

GLENCORE

28 September 2016

Mr James Ross
Manager
Regional and Spatial Planning
Department of Infrastructure, Local Government and Planning
PO Box 15008
City East Qld 4002

ATTENTION: RPI Act Development Assessment Team

Dear James

Rolleston Coal Expansion Project (RCEP) – Regional Interests Development Approval Assessment Application (RPI16/001/Glencore)

I write with reference to Rolleston Joint Venture's amendment application, under the *Regional Planning Interests Act 2014* (RPI Act) for a Regional Interest Development Authority (RIDA), and your email correspondence of 23 September 2016 in response to that application.

RJV notes that the decision time for the RIDA application has been extended to 19 October 2016, following RJV's amendment application submitted 12 September 2016.

In regards the matters raised in your email, RJV notes that the Department of Agriculture and Fisheries (DAF) has sought further information and/or justification for the proposed mitigation of 11.58 ha of a priority agricultural land use (PALU) in a priority agricultural area (PAA).

We understand from your correspondence that DAF has sought RJV's response as to:

- (i) how the amount proposed as PALU mitigation was derived; and
- (ii) whether the (mitigation) proposal adequately mitigates the impact of converting an existing agricultural land use to a non-agricultural land use, or whether the third party are willing to receive, administer and account for the funds.

RJV, in its amending application of 12 September 2016, has offered to contribute a total of \$55,000 towards a program (targeted for delivery in the Central Highlands Region) which aims to lift agricultural productivity. There is no specific guidance in the RPI Act or Regulation or the Central Queensland Regional Plan as to mitigation or compensation for any impact on PALU. The RPI Act Guideline 02/14 provides some information on calculating the loss of productivity on PALU resulting from a resource activity, using one of a number of methodologies depending on the:

- (i) type of resource activity proposed;
- (ii) type of PALU impacted; and
- (iii) information available to the applicant.

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The nature of the (RCEP) resource activity means that the impact on the PALU area is permanent, and changes to equipment, yield, farm inputs, etc., will have no bearing on the on-going productive capacity of the area. Further, the impacted area is not connected to any existing PALU which may be further impacted by the loss.

In the absence of any prescribed or practical PALU mitigation mechanism, RJV has therefore considered that the value attributed to mitigation for impact on Strategic Cropping Area (nominally \$4,750/ha as noted in the current legislation¹) while not directly comparable to the attributes of the impacted area, is more than sufficient to offset the loss of the 11.58ha of PALU. The following reasons are presented in support of this proposition:

1. The value of a property intrinsically recognises the actual or potential productive capacity of the PALU impacted by the RCEP, taking into account a number of factors including approved use, topography, rainfall, soil types, etc. The RJV, through Glencore, has previously commissioned a registered valuer to assess the value of the SCA area (which included the PALU area) to be impacted by RCEP.
2. The valuer concluded that: (a) the ability of the land to be used for cultivation or cropping purposes adds minimally to its value; and (b) the value of the relevant land (on a per hectare basis, assuming that the land may be used for cropping purposes), is significantly below the SCA prescribed mitigation value ascribed to the land.
3. The valuation of the impacted SCA land was derived as being \$1500/ha.
4. The SCA mitigation rate/ha (nominally \$4,750/ha) is over 3 times the actual land value of the area proposed to be impacted as per valuation noted above; and while a land based mitigation of only 11.58 hectares has been previously agreed by DAF officers as not practically viable, the proposed monetary mitigation amount could nominally purchase three times as much land of equivalent quality to replace the impact area.
5. In the RJV's proposal, the proposed PALU mitigation amount would be better used as a contribution to a program targeted to increase the productive capacity of the region.

RJV has been in contact with Fitzroy Basin Association (FBA) on making a contribution towards a Grains Best Practice Management Program (BMP), which we understand includes DAF as a partner. While primarily focused on benchmarking, the Grains BMP has the real potential to lead to efficiencies in farming inputs and resources, with a resultant increases in yields and productivity.

As a contribution to an existing program, the proposed PALU mitigation is also more likely to be targeted towards the delivery of the program, rather than the set-up/administrative costs associated with a new, standalone program. While the details of arrangements are not formalised with FBA, DAF would be fully aware of the efficacies of the FBA's Grains BMP and the value it provides towards increasing agricultural productivity in the region.

RJV is therefore receptive of a condition to be imposed on the RIDA decision which requires payment of \$55,000 towards the Grain BMP program with FBA, or a similar FBA program agreed to by RJV and FBA.

In relation to your final comment that the conditioning of PALU and SCA mitigation are separate matters, RJV acknowledges that these are separate Regional Interests, but again reiterates (as it has since its original application) that the full extent of PALU is wholly contained within the area identified as SCA and therefore there is no logical or reasonable basis as to why the mitigation in these circumstances should be regarded as independent of each other.

¹ The Department has advised that these rates have or will be subject to variation from time to time.

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RJV submits that it would be unreasonable for a condition to be imposed on it that required it to, in effect, mitigate the same area of land twice, particularly where the mitigation it is already offering is over three times the value of that land (as explained above, the land value intrinsically includes the value of the potential uses of that land). Further, RJV reiterates its consistent position that its application meets the Required Outcome 2.

In summary, the RJV considers that in the absence of any other legislative or policy guidance, the legislated SCA mitigation value is more than sufficient to provide as a mitigation measure for the RCEP impact on the relevant PALU.

RJV is willing to accept an approval condition that it is required to contribute up to \$55,000 towards a Grains BMP, or similar program agreed to by RJV and FBA (the "PALU mitigation payment"), on the basis that the PALU mitigation payment is offset from the required SCA payment.

The RJV has no further information to provide, and looks forward to an early decision by the Department on this matter.

If you have any queries in relation to the above, please do not hesitate to me on 0419 427 561, or brian.j.french@glencore.com.au

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Brian French', with a horizontal line drawn through the signature.

Brian French
Approvals and Cultural Heritage Manager