APPENDIX 2

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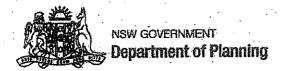
Our ref: P02/00187-5

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Mr Paul Tosi' General Manager Campbelltown City Council PO Box 57 CAMPBELLTOWN

5 May 2006

Dear Mr Tosi

Attention Geoff Lawrence

Subject:

MENANGLE PARK

I refer to Council's request for the Department to undertake the necessary investigations and consultations to enable a decision to be made about whether urban development or coal mining should be allowed to proceed at Menangle Park.

At the request of Cabinet, a Working Group was established in 2005 to investigate ways to resolve this conflict. The Working Group reached an agreed position which has now been agreed to by the Minister for Planning, Frank Sartor MP.

The agreed position is that

- 1. mining of coal resources beneath Menangle Park should be restricted to enable urban development to occur at the scale and form necessary to make that development viable. This is because of the importance of Menangle Park's contribution to land supply in the Sydney Metropolitan Region.
- 2. the design parameters for the Campbelltown Mine Subsidence District should be modified to allow development around the Narellan town centre at a scale appropriate for the area, and, in the future, the design parameters for other parts of the South Campbelltown Mine Subsidence District (such as around the Mt Annan and Ambervale centres) should be able to be varied if there is agreement between the Department of Primary Industries and Planning that the development is desirable, and mining can be limited to minimise subsidence in these specific areas.

This solution will enable higher density development in appropriate locations and permit mining first workings, and tunnels for access to other areas where this does not cause subsidence, and future extraction (second workings) where technologies can be used which will reduce subsidence to the levels set by the MSB.

3. the impact from the extraction of coal seam methane before, during and after urban development can be managed. The Department will closely monitor the location, drilling and installation of the reticulated gas gathering system across Menangle Park to minimise any potential impacts.

Sydney South West PO Box 404 Parrametta NSW 2124 Phone: 9895 7633 Fax: 9895 6270 Website: planning.new.gov.au 9

Sydney Gas has been requested to liaise with your council to ensure its proposals are compatible with urban development proposals for Menangle Park.

The Minister noted that the Metropolitan Strategy acknowledged the importance of the State's coal resources in the Southern Coalfield. This acknowledgement was a requirement for the Department of Primary Industries (DPI) and BHPBilliton to agree not to oppose the urban development of Menangle Park. The DPI and BHPBilliton also required an assurance that further urban development would not be allowed to sterilise the resources covered by BHP's mining titles.

The South West Subregional Strategy will identify mining title areas as significant resource lands and include actions to protect the coal resource in these areas over the next 25 years. Council's new principle LEP will need to reflect this commitment.

The Department looks forward to working with Campbelltown Council to finalise the Menangle Park Release Area LEP.

a. water 4.5.06.

Yours sincerely

Andrew Watson Regional Director Sydney South West

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