

# Australia scales back controversial China-run mine site

July 12 2017

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Australia has bought back most of a contentious mining licence issued for a huge Chinese-run coal mine near prime agricultural land, officials said Wednesday, but farmers are still not happy.

Chinese company Shenhua was granted the original exploration licence

for the Aus\$1.0 billion (US\$770 million) Watermark mine near Gunnedah in New South Wales state in 2008 by a previous Labor [government](#).

But the decision was challenged by [local farmers](#) and environmental activists, who blasted it as harmful to a region known for its rich soil, water resources and ideal climate.

Large-scale [mining](#) in rural areas as well as foreign ownership of key agricultural and mineral assets are sensitive topics in Australia, with Canberra knocking back several sales in recent years citing national interest.

Under the new arrangement, the current NSW Liberal government has taken back 51.4 percent of the exploration licence for Aus\$262 million.

"This government has determined there should be no mining on the fertile black soils of the Liverpool Plains," NSW Resources Minister Don Harwin said.

"Any future mining activity will now be restricted to the ridge lands, with a commencement still subject to further management plans and the ongoing monitoring of strict conditions already in place."

The state government said the Shenhua Watermark Coal Project, with a mine life of 30 years, would still have to comply with strict environmental conditions.

Shenhua Australia's chairman Liu Xiang said in a statement that his firm would ensure the project "meets the highest environmental standards".

"The Watermark Coal Mine has been subject to unprecedented scrutiny which has demonstrated the project can be developed in an

environmentally sustainable manner," said Liu.

Shenhua has not set any deadlines for the mine's development and still has to obtain federal government approval for water, biodiversity and environment plans.

Local farmers who have been fighting against the mine development's said the licence buy-back did not go far enough.

"If (the NSW government) was serious about protecting farmland, it would have cancelled the coal licence outright and stopped this coal mine," Andrew Pursehouse, whose farmland is beside the proposed mine, said in a statement.

"Carving out areas that Shenhua weren't going to mine won't change a thing... The community is fully committed to fight this coal mine going ahead no matter what this government decides."

The state government last year also bought back another exploration licence in the Liverpool Plains issued to mining giant BHP in 2006, ending a decade-long battle with farmers.

The Liverpool Plains, some 350 kilometres (215 miles) north of Sydney, offers some of Australia's best grazing and cropping. It is known as one of Australia's "food bowls", but is also a rich [coal](#) basin.

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Citation: Australia scales back controversial China-run mine site (2017, July 12) retrieved 16 July 2024 from <https://phys.org/news/2017-07-australia-scales-controversial-china-run-site.html>

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