operation of the ARTC Five Roads and TSF projects will have an impact on the visual landscape both during construction and then during operation. This visual impact will be felt by both near neighbours and passing traffic on the New England and Pacific Highways. To a large extent however this is mitigated by the setback from the Highway and also separation distance between the development and near neighbours. In addition development of the two sites is within the context of the Hexham industrial area and of course is consistent with the long history of the site centred around coal handling. The significant new infrastructure, and the trains that will use it, will strengthen the industrial character of the area and highlight the juxtaposition of the industrial use of the land next to the wetland and conservation areas. The area is already characterised by the visual mix: the Hunter River and wetlands sitting along site manufacturing facilities, industrial storage centres, retail and serving facilities for industrial machines and transport vehicles. There appears to be a wide community acceptance that this is the natural and evolved character of the area and the landscaping and natural vegetation barriers maintain a sense of balance and compatibility for what could otherwise be seen as two quiet distinct functions and incompatible land uses. While the construction of both rail facilitates will intensify the industrial nature of the visual landscape this can and should be balanced with

appropriate landscaping. This is perhaps more important for the near neighbours who, while already exposed to a considerable level of industrial and commercial uses, will be concerned about a loss of rural/natural visual amenity.

The direct and short term impact of increased traffic, noise and disturbance associated with the dual construction of these facilities has the potential to be of concern to near neighbours. The concurrent construction phase has both cumulative positives and negatives. It may generate greater levels of noise, traffic and disturbance impacts, however the period of disturbance will be limited to approximately 2 years rather than consequent construction period with a potential impact period of up to 4 years. Ongoing communications between ARTC and QR National will ensure potential impacts can be minimised.

While the employment generated by the Hexham Five Roads project is not identified in the report, clearly there will be employment generated both during construction and operations. The agglomeration of these two like facilities also has the potential to generate a hub of supporting and allied businesses which would also employ permanent and casual staff. The efficiencies delivered to the Hunter Valley Coal Chain will contribute to improved employment security and export growth capacity and associated employment which will be expanded.

Individually these rail infrastructure projects have high potential to improve the region's economic capacity. Collectively this growth potential is exponentially enhanced. In combination these projects will add to the region's growth capacity by:

- Reducing down time and inefficiencies in the network;
- Opening up port related land for more productive and valuable port related uses;
- Enhancing the safety and reliability of the network;
- Improving haulage efficiencies and reducing or maintaining haulage rates;
- Providing cost efficiencies that enable coal export prices to remain competitive;
- Establishing hubs of coal and rail support infrastructure on which to build employment and businesses;
- Providing delivery capacity to support expansion of port side infrastructure and business; and
- Underpinning the future of the sector and enabling increased investment in new and expanded mines and related business.

The combined value of the two projects is in the order of \$220m providing significant levels of direct and flow-on consumption and production benefits to the local, regional and national economy. Because of the location of both these projects in close proximity to a strong pool of labour, with the appropriate skills sets and work experience, as well as being located in a region with strong industry related supply chains, servicing and affiliated businesses, a relatively high percentage of the flow on economic impact will be captured within the Hunter Region. And because of the export dominated nature of the Hunter Valley coal industry, the export income and balance of payments benefits will be strong.

In summary the proposed ARTC and QR National developments are located in a context that development for train related facilities is within community expectations noting the industrial zoning of the majority of the development area, its location adjoining the existing rail line and the backdrop of the Hexham industrial area. Provided the potential for offsite impacts are managed it is considered that there will be no unacceptable impacts on neighbours. It is clear that there are significant benefits to the community in terms of job creation and ultimately there is a clear benefit to the broader community through the export of coal.

7.0 Impact Analysis

7.1 SOCIO ECONOMIC IMPACT MATRIX

Impact	Comments	Significance	Mitigation measure
DEMOGRAPHIC CHANGE	<p>While the immediate vicinity is very stable in demographic terms, the surrounding areas have experienced significant population increases. This development has potential for creating direct and indirect employment which will be required by the growing populations. These jobs are both localised onsite jobs (30) as well as regional coal-associated jobs which will be supported by the more efficient transport network and growth in the coal export market.</p> <p>The project will not have a direct demographic impact in the immediate or local communities.</p>	Low	Nil
ACCESSIBILITY	<p>The project is located in close proximity to state significant road and rail infrastructure/linkages.</p> <p>The project adjoins public rail links and stations.</p> <p>It is strategically located in proximity to Hexham industrial area, Tomago Industrial area, Newcastle airport and the Port of Newcastle.</p> <p>It is suitably located for regional coal train transport logistics.</p> <p>A proposed access road on site aims to minimise local impacts and intersection</p>	HIGH	<p>Keep near neighbours and key environmental groups informed of decisions regarding access arrangements to TSF site.</p> <p>Ensure planning is coordinated with ARTC project.</p> <p>Ensure clear and appropriate information is provided to key stakeholders regarding regional transport planning.</p>

Impact	Comments	Significance	Mitigation measure
	<p>issues. Indeed the proposed access is a significant improvement over the existing access off the highway.</p> <p>The road will encroach on the grazed and cleared area of the environmental zone in the north. Significant offsets are proposed as part of the development</p> <p>Access to business, community and educational services would not be impacted by construction or operations.</p> <p>The proposal does not negatively impact on long term planning for road and rail linkages in the locality.</p> <p>The project does not appreciably impact on the traffic volumes and service level of the adjacent main roads.</p>		
ECONOMIC	<p>The project supports coal logistics across the Hunter region and increases the coal export capacity of the port.</p> <p>The proposal increases the efficiency of the coal supply chain, providing economic benefits for stakeholders in the Hunter Valley coal industry, coal producers, and employees of the wider coal chain.</p> <p>The project provides for increased regional competition, ensuring competitiveness in the pricing cycle.</p> <p>The project will contribute</p>	HIGH	Wherever possible, utilise local and regional businesses and materials during construction and operation.

Impact	Comments	Significance	Mitigation measure
	<p>\$8.9m pa to the NSW economy.</p> <p>The project frees up land on Kooragang island enabling it to be developed for more productive and port related uses.</p>		
EMPLOYMENT	<p>Development is located near a deep pool of skilled and semi-skilled workers; the site is easily accessible to the growing population centres of Newcastle and Maitland.</p> <p>There will be a creation of short term and long term positions, direct employment for 30 staff and indirect employment, and local and regional job opportunities during operations.</p> <p>The construction multiplier is estimated at 2,986 EFT jobs.</p> <p>Development will aid the capture and retention of both servicing and provisioning, and other associated industry skills within the region.</p> <p>The project will underpin the growth of QR National's operations in the region and the long term sustainability of growth in related employment.</p> <p>The project will contribute to the overall efficiency of the region's coal export industry providing greater economic and employment security.</p>	HIGH	<p>Promote the employment of local and regional persons where possible.</p> <p>Provide traineeships and apprenticeships for local people in order to address the identified skills shortage.</p>
AMENITY AND CHARACTER	<p>The development has potential to adversely impact on the amenity of adjoining neighbours.</p>	MEDIUM	<p>To avoid negative impacts on near neighbours all acoustic and air quality guidelines and standards should be</p>

Impact	Comments	Significance	Mitigation measure
	<p>Development fits with the industrial character of the Hexham area; adjoins highway and public rail network, and is opposite an industrial subdivision.</p>		<p>met during construction and operation.</p> <p>Ongoing consultation is suggested to ensure issues are being addressed as they arise.</p>
TOURISM/ RECREATION	<p>Potential for improved access to swamp for bird watching purposes. Also access to the bike track leading across the swamp.</p> <p>The area is not known for its tourism employment or facilities, however there will be those who appreciate the train and rail related infrastructure.</p>	LOW	Nil
TRAFFIC AND TRANSPORT	<p>The project is strategically located in proximity to key rail and road transport infrastructure linkages.</p> <p>The proposed access road onsite has been designed to minimise impact.</p> <p>There will be increased traffic during construction with the delivery of material, plant and site staff resulting in higher traffic volumes than during operations.</p> <p>Public transport by rail should not be impacted by construction or operations.</p>	MEDIUM	<p>Keep near neighbours and key environmental groups informed of decisions regarding access arrangements to TSF site.</p> <p>Construction traffic is direct and short term and should be managed in consultation with neighbours and ARTC.</p>
INDIGENOUS HERITAGE AND ISSUES	<p>The proposed development has potential to impact on Aboriginal Archaeology although the model suggests that the site is not typical for finding Aboriginal items.</p>	LOW	<p>See separate recommendations.</p> <p>The proposed development should comply with relevant statutory requirements including management plans, approvals and</p>

Impact	Comments	Significance	Mitigation measure
			consultation.
PUBLIC SAFETY	<p>The development of the combined site will require significant machinery on site, earth works, relocation and expansion of utilities and potentially hazardous work environments.</p> <p>It is anticipated that the development will pose no direct safety risk to the general public.</p> <p>The provision of a specific site for train servicing and provisioning will maintain safety and performance of the QR National haulage operations.</p>	LOW	<p>Develop an Emergency Response Plan.</p> <p>Security design and protocols should ensure the general public do not access the TSF site.</p> <p>All safety requirements under WHS guidelines should be employed during design, construction and operational phases.</p>
HEALTH	It is anticipated that the development will have no identifiable direct impacts on human health.	LOW	Nil
ENVIRONMENT	The proposed development has the potential to impact on the environment and in part the track and road access ways traverse environmental lands.	HIGH	<p>The proposed development should employ best practice environmental controls for construction and operations. Significant environmental offsets proposed should be implemented to mitigate unavoidable encroachment on to environmentally sensitive lands.</p> <p>Develop a working relationship with key environmental stakeholders.</p> <p>Ensure regular monitoring and reporting as required to manage the site for minimal impacts.</p>

Impact	Comments	Significance	Mitigation measure
			<p>Maintain ongoing dialogue with ARTC to manage cumulative impacts.</p>
<p>REGIONAL SIGNIFIGANCE</p>	<p>This development will open up and increase competition within the Hunter Coal haulage market underpinning the region's most significant industry.</p> <p>This site is more suitable than other regional industrial lands due to its access to both road and rail transport modes and the small surrounding residential community.</p> <p>Increased efficiency of the regional coal chain will lead to increased coal volumes and increased employment opportunities.</p> <p>The site is strategically located in proximity to Hexham industrial area, Tomago Industrial area, Newcastle airport and the Port of Newcastle.</p> <p>The site is suitably located for regional coal train transport logistics.</p> <p>Recognized as part of the wider regional plan to improve the Hunter Valley Coal Chain.</p> <p>The development of the site is consistent with the Lower Hunter Regional Strategy.</p>	<p>HIGH</p>	<p>Nil</p>
<p>GROUPS WITH PARTICULAR NEEDS</p>	<p>There do not appear to be any specific special interest groups associated with the development outside the identified stakeholders.</p>	<p>NIL</p>	<p>Nil.</p>

Impact	Comments	Significance	Mitigation measure
NEIGHBOURS AND LOCAL COMMUNITY	<p>There is potential to adversely impact adjoining neighbours' amenity if identified risks and impacts are not mitigated.</p> <p>As the project will not alter the social economic character of the area it is not envisaged that there will be any impact on social cohesion or relationships.</p> <p>There are very few homes in proximity to the proposed development and no significant residential area. This allows easy two way communication.</p>	MEDIUM	<p>Develop a 'Near Neighbour Consultation Strategy' for ongoing proactive engagement and communication with surrounding and adjoining residents.</p> <p>Use existing social structures and venues such as Hexham Bowling Club to disseminate information and receive input..</p>
HOUSING	<p>Increased demand for accommodation during construction may be experienced across the wider sub regional market.</p> <p>The demand for an increased supply of short and long term housing for "project" workers is recognised as an issue of the wider Hunter housing market</p>	LOW	<p>Related planning and housing agencies and organisations should be provided with early and adequate information regarding the employment and housing demands of the project to best manage supply issues.</p>
HERITAGE AND CULTURE	<p>Some items of heritage value have been identified</p>	LOW	<p>The Heritage Impact Assessment proposed appropriate strategies and recommendation to address heritage</p>

There will be two levels of impact: firstly, impacts on the neighbouring and adjoining communities and environment; and secondly impacts on the much wider regional community and economy. As is typical, the negative effects are mostly associated with the near neighbour community and the significant positive benefits will flow to the wider regional and state communities.

Potential positive socio-economic impacts include:

- Employment generation associated with the construction and subsequent operation of the Train Support Facility;

- Increased efficiency and cost competitiveness in the coal haulage network;
- Enhanced capacity of the coal rail network;
- Increased ability to deliver growth in coal volumes to the Port and subsequent increases in exports;
- Increased capacity of the rail system without increasing the number of tracks through large built up residential communities;
- Development of employment opportunities that build on the region's core competencies and workforce skills and training facilities;
- Freeing up of land within proximity of The Port itself for high value port related activities;
- Multiplier effects associated with increased employment and regional spending; and
- Implementation of strategic planning frameworks which underpin other community and economic objectives for the region.

Potential negative socio-economic impacts include:

- An adverse impact on lands of environmental importance both on site and in the adjacent Hexham Swamp; and
- Deterioration of the living amenity of near neighbours including visual, traffic and acoustic impacts principally during construction.

It is our view that the potential positive socio-economic impacts outweigh any potential negative impacts on near neighbours. Further that these potential negative impacts can to a significant extent be mitigated with good design, preparation and planning.

To the extent that environmental issues (which are the subject of separate independent reports) also have a socio-economic impact, it is also our view that while on-site environmental impacts require the employment of further mitigation and offset strategies, any potential adverse impacts can be mitigated and managed via approvals conditioning.

This development will represent a strong net socio-economic benefit for the local, regional and national communities.

It is, however, important to appropriately acknowledge and make the distinction between local impacts and wider impacts. It is this conflict which most often lies at the centre of concerns over such projects. We believe that while potential negative impacts are generally of lower importance or degree, there is a responsibility on QR National to ensure good communications, planning and monitoring to mitigate the local impacts as much as is possible.

7.2 RECOMMENDATIONS

Following are a set of recommendations which has been developed using the impacts assessment table in section 7.1 to enhance positive impacts and mitigate negative impacts of the proposed development.

1. Adopt recommendations from other expert consultant's reports to enhance amenity and site accessibility, and minimise environmental impacts.
2. Develop a 'Near Neighbour Consultation Strategy' for ongoing proactive engagement and communication with surrounding and adjoining residents. Within this strategy, develop and implement policies which aim to increase project knowledge and develop community-staff relations.
3. Conduct an Open Day during the public exhibition period to show and explain the project to interested community members and have technical staff in attendance to answer questions and provide explanations.
4. Use existing social structures and venues such as Hexham Bowling Club to disseminate information and receive input.
5. Establish an email address for business and community stakeholders to forward questions and make comment during the exhibition of the project proposal.
6. Employ ongoing monitoring procedures, including air quality, acoustic and environmental. Incorporate acoustic, pollution and visual mitigation strategies wherever necessary and/or possible throughout the construction and operation phases. Provide open reporting to the community via newsletters.
7. Provide local residents, near neighbours and key community stakeholder groups with an information package at the open day on request via email. This could include a finalised site plan, flood management plan, traffic and on-site route overview, timeline for staged development as well as an artist's impression of the proposed development. This will assist in mitigating community concerns and answer key questions that have been publicly raised.
8. Wherever possible utilise regional businesses, resources and materials for construction and operations.
9. Where possible promote the employment of local and regional workers to retain and develop the local skills-base.
10. Security, design and protocols should ensure the general public do not access the TSF site.
11. All safety requirements under WHS guidelines should be employed during design, construction and operational phases.
12. Keep near neighbours informed of decisions regarding access arrangements to the development site, any transport arrangements during construction or any one off events that might impact on them.

13. Maintain open and direct communications with ARTC and the HVCCC to ensure that potential benefits of the project are maximised and negative impacts minimised; and that as much as possible synergies between the two projects are realised to the widest benefit.
14. Ensure clear and appropriate information is provided to key stakeholders regarding regional transport planning.
15. Related planning and housing agencies and organisations should be provided with early and adequate information regarding the employment and housing demands of the project to best manage supply issues.

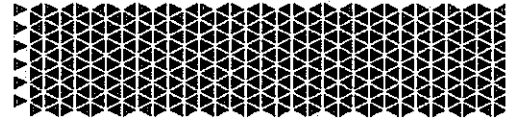
Appendix A

Letter From The Hunter Valley Coal Chain Co-ordinator



Selwyn Street (PO Box 101)
Carrington NSW 2294

P: 02 4910 3500
F: 02 4910 3558



▶ 16 November 2011

Ms Rebecca Newman
Senior Planner
Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

Dear Ms Newman

Proposed QR National Train Support Facility – Hexham

I write in support of QR National's application for development approval for its Train Support Facility at Hexham, NSW.

Background

The Hunter Valley Coal Chain Coordinator Limited ('HVCCC') is a company limited by the guarantee of its Members, who are the coal producers and service providers operating in the Hunter Valley. QR National, the second largest coal haulage rail operator in the Hunter Valley, is an HVCCC Member.

The objects of HVCCC are to plan and coordinate the Hunter Valley coal chain in order to maximise the volume of coal transported through the coal chain, at minimum total logistics cost and in accordance with the agreed collective needs and contractual obligations of its Members.

In carrying out its objects, HVCCC undertakes long term capacity modelling of the coal chain and provides advice to its Members on the infrastructure and operational improvements that are required to meet the 'System Assumptions' throughput target for the coal chain each year. The System Assumptions target reflects the demand for Hunter Valley coal as contracted by coal producers with the Port of Newcastle coal terminals.

Given the nature and interdependencies of the Coal Chain, it is critical to the achievement of the throughput targets that each coal chain service provider and producer delivers their improvements as identified in the System Assumptions.

Supporting continued Coal Chain export growth

In 2010 coal exports from the Port of Newcastle totalled some 103 million tonnes ('Mt'), worth in excess of \$10 billion in export revenue. In 2015 coal chain contracts total 208Mt and by 2020 coal chain capacity has the potential to reach 300Mt.

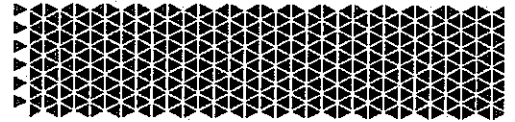
Between 2006 and 2011 industry will have invested approximately \$3.1bn in coal chain infrastructure to meet demand and is forecast to invest a further \$4.5bn from 2012 to 2014.

HVCCC's System Assumptions identify the need for QR National to deliver the train support facility at Hexham as part of the suite of infrastructure projects and operational initiatives required to ensure that the coal chain can meet this demand.



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▶ As the demand grows, it is increasingly important to optimise the efficiency of the Hunter Valley coal supply chain from mine to port, from which all Hunter Valley coal industry participants benefit.

QR National's Hexham facility is a critical element of the coal chain's solution to inefficiency caused by coal terminal congestion, to which the Hunter Valley rail haulage operators' current train fuelling, provisioning and maintenance practices on Kooragang Island contribute significantly.

Collectively these activities can be expected to cause a loss of coal chain capacity in excess of 30Mtpa by 2013, if left unaddressed. The timely delivery of the Hexham facility, which will allow a substantial proportion of these activities to be removed from Kooragang Island, is therefore critical.

Terminal congestion has an upstream impact that is experienced throughout the supply chain by all participants. In essence, it impacts the free movement of train traffic throughout the Hunter Valley rail network. This causes extensive delays in coal movements through the supply chain and contributes to the queue of coal vessels that wait off shore for their turn to load, resulting in significant demurrage costs for coal producers.

The cost of inefficient use of the capital represented by supply chain infrastructure, in addition to the direct costs of supply chain inefficiency such as throughput loss and demurrage fees, can potentially act as disincentives to the infrastructure investment that will be required across the supply chain to meet the continued and growing demand for Hunter Valley coal.

For these reasons HVCCC supports the timely delivery of QR National's train support facility at Hexham. Should you require further information regarding the imperatives for this facility and the impacts on the coal chain should it not be delivered, please do not hesitate to contact me on ph.(02) 4910 3500.

Yours sincerely

Jonathan Vandervoort
Chief Executive Officer

Appendix B

Key Insights 2008 – Report On Consultation

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*Hexham Redevelopment Project-
Train Support Facility:
SEIA Addendum- Community Consultation*

QRNational Pty Ltd

Prepared By
Key Insights Pty Ltd

21st July, 2008

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EXECUTIVE SUMMARY

This addendum report presents and analyses responses received from community stakeholders; residents and businesses, collected as part of the community consultation process that was concluded after the Social Impact Assessment report was completed. This addendum should be read in conjunction with the Social Impact Assessment prepared by Key Insights Pty Ltd.

As part of QRNational's ongoing community engagement strategy local businesses and residents of the surrounding Hexham area were consulted about the proposed Hexham Redevelopment Project (MP 07_0171), Maitland Road (Pacific Highway) Hexham. Consultation was conducted over a two month period, including a letter-box drop and public presentation.

An information letter and project site plan were delivered to 121 local residents and business owners, inviting them to provide feedback and responses about the proposed development via phone, email, letter and/or fax. A total of nine responses were received; 5 objections, 4 neutral responses (including those submissions that raised questions or made comments for planning consideration), and 1 submission of support (See Appendix 1 for copies of submissions received)¹.

QRNational delivered a presentation to Beresfield/Tarro/Hexham Community Forum members at their monthly meeting on Wednesday 25th June, 2008 at Tarro Community Hall (Northern Avenue, Tarro). The meeting and QRNational's attendance was widely promoted by the Forum through letterbox drop and word of mouth. A total of 34 residents attended the information session, including a Newcastle City Council representative, and Newcastle Lord Mayor John Tate who also addressed the meeting about the proposed development and the planning processes involved with this application (See Appendix 2 for detailed notes of the session)².

Responses captured from residents during both community consultation opportunities centred upon the key issues of hydrological considerations, economic benefits, near neighbours' amenity, environmental implications, site access and planning procedures and processes.

¹ Please note that all personal details have been withheld to ensure confidentiality and anonymity of those persons who made submissions.

² Please note that Beresfield Community Forum was invited to make comment on the notes displayed in Appendix 2 of this report. No comment or response has been received to date.

INTRODUCTION

Opinions and responses of local and regional community stakeholders towards the proposed QRNational development were captured via feedback received during the consultation process; which included a 121 letter-box drop to Hexham residents and businesses and a public presentation to the Beresfield Community Forum monthly meeting, held on Wednesday June 25th, 2008.

The consultation process focussed primarily on the local surrounding Hexham Community including residential and business premises, as it is anticipated that these people will be impacted upon most directly by the project. The results and findings from the consultation process are presented in the following sections.

ANALYSIS

LETTER-BOX DROP COMMUNITY FEEDBACK

Various opinions, comments and concerns, including those that opposed and supported the proposed development were captured from the 9 public comments and submissions received. Key issues raised included:

- **Hydrology**
 - Site drainage and run-off
 - History of flooding
 - Consideration of tidal factors
- **Near Neighbours**
 - Noise and vibration (during site construction and operation, vehicular traffic on access roads, shunting of passing trains, vibrations causing property damage)
 - Visual, landscape and lifestyle impacts
 - Land values
 - Residents' health
- **Site Access**
 - Location of access points, roads and routes
 - Traffic implications
- **Economics**
 - Provision of employment
 - Potential to create linkages with existing businesses
- **Environmental Considerations**
 - Habitat and wildlife impacts
 - Migratory species
 - Pollution
 - Buffer zones
 - Hexham Swamp and wetlands
- **Other**

- Consultation and inclusion of Newcastle City Council in the decision-making process
- Suggestion of making Hexham a light industrial zone

BERESFIELD COMMUNITY FORUM COMMUNITY FEEDBACK

Opinions captured at the Beresfield Community Forum Information Session were similar to those of Hexham residents and businesses, received in submissions resulting from the above mentioned letter-box drop. Key issues that emerged during the community forum information session are:

- **QRNational Pty Ltd**
 - Utilisation of rail and engine technology
 - Operational processes
 - Site plans/details
- **Public policy**
 - Including competition policy - why not have one government provider?
- **Impacts on residents**
 - Emissions/Pollution
 - Noise
 - Vibration
 - Cumulative impacts.
- **Site flooding**
 - Site drainage and run-off
 - History of flooding
- **Planning and Approval Process**
 - Involvement of Newcastle City Council / appropriate land zonings
 - Involvement of various State Government Departments, particularly DECC.
- **Potential environmental impacts**
 - Environmental Protection Zone
 - Hexham Wetlands/Swamp
 - Impacts on biodiversity, wildlife and fish stocks
- **Community engagement**
 - Future opportunities for consultation and communication with community
- **Knowledge**
 - Importance of local knowledge over external "expert knowledge"

RECOMMENDATIONS

The following is a list of recommendations informed by community feedback received during the consultation process which aim to enhance the positive aspects of the development, and minimised/mitigate any potential negative implications upon local and regional residents that have been identified by residents;

- Develop a 'Near Neighbour Consultation Strategy' for ongoing proactive engagement and communication with surrounding and adjoining residents. Within this strategy, develop and implement policies which increase project knowledge and develop relations between QR staff and the community.
- Provide the community (organisations, businesses and residents), with a visual representation of the proposed development, such as an artistic impression of the site. This allows people to 'see' the size and scale of the proposed development.
- Employ and report on ongoing monitoring procedures, including air quality, acoustic and environmental. Incorporate acoustic, pollution and visual mitigation strategies wherever necessary and/or possible throughout the construction and operational phases, in line with conditions of consent.
- Provide local residents, near neighbours and key community groups with an information package. This could include a finalised site plan, flood management plan, traffic and on-site route overview, timeline for stages 2 and 3, and an artist's impression of the proposed development. This will assist in mitigating community concerns and answer key questions that have been publicly raised.
- Keep near neighbours and key environmental groups informed of decisions regarding access arrangements to TSF (Train Servicing Facility) site.

APPENDIX 1

Following is feedback received from Community stakeholders (Local residents and businesses), via phone calls, letters and emails.

Feedback received via phone call on 12/05/08

Resident commented the following:

- The rail line has been built up and the drains filled in. Wanted to ensure that drainage issues and tidal factors were being addressed (I.e. king tides and flash floods).
 - Water runs under the road and also from the highway onto streets on the western side.
 - Used to work on the coal washing site and owns 2 houses in Hexham.
 - If these factors are picked up and addressed then there won't be any trouble or problems.
 - Discussed the 1955 flood and the implications it had for the site/community.
-

Feedback received via phone call on 12/05/08

Resident commented the following:

- Wanted clarification as to where the actual main servicing facility will be located and where the main access route will be.
-

Feedback received via email on 16/05/08

Resident commented the following:

I wish to object to the QR TSF development at the former Hexham coal washery for the following reasons:

- Destroy my lifestyle - rural outlooks.
 - Cause increased flooding of my property.
 - Cause noise disturbance by shunting and also with increased traffic into & out of site.
 - Make access more difficult with proposed dicky roundabouts on Tarro interchange.
 - Causing stress and blood pressure to me, as QR has train tracks drawn on my property.
 - Loss of habitat for birds and wildlife.
 - Make it impossible for me to horse ride in the area.
-

Feedback received via email on 19/05/08

Resident commented the following:

- I am not one for it, as for Hexham this is a flood zone. I have some questions for you;
 1. What will happen to the wild life?
 2. What will happen to our view that we love so much ones it is gone its gone forever? We do not want to look at black coal.
 3. What will happen when the wind blows? Your clothes on the line are black, our cars are black,

4. What happens to the valuation on our land?
 5. What impact will it be on our waterways?
 6. Where will the run off go?
 7. How much noise will there be with the trains? Because the trains are very quiet, the only time we hear them is when they have a flat tire as we call it.
 8. How much more pollution can Hexham take? No more because it all ends up in our waterways.
 9. What will happen to the health of Hexham residents with this if it goes ahead?
- We are a commercial fishing family and we have seen what mine water runoff dose to the environment. It is devastating.

Please note that QR National responded to this resident on 22/05/08 to address the questions raised.

Feedback received via email on 19/05/08

Resident commented the following:

- The residential area adjoining the rail corridor, just south of proposed QR terminal, already suffers from severe noise disturbance and ground shakes. These problems will be greatly exacerbated by any increase in rail traffic and shunting movements involved in such a project and its ongoing operation.
 - As such I believe a sound proof fence is required between said residential area and the rail corridor to alleviate noise problems created by additional rail traffic, shunting movements and associated noise. Tracks adjoining this area would also require upgrading to eliminate ground shaking for local residents.
 - Living adjacent to rail lines brings inherent problems, however this does not mean we can accept our homes becoming unliveable due to commercial interests.
-

Feedback received via email on 21/05/08

Business commented the following:

- It sounds like a very positive project. With us, being in the Truck Sales & Repair business would love to see this project progress quickly.
-

Feedback received via phone call on 22/05/08

Resident commented the following:

- Aggrieved with the proposed development as resident's own application to build a shed (on a nearby property), was rejected by council due to possible impacts on migratory birds, however this large scale development is being proposed for the site. It is huge compared to own shed proposal.
- Needs to address the damage nearby properties are already experiencing by trains passing, such as cracked tiles and noise. Is concerned that this will worsen and that properties will be increasingly affected if the proposal is approved.
- The site has had drainage problems in the past. The drains will need to be dug out properly and drainage management issues rectified before any development happens.
- 'Hexham is the gateway to Newcastle, but it is becoming the asshole because industry always just bulldozes through the place and the community never gets a say'. It has already happened before with another industry in the area that 'just bulldozed through'.

- Believes that if the development occurs, Hexham should be transformed into a light industrial area, at least then the values of local residential properties might increase.
 - Is concerned about the impacts on the wetlands and states that they need to ensure they have adequate buffer zones and tree planting around the site.
-

Feedback received via letter on 24/05/08

Resident commented the following:

- I object to the above development proposal as it is an inappropriate site and not large enough for what you require, resulting in encroachment into large areas of conservation wetlands and impacting on Hexham Swamps.

This proposal makes an absolute mockery of our environmental protection laws or policies, being in contradiction to local, State and Federal Government, environmental protection policies that have been in place for many years to protect this area.

It also makes a mockery out of the NSW Governments, recently releases 2006, Lower Hunter Regional Strategy, an extensive broad study of the Lower Hunter that set aside areas that were for industry and areas that were for conservation, with most of your purchased lands not for industrial development.

Feedback received via phone call on 26/05/08

Resident commented the following:

- The ARTC removed a level crossing across the Great Northern Line which was his/her legal means of access. This has forced the resident to use an access road to the north via their rail corridor. This is a very poorly maintained gravel track and means that instead of a short journey across the rail to their letter box, he/she now has a 9km trip. The resident also claims it to be dangerous on account of the closeness and speed of passing trains.
- QRNational have indicated to the resident and the ARTC that they would be prepared to construct a separate access road outside the boundary fence of the TSF, to the west side from QR's entrance to its facility to the resident's boundary. However, the resident is not interested in separate access to the north as it is no better than what he/she currently has on account of the trip distance to the letterbox.
- Friends that make the journey from town by rail (alighting at Hexham Rail Station), cannot cross the rail lines at the former crossing, and have to walk the 9km distance over rough ground to get to the resident's front gate. They are neither interested nor capable of making this walk.
- The resident would be happy if the ARTC upgraded their access track to the south (to the Shamrock St Crossing), however the ARTC are keen to close this level crossing also and are therefore not interested in this proposal.
- Concern was raised about the potential for flooding and excess runoff to be generated from the development.
- The resident was not explicitly opposed to QRNational's proposed development, but was more concerned about maintaining legal access to his/her land.

Please note that QR National responded directly to this resident on 26/05/08 to address the questions and concerns raised.

Feedback received via phone call on 30/06/08

Resident commented the following, following their attendance at the Beresfield Community Forum Meeting:

- Applauds the environmental point of view.
- More in favour of one-off payments to local 'hands-on' organisations such as "Trees in Newcastle".
- Has spoken to the Mayor (who has suggested he get the support of local residents), about rezoning the residential strip along the main road as 'light commercial', so that businesses can move into the area benefiting the local community.
- QRNational proposal might be considered more favourably if QRNational made the commitment to employ local staff, if the local expertise was available.
- Wants QRNational to get more proactive with Council about doing activities that promote and support Hexham (E.g. Tree plantings near the flyover etc).

APPENDIX 2

Community Information Session

Wednesday 25 June 2008

QR National's Proposed Hexham Redevelopment; Train Support Facility and Concept Plan.

Beresfield/Tarro/Hexham Community Forum, Tarro Community Hall

OVERVIEW

An invitation was extended to QRNational by Mr Doug Gibson (President), to attend and present at the Beresfield Community Forum meeting. This invitation was a result of a preliminary briefing by QR National to some members of the Forum Executive on May 8th 2008.

QRNational presented to Forum members attending the Beresfield/Tarro/Hexham Community Forum monthly meeting, held on Wednesday 25th June, 2008 at Tarro Community Hall (Northern Avenue, Tarro). The meeting and QRNational's attendance was widely promoted by the Forum through letterbox drop and word of mouth.

The presentation and question and answer time commenced at 7:00pm and concluded at 9:00pm. QRNational were represented John Woolley (General Manager Property), Philip Drew (Project Manager) and Nicholas Montague (Senior Planner). The meeting was facilitated by Ellen Davis-Meehan and notes were recorded by Nicole Wergeltoft (Key Insights Pty Ltd). A total of 34 residents attended the information session, including an officer of Newcastle City Council. Newcastle Lord Mayor John Tate was also present and addressed the meeting about the planning processes involved with this application.

The session opened with a presentation by QRNational, outlining their proposed development, after which the floor was opened to attendees for a 'Question and Answer' session.

SUMMARY OF KEY ISSUES

The key issues that emerged during the session were:

- QRNational; utilisation of rail and engine technology, operational processes, site plans and details.
- Public policy including competition policy
- Impacts on residents; emissions, noise, vibration, including cumulative impacts.
- Site flooding
- The planning and approval process; involvement of Newcastle City Council and various State Government Departments.
- Potential environmental impacts; wildlife, EPZ, wetlands/swamp and impacts on fish stocks.
- Further community engagement, consultation and communication.
- The importance of local knowledge over external "expert knowledge."

QR NATIONAL PRESENTATION

The representative from QRNational spoke to the meeting about the following issues:

- QRNational company overview
- Project description
- Site plans and details
- The planning and approval process
- Consultation findings
- The process from this point

Questions/Comments and Answers

Following is a summary of issues raised by community members during the 'question and answer' session. Answers were provided by John Woolley, Philip Drew and Nicholas Montague (unless otherwise stated).

1. Q- Why do you have to use this land for this project? It seems to be a duplication of a service that Pacific National already provides?

A- There is increasing pressure in the Hunter coal industry, which will increase tonnage from 80 million to 120 million. Constraints currently exist at Kooragang and as the productivity of coal increases by 50% so too will the number of trains to deliver and transport this coal. Currently QR National has a 17% market share and we think we can increase that share. We need better servicing facilities to meet this demand. The ACCC sets standards for competition and QR National, like Pacific National is in the market for this new business. There is simply an increase across the whole coal industry for production and consequently an increase in demand for infrastructure.

2. Q- Why can't Pacific National just handle this increase? And what's to say that other companies such as Victoria Rail won't move in and steal your contracts?

A- Government policy supports competition for contracts. Yes, we could lose our contracts, however there is an asset that needs to be utilised and a commercial decision will need to be made if we do lose our contracts. The ACCC also attempt to regulate duplication of similar infrastructure.

3. Q- So is the duplication of infrastructure a concern?

A- This concern lies with government policy and state corporations. This proposed facility is not a concern for duplication as commercial benefit exists and there will be increased competition in the marketplace.

4. Q- As a Woodlands Close resident we're treated like scum. I'm concerned about the development, the neglect and the extra train movements. What do we get from it? What about the flooding issues we experienced last June?

A- Flooding consultants have been contracted to advise and inform us about these issues and anything we need to consider about the site. The number of train movements remains the same from the coal mines to the Port and will not directly increase due to QRNational having our facility here. However, the number of train movements is relevant to and affected by coal production, which is anticipated to increase. Hence the number of train movements is relative and will increase also. But this all goes back to the ARTC and their planning for this capacity. Our trains will be serviced only after they have been

unloaded at the Port, on their way back when they are empty. This facility will service the trains only - it will be like a "service station".

5. Q- But isn't it a marshalling yard for trains?

A- No, it is a servicing facility; it is basically a service station for trains providing things such as sanding, refuelling and oiling.

6. Q- Doesn't it have a loop system and won't shunting occur? A map showed that there will be shunting on private property!

A- We are talking with owners about what we have shown in the past and we think we can resolve the issues raised. This is a flow-through facility with trains going in one end and going out the other. It only has a run-around line for locomotive maintenance. The wagon maintenance facility is where things such as the brakes will be checked and only minor maintenance will be undertaken. It will only be unladen trains using the facility. There will only be minor shunting on the site.

7. Q- During stages 2 and 3 will there be any stockpiling of coal? Coal dust in the old days was terrible, to the point where the food facilities I worked at had to be shut down.

A- Absolutely not, it is completely impractical for us. It is not efficient for the coal to be unloaded and reloaded here.. This is not how we could make any money from the operation.

8. Comment- The coal industry will just be increasing, residents are between the rail line/development and main road which can't handle traffic. Inadequate drainage already exists and the rail and road are just getting higher. Significant drainage has to occur. We suffer choking smoke, noise and vibration, which causes cracked tiles. We're just getting more infrastructure, increased coal and increased problems. Would QRNational be willing to work with Hexham residents as the suburb is almost going to become an industrial site. Perhaps we need the zoning changed and some form of compensation. Being a state significant site the project will just get pushed through!

Response- The issue of growth surrounding the coal industry is beyond this project. QR National is willing to have ongoing conversations with residents and consider ways we could appropriately assist. (John Woolley). I have been involved with state significant projects before that have been rejected (Ellen Davis-Meehan).

9. Comment- The trains are getting faster and heavier and they are just getting worse. My property value has decreased since purchasing it.

Response- The issue of increased tonnages, trains and vibration is occurring in all areas. All I can say is that QRNational has improved the speed of their locomotives from 60km to 80km.

10. Q- Would QRNational be happy to work with the local residents?

A- We don't know if we can have solutions to all your concerns. However we can get your comments on the table, feed them back to our consultants and consider them in the planning process. Some issues relate to government policy, some to local planning and some to the predicted growth in the coal industry and the growth in the Hunter generally.

11. Comment- Hexham is becoming the lower suburb of Newcastle- it's disgraceful! Just turn it into an industrial zoned area and then that way we can get some compensation and increased house values at least.

Response- This is a long term issue, but we will address what is within our capacity and realm of responsibility. We would be interested in creating ongoing partnerships.

12. Q- Where is the fuel coming from, via rail or road and how will the fuel be stored?

A- Fuel will be delivered by road transport, some form of truck or tanker. The storage will be the same as current arrangement at Kooragang (indicated the fuel storage points on a slide). Trains will utilise diesel fuel only and there will be a small amount of unleaded fuel stored on site for the purpose of small vehicles. Our current usage is 40, 000 Litres/day, with delivery required every couple of days. Best practice technology is used including bunding and double-skinned storage tanks). 100,000 litres will be stored on-site.

13. Q- Hexham used to be swamp, including the areas which are now the old and new highway. Now it is all just industry. Drains were built under the roads for the swamp so that tides weren't affected and conservation could be maintained. Even had reeds and swamps through the old washing plant. Fresh flood water and tides weren't affected. The swamp was maintained ok and the roads didn't flood. Hexham was not a flood area and the little drains used to work. Now they don't and floods now occur since they built up the railway line. The drains were filled in! Also we get the noise from trains and the traffic is shocking. The trains speed up and then all of Hexham shakes because of the deep clay layer underground that Hexham sits on. I believe additional flooding will occur. Anyhow, with all of the tailing ponds on-site, how will the coal be reclaimed without generating and stirring up dust?

A-Dust suppression would be an issue. The tailings have not been reclaimed yet and would require another planning approval for this. The back portion of the site holds the coal tailings, not the front portion.

14. Q-What noise levels and smoke emissions are expected? Will you have cleaner engines because we want the emissions and green factor addressed?

A- The diesels we have are the latest technology and we have not gone with the cheapest option for our wagons. Our rolling stock fleet has also won environmental awards because of their technology. We have improved our technology; we used to shift 81 wagons with 5 locomotives, we now only use 3 locomotives (QLD example). We will also have noise and air consultants to conduct measurements, make recommendations and feed it back into the planning process with what we need to do.

15. Q- But all the time they are standing there they will be idling?

A- Yes they will be.

16. Q- I have worked on the coal line and have seen firsthand companies taking short cuts and dumping toxic soil. What ensures you won't do the same?

A- The EPA will stringently monitor QRNational's operations. We have many standards placed upon us and we are planning to meet those standards which currently exist in our Queensland operations, in the Hunter region. These standards are expected to even be bettered than those in Queensland as we have better technology for our Hunter operations.

17. Comment- Well please share this technology with Pacific National due to the amount of smoke emissions we have to deal with in Hexham.

18. Q- I am concerned that the operation will occur 24 hours a day, 7 hours a week with continuous starting and stopping. The development will affect wildlife, migratory and native birds, EPZ land, frogs and the baby swans. Even the fumes will affect them. I currently live in peace and in 2 years we will be 200 metres from the facility. During the June floods we had a place to put our cattle on the old Coal and Allied land. And the maps submitted by QRNational to state planning didn't even have our property on them. The wetlands are precious so why put an industrial estate there also?

A- The site is zoned predominantly Port and Industry. We require some EPZ land but certainly not all of it. The potential redevelopment of an industrial area will not be done by QRNational. It is not part of QRNational's operations and will be done by someone else after another planning process, application and approval has been submitted.

19. Q- What about the site access off Tarro interchange? And what about shunting- you say it won't happen but you have a shunting track. The fill into the tracks will also be the height of existing railway tracks. And at the last meeting it was supposed to be about consultation, but we were just spoken at, told what was happening and it's all too bad for us.

A- Since our previous meeting up to 20 questions have been raised and responded to directly with yourself and your neighbour. The shunting track is available on site but will only be used if there is a problem with a wagon and the train needs to be split for the wagon to be removed. Land was purchased from Wallins without an arrangement between the land holder and their neighbour being disclosed, however I am sure that QRNational can work comfortably with you to sort out this issue. Regarding flooding and environmental implications we have a team of expert consultants who understand the implications of the project and will advise what remedial works and actions we will require for the development. They will advise how we will mitigate concerns, such as planting, distancing and buffers. Decisions on the development will not be made until our expert consultants have reported on their area. All of your questions and comments tonight will be fed back into the planning process and passed onto our consultants. The interchange is controlled through the RTA, they only give us x amount of options and we have to go with whatever the preferred option is, not necessarily whatever the cheapest option is.

20. Q- I spent \$650 on a DA for a shed which was rejected by Council due to migratory birds not being able to breed. I changed the DA to a house instead, but now have to pay the railway \$850 to see if it can be built. How can QRNational be allowed to build such a large development when I can't even build a shed?

A- Personally I am going through the same battles with Council myself; I don't know what the answer is to that. However QRNational is entering into a huge risk with this costing millions of dollars for the consultants and DA.

21. Comment: My \$650 is just as important to me as your millions. Can you understand that we see this as unfair and don't have the capacity to approach authorities in the way that you do?

A: Yes sir, I fully appreciate what you are saying and the value of your investment in trying to do something on your property.

22. Q- Is the railway long enough?

A- The railway is 3km long. The current trains are 1280metres in length and the tracks are designed for both these and future trains which will be 1580metres long.

23. Q- Experts don't know the location and I wouldn't even believe any of them if they told me something because they don't know this area or its history. If you don't live here, you don't know what it's like. These consultants don't have a personal history here. Sartor, who is supposedly assessing this project hasn't visited, doesn't know this area and will just make his decision on what these consultants tell him and what he reads from behind a desk. It's garbage about your experts.

A- No we don't live here and don't know the area at all like you do. We have to rely on your comments and advice which will be put into context with our experts. This shows the value of consultation. You have opportunity to make comment on the report of the expert consultants during the exhibition phase. You can view these public documents. Logically we have to rely on expert consultants' advice;

we don't have any other option. Review the application during exhibition, but for the moment all we can do is try our best and give it our best shot. This is the first big community meeting, but we have also already met with various community groups, had interviews with key people and departments and have completed a letter-box drop to the Hexham residents and businesses.

24. Q- Why does it have to be built there? Have you considered other sites?

A- Eight sites throughout the Hunter have been previously looked at. We have looked at sites at Minimbah, Greta, Branxton, Thornton, Rutherford and Singleton. The Singleton site proved difficult as we were dealing with the Department of Defence. We require over 3 km of frontage and this site was due to an operational choice and it already has the Port and Industry zoning. It is QRNational's preferred location.

25. Q- I have done some research and the Department of Primary Industry places the value of Hexham Swamp as being \$9,500 per hectare per annum. Hexham swamp is invaluable to commercial fisherman and fisheries are a renewable resource. So what about an environmental tax and would QRNational be willing to pay \$2.5 million per year, as based on the DPI figure, this is what Hexham Swamp is worth?

A- No, it would be unviable for this operation to pay that amount.

26. Q- You will have discussions about the interchange but will take the cheapest option for access, not the best option.

A- QRNational has a social conscience and has a zero harm policy, not only for its workers, but as a key part of the decision making process. QRNational has already proven with previous sites and options that we don't take the cheapest option over the best (gave example of buying wagons from a Queensland company, rather than a Chinese company which was 60% cheaper, so that they could meet their safety standards. We will have to take whatever the RTA approves and go through a risk management cycle with the decision.

27. Q- I would like the Lord Mayor to respond to this. Is this only Sartor's decision? I have emailed the Minister's office and DECC with no-one responding or giving answers, and at Newcastle City Council (NCC), no-one seems to have heard anything about it. We also had 15 vehicles from the state government trespassing on our land the other week with no-one notifying us that they were coming. So who will make the decision and does NCC get a say?

A- Response from Lord Mayor John Tate- I don't know in short and cannot say if it will go to Council. If it did go to Council and was disapproved it would still then go to the Ministers department. The Minister would then "call it in". New planning legislation is being released, so at present we don't know what this means for State significant developments such as this. The State Department can still go to Council for their opinion on this, which they will most likely do for this application. This development would most likely be referred to State, even if it was lodged with NCC, predominantly because of DECC and the environmental considerations of this project. Regarding the wildlife and pollution, people need to contact DECC once the application has been received, because until then no-one knows the project details. I can facilitate that contact with DECC if you would like - they won't talk to you if you just ring them up.

QRNational will have to abide by all the normal standards and rules, and I'm sure they are well aware of this. I believe that QR National are a good corporate citizen. However, as a resident you have to understand the context of this development. The coal volume and export will increase by 50% from the Hunter valley and it will continue to do so for the next several decades. The federal and state governments see this as a priority at the end of the day. These coal related industries and

developments will continue to occur and the trains will get longer and more frequent. So the best thing you can do is be part of the best result..

I presume land ownership issues with adjoining residents have been or will be sorted. Regarding the trains idling, I presume DECC would want to know this and would want it to be mitigated. I have also looked at the houses on that island between the trains and road and it makes sense to re-zone. However people still live there and it is still their homes and houses. People shouldn't be forced to shift, but if the community as a whole wanted rezoning to occur you could bring it to council. Hexham could potentially be zoned light industrial so at least people's property values would increase. The zoning of port and industry of the proposed development site is relevant to the area and the LEP is zoned regionally, not as a single parcel of land.

Regarding EPZ lands, it will be a hell of a job using SEPP 14 wetlands [The Lord Mayor enquired how much SEPP 14 lands were being encroached on. (John Woolley responding with approximately 13ha and that DECC had been contacted, with their response currently being worked through. Acknowledged that QRNational will have to redesign and work through any response that is received objecting to its use)].

It is important that you all keep talking. One thing that may work is setting up a community liaison committee and I would be pleased to assist with this if you needed me to.

28. Q- Why have zoning if it can just be overridden and developed in a contrary manner anyway?

A- Response from Lord Mayor John Tate- Zoning is a statutory law and legal document. If you change an LEP through rezoning it still has to go through a public process and would require additional approval and planning processes.

29. Q- The whole point of the Lower Hunter Regional Strategy (LHRS) was to protect wetlands and environmental areas, and allocate development zones. But we just keep losing resources if you keep trading these environmental lands off.

A- Response from Lord Mayor John Tate- The LHRS is a planning strategy but not a legal document under law. All of it could be changed if a better idea came along. Government has to look at this and there could be cases for compensation if rezoning occurs. The community needs to keep talking and the community has a right to be concerned about their homes and where they live. I suggest that you keep talking. Keeping asking questions and that QRNational keeps giving answers. I suggest you consider putting together a mailing list and continue liaising with the community. Allow the community to contact the right QRNational staff to have their questions answered. Also consider creating a community reference group so that you create a dialogue to listen to the community and solve issues with them.

Also know that the RTA will develop access suitable to the site and that QRNational will do it to a standard.

From this development, something needs to be returned to the community. They say they're a good corporate citizen so we'll hold them to it.

Summary Comments: The QRNational team were appreciative of the way the meeting was conducted and duly noted the concerns expressed by community members. They expressed their hope that the engagement process can be ongoing and thanked participants for their attendance and input into the decision-making process.