



Planning

**MAJOR PROJECT ASSESSMENT:
Sandvik Machine Manufacturing
and Maintenance Project
MP 10_0073**



Director-General's
Environmental Assessment Report
Section 75I of the
Environmental Planning and Assessment Act 1979

October 2010

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EXECUTIVE SUMMARY

Sandvik Construction and Mining Australia Pty Ltd (Sandvik) proposes to establish a manufacturing, assembly, aftermarket service, regional distribution centre and training facility at Heatherbrae in the Port Stephens local government area.

The facility would be used by Sandvik to manufacture heavy machinery and cemented carbide tools for use in the mining and materials handling industries and to repair and maintain mining machinery.

The Project would involve the construction and operation of industrial scale workshop buildings, office, training and amenities buildings, 569 car parking spaces, concrete hardstand areas and a machinery testing area.

The Project has a capital value of \$30 million, and would generate up to 80 jobs during construction and up to 750 staff when operating at full capacity.

The Project is classified as a major Project under Part 3A of the *Environmental Planning and Assessment Act 1979* and consequently requires the Minister's approval.

During the exhibition period, the Department received eight submissions on the Project, including five from government agencies. The Department of Environment, Climate Change and Water (DECCW) does not support the Project on the basis that they consider the proposed biodiversity offset to be inadequate. Apart from DECCW, the government agencies support the Project subject to conditions. Only one of the submissions received from the public objected to the Project, raising concerns over easements and the proposed 24 hour operations.

The Project would involve clearing 13.5 hectares of vegetation on industrially zoned land, surrounded on three sides by industrial uses. Sandvik has committed to establishing a biodiversity offset strategy for the Project of 54 hectares (at a ratio of 4:1) which adjoins the Columbey National Park and is located approximately 20 km from the site. Based on the strategic location and biodiversity characteristics of the offset site and the location and characteristics of the Project site, the Department considers that the proposed offset strategy is adequate. The Department has recommended conditions of approval to ensure this offset strategy is implemented and managed appropriately. On this basis, the Department is satisfied the Project would maintain or improve biodiversity values of the locality over the medium to long term.

Importantly, the Department recognises that the Project would assist with the delivery of the State Plan and the *Lower Hunter Regional Strategy*, as the site is located within the strategy's designated employment lands and would employ up to 750 workers during operation. Also, the proposed biodiversity offset strategy incorporates land identified under the *Lower Hunter Regional Conservation Plan* as a high priority conservation area.

Sandvik considered a number of sites within the Lower Hunter region for this Project and despite having Part 3A approval to develop a similar Project on land at Tomago, has decided to pursue this Project. The site at Heatherbrae offers good access to major transport routes, is located within an existing and established industrial area, does not contain any Endangered Ecological Communities and has limited environmental and physical constraints.

The Department has assessed the merits of the Project in detail and is satisfied that the environmental impacts of the Project can be mitigated, managed, offset and/or compensated to ensure an acceptable level of environmental performance.

On balance, the Department is satisfied that the Project's benefits outweigh its residual costs, and that it is in the public interest and should be approved, subject to strict conditions.

1. PROPOSED PROJECT

1.1 Project Background

Sandvik Construction and Mining Australia Pty Ltd (Sandvik) is a multi-national company which manufactures specialist materials and equipment used in the mining industry such as stainless and high alloy steels, cemented carbide tools and machines for rock excavation (see Figure 3). Sandvik currently operates a number of facilities in the Lower Hunter, including sites at Tomago, Broadmeadow, Caves Beach and Mayfield West.

Sandvik (the Proponent) is proposing to consolidate and expand these facilities and to establish its regional headquarters on a 16 hectare (ha) within an industrial area at Heatherbrae (see Figure 1). Operations at the abovementioned sites would be transferred to the site at Heatherbrae, if the Project is approved. Existing staff would be retained as a result of relocating within the Lower Hunter.

On 15 December 2009, Port Stephens Council granted consent under Part 4 of the *Environmental Planning and Assessment Act 1979* (EP&A Act) for a similar development at the same site in Heatherbrae. Sandvik was the also the proponent for this development. However, given some legal uncertainty associated with the approval, and prior to undertaking any works on site, Sandvik decided not to proceed with the Part 4 consent and instead to pursue a Part 3A approval for this site.

Sandvik also obtained a Part 3A approval for a similar Project at a site in Tomago. However, Sandvik has decided not to develop this Project and is instead seeking approval to develop the Project at Heatherbrae. According to Sandvik, the site at Heatherbrae offers many advantages including good access to major transport routes, appropriate zoning and limited environmental and physical constraints.

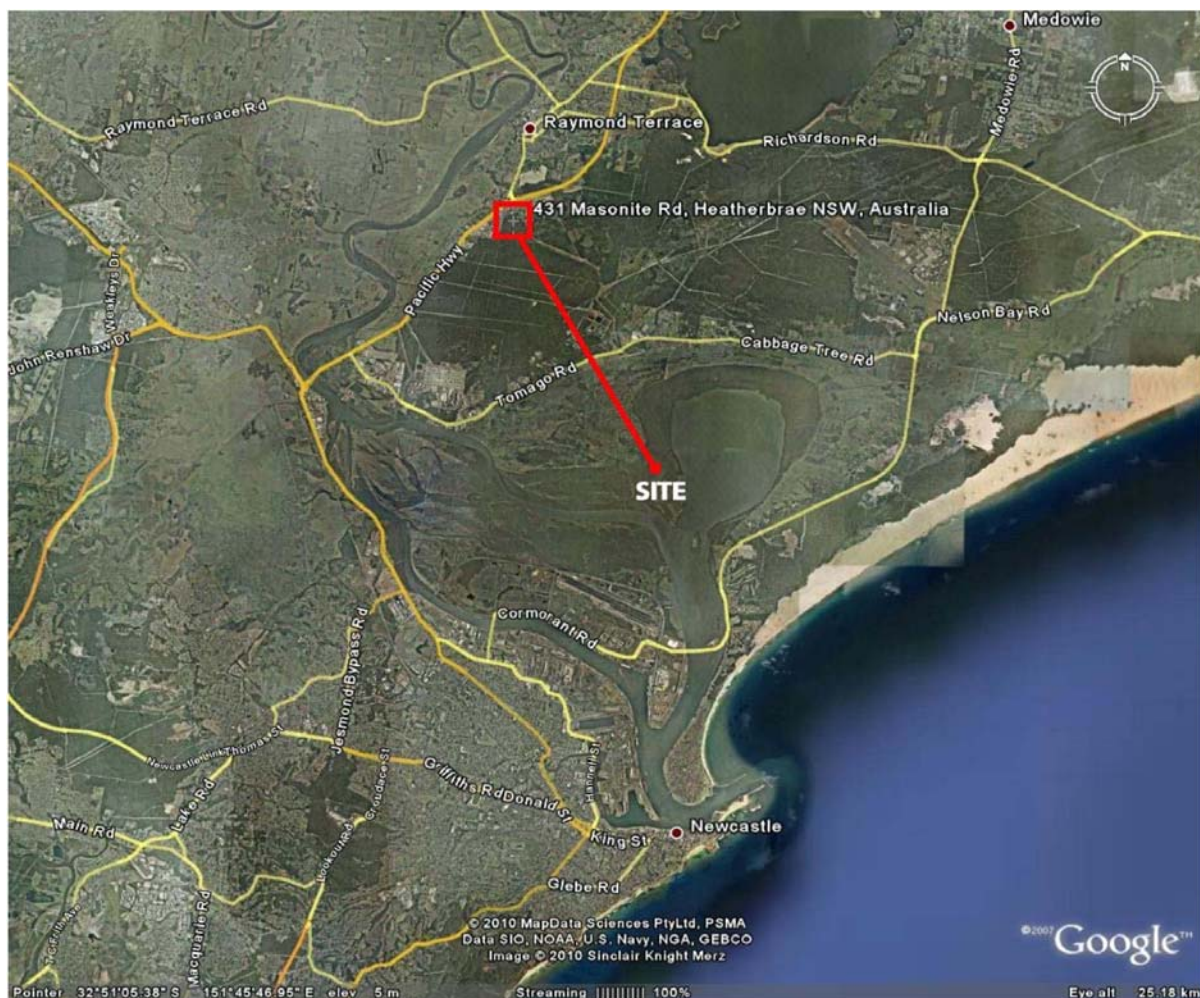


Figure 1: Regional Location

1.2 Project Setting

The Project site is owned by Port Stephens Council and is zoned for industrial purposes. The land is currently vacant and is generally heavily vegetated except for a small area of approximately 2 ha fronting Masonite Road. The site has a total area of 16 ha. Most of the vegetation would be cleared as part of the Project.

The site adjoins an established industrial area to the north, east and west and has 132 metres of frontage to Masonite Road (see Figure 2). The adjoining property to the south and south east is undeveloped and also zoned 4(a) Industrial General.

The site is located in close proximity to the National Highway and the Pacific Highway and provides access to northern NSW, Sydney, to the west of NSW and in particular, mining facilities in the Hunter.

The site is also located within the Water Sharing Plan for the Tomago – Tomaree – Stockton Groundwater Sources (2003) and within one of Hunter Water's Special Areas (as the groundwater resource in this area is a raw drinking water supply utilised by Hunter Water).

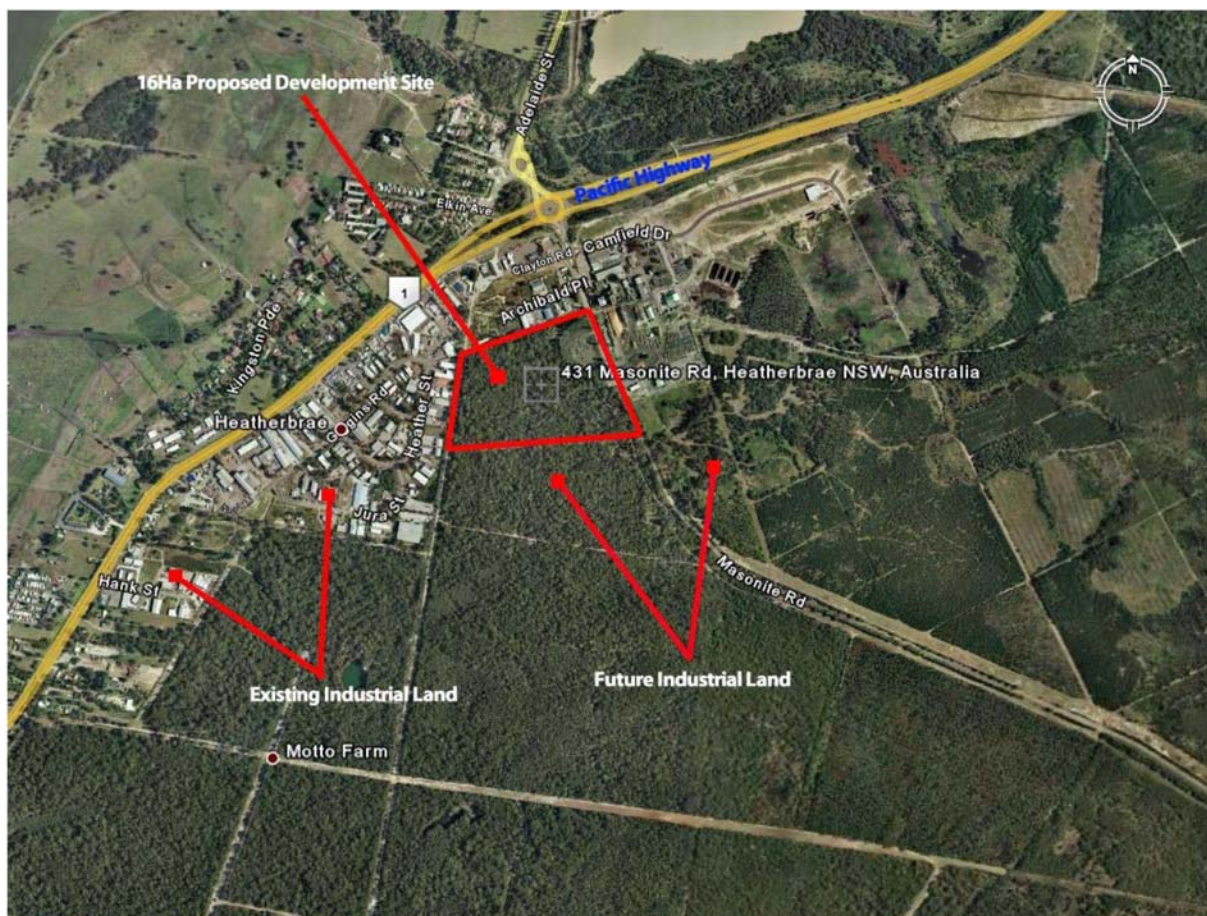


Figure 2: Site Location

1.3 Project Description

Sandvik has lodged a Project application for a manufacturing, assembly, aftermarket service, regional distribution centre and training facility (including research and development) to cater primarily for the Australian mining and materials handling industries. The site is located at 431 Masonite Road, Heatherbrae, in the Port Stephens Local Government Area. The Project would involve the construction and operation of industrial scale workshop buildings, office, training and amenities buildings, 569 car parking spaces, concrete hardstand areas and a machinery testing.

The facility would become Sandvik's regional head office, and would also be used to manufacture and maintain mining equipment, manufacture cement carbide tool products, store plant and machinery and undertake training, research and development.

The major components of the Project are summarised in Table 1, depicted in Figure 4, and described in full in the Environmental Assessment (EA) of the Project (see Appendix D).

Table 1: Major components of the Project

Aspect	Description
Project Summary	Construction and operation of a Manufacturing, Assembly, Aftermarket Service, Regional Distribution Centre and Training Facility. The total building footprint is 27,724 m ² . Pavement and road base occupies a further 100,000 m ² . The Project has a maximum height of 14.04 m to the ridge.
<i>Site preparation works</i>	13.5 ha of vegetation would be cleared.
<i>Manufacturing Building</i>	A designated building for the manufacture of new mining tools and conveyor components.
<i>Assembly Building</i>	A designated building for the assembly of new mining machinery.
<i>Regional Distribution Centre</i>	For the storage and distribution of components and spare parts to the operations within the site and to external customers, mainly within Australia.
<i>Aftermarket Maintenance & Repair</i>	"Customer Service Centre" – including the maintenance and repair of mining equipment including machinery and conveyor systems. Machinery is tested in the machinery testing areas once machinery is repaired and prior to leaving site.
<i>Hazardous & Dangerous Goods Storage</i>	The majority of dangerous goods on site would be stored in self-bunded units on the road base area to the north of the assembly building. Small amounts of dangerous goods would be decanted from the store and held in manufacturing areas of the site in dangerous goods cabinets.
<i>Management, Administration & Training</i>	The main office building on site would become the regional headquarters for Sandvik and would contain offices, boardrooms and training facilities. A specialised training facility is also proposed for advanced customer and employee training.
<i>Output</i>	A range of manufactured products and services would be produced at the site with annual turnover anticipated to be \$250 million.
<i>Waste management</i>	All putrescible and recyclable waste would be managed and removed by commercial contractors.
<i>Stormwater management</i>	Infiltration basins, rainwater ranks, bio-retention swales, gross pollutant traps, entrapment baskets and standard sediment and erosion control measures during construction including silt fences, lip drains and hay bales.
<i>Hours of Operation</i>	24 hours, 7 days per week and 365 days per year when operating at full capacity.
<i>Capital Value</i>	\$30 million.
<i>Employment</i>	80 construction jobs and up to 750 when operating at full capacity.



Figure 3: Materials and equipment manufactured and serviced at the current and proposed Sandvik Factory's.

1.4 Project Need

Sandvik has a number of existing operations throughout the Lower Hunter but are seeking to consolidate and expand these operations within the region. The Lower Hunter is considered an ideal location for this expansion due to the availability of a highly skilled mine services employment base.

The Project site was considered highly suitable because it is:

- appropriately zoned;
- large enough to accommodate the proposed expansion;
- located close to Sandvik's primary customer base (being the mining companies operating within the Hunter Valley);
- close to Newcastle Airport;
- close to the Port of Newcastle;
- a level site for the safe manoeuvring of machinery;
- located within an industrial area which allows for the safe testing of machinery on site;
- not located in close proximity to any sensitive receptors (the nearest residence is located 350m from the northern site boundary, on the other side of the Pacific Highway); and
- close to existing Sandvik facilities and therefore core staff currently employed would not need to relocate.

NSW relies heavily on coal for its energy generation and there are three major coalfields (the Newcastle, Hunter and Gloucester Basin) within reasonable proximity to Heatherbrae. The coal mining companies are Sandvik's main customers. Furthermore, the resources boom in Australia and emerging economies such as China, South Korea and India has created additional demand for Sandvik products and services. As a result, Sandvik's facilities in the lower Hunter are now operating beyond their capabilities.

Sandvik has identified the Hunter region as an area of strategic importance to its ongoing expansion in Australia, and the strong regional skills base in mining technology is critical in developing new machinery, staff training and education.

Sandvik assessed several sites within the Hunter/Newcastle areas for suitability, including sites at Kurri Kurri, Beresfield, Thornton and Steel River. The proposed Heatherbrae site was selected as it enables Sandvik to consolidate its existing operations in the Hunter without core staff having to relocate. Additionally, the site is close to key infrastructure including the National Highway Network, Williamstown Airport and Newcastle Port and would be able to draw on a highly skilled and growing workforce within the populations of Newcastle, Lake Macquarie, Maitland, Raymond Terrace, Cessnock and Singleton.

1.5 State Plan and Lower Hunter Regional Strategy 2006

The Project is consistent with the goals and priorities of the State Plan, and in particular to increase business investment, particularly in rural and regional NSW and create jobs closer to home.

The Project is also consistent with the goals and priorities of the *Lower Hunter Regional Strategy* as the site is located within the strategy's designated employment lands which aim to maximise community access to services and employment opportunities.

2. STATUTORY CONTEXT

2.1 Major Project

The proposal is classified as a Major Project under Part 3A of the EP&A Act because it is development that would employ more than 100 people, has a capital investment value of more than \$30 million, and is for the purpose of machinery and or equipment manufacturing, and therefore triggers the non-discretionary criteria in Clause 11 of Schedule 1 of *State Environmental Planning Policy (Major Projects) 2005*.

Consequently, the Minister for Planning is the approval authority for the Project.

Under the delegation dated 25 January 2010, the Deputy Director-General, as delegate of the Minister for Planning, may approve the development.

2.2 Permissibility

The Project is located on land zoned 4(a) *Industrial General Zone* under the *Port Stephens Local Environment Plan* (LEP), 2000, and the Project is therefore permissible as industrial development with consent in this zone. Consequently, the Minister may approve the Project.

2.3 Exhibition and Notification

Under Section 75H(3) of the *Environmental Planning and Assessment Act, 1979* (EP&A Act), the Director General is required to make the EA of a Project available for at least 30 days.

After accepting the EA for this Project, the Department:

- made it publicly available from 16 July 2010 until 16 August 2010;
 - o on the Department's website, and
 - o at the Department's Information Centre, Port Stephens Council and the Nature Conservation Council;
- notified landowners in the vicinity of the site about the exhibition period by letter;
- notified relevant State and local government authorities by letter; and
- advertised the exhibition of the EA in the local newspapers.

This satisfies the requirements of Section 75H(3) of the EP&A Act.

During the assessment process the Department also made a number of documents available for download on the Department's website. These documents included the:

- Project Application;
- Director General's requirements for the environmental assessment of the Project; and
- EA.

2.4 Environmental Planning Instruments

Under Section 75I of the EP&A Act, the Director General's report is to include a copy of or reference to the provisions of any:

- State Environmental Planning Policy (SEPP) that substantially govern the carrying out of the Project; and
- environmental planning instruments that would (but for Part 3A) substantially govern the carrying out of the Project and that have been taken into consideration on the environmental assessment of the Project.

The Department has assessed the Project against the relevant provisions of several environmental planning instruments and is satisfied that none of these SEPPs substantially govern the carrying out of this Project (see Appendix E).

2.5 Objects of the Environmental Planning and Assessment Act 1979

The Minister's consideration and determination of the application must be consistent with the relevant provisions of the EP&A Act, including the objects set out in the Act's section 5. The objects of most relevance to the Minister's decision on whether or not to approve the proposed Project are found in section 5(a)(i), (ii), (iv), (vi) and (vii). They are:

The objects of this Act are:

- (a) *to encourage:*
 - (i) *the proper management, development and conservation of natural and artificial resources, including agricultural land, natural areas, forests, minerals, water, cities, towns and villages for the purpose of promoting the social and economic welfare of the community and a better environment,*
 - (ii) *the promotion and co-ordination of the orderly and economic use and development of land,*
 - (iv) *the provision of land for public purposes,*
 - (vi) *the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats, and*
 - (vii) *ecologically sustainable development".*

The Department has fully considered the objects of the EP&A Act, including the encouragement of

ESD, in its assessment of the application. The assessment integrates all significant economic and environmental considerations and seeks to avoid any potential serious or irreversible damage to the environment.

Sandvik has considered a number of alternatives to the proposed Project (including the alternative of not proceeding), and considered the Project in the light of the principles of ESD.

2.6 Statement of Compliance

Under Section 75I of the EP&A Act, the Director-General's report is required to include a statement relating to compliance with the environmental assessment requirements with respect to the Project.

The Department is satisfied that the environmental assessment requirements have been complied with.

3. ISSUES RAISED IN SUBMISSIONS

3.1 Submissions

During the exhibition period for the EA, the Department received 7 submissions on the Project. These included 4 from public authorities (DECCW, NOW, RTA and NSW Rural Fire Service) and 3 from the general public (see Appendix C).

The **Department of Environment, Climate Change and Water** (DECCW) does not support the Project on the basis that the offsets / compensatory habitats proposed in the EA are not adequate. They also consider the flora searches undertaken in the EA to be inadequate and therefore have concerns in relation to potential threatened species. DECCW has also recommended that the Proponent should conduct sub-surface investigations for the purposes of detecting any items of Aboriginal Cultural Heritage (ACH) and to inform the development of appropriate ACH management strategies for the Project. DECCW has also recommended conditions of approval for the Project.

The **NSW Office of Water** (NOW) does not object to the Project but raised concerns in relation to the use of stormwater infiltration basins and the protection of groundwater sources. Sandvik has provided additional information to address these concerns.

The **Roads and Traffic Authority** (RTA) does not object to the Project and provided recommended conditions of approval. These conditions are based on advice from the Hunter Regional Development Committee (HRDC) who reviewed the proposal in 2009 when it was considered by Port Stephens Council as a Part 4 development application. The RTA considers that the road and traffic impacts of the Project have not changed substantially and have relied on this previous advice.

The **NSW Rural Fire Service** (RFS) does not object to the Project and provided recommended conditions of approval in relation to the provision of Asset Protection Zones and appropriate access and design standards.

Port Stephens Council did not make any submissions on the Project but it should be noted that they are the landowner of the Project site and previously approved (in December 2009) a similar development by Sandvik for the site under Part 4 of the EP&A Act.

Only one of the submissions from the public objected to the Project. The objection raised concerns over easements and the proposed 24 hour operations. The other submissions did not object to the Project but raised concerns in relation to the potential traffic impacts of the Project and the absence of building elevations in the EA (which have since been included in the Proponent's Submissions Report).

3.2 Response to Submissions

Sandvik has provided a detailed response to the issues raised in submissions in September 2010 (see Appendix B), including additional information which was requested by NOW and a member of the public. This information has been made publicly available on the Department's website.

The Department has considered the issues raised in submissions and Sandvik's response in Section 4 of this report.

4. ASSESSMENT

4.1 Flora and Fauna

The site comprises 16 ha of generally heavily vegetated land except for a small area (1.5 ha) of already cleared land in the north east corner of the site, fronting Masonite Road. A total of approximately 13.5 ha of native vegetation and one hollow-bearing tree would be removed as a result of the Project. Approximately 1 ha of vegetation, including two hollow-bearing trees, in the south-east corner of the site would be retained (refer to Figure 5). The vegetation on site consists of '*Eucalyptus pilularis* (Blackbutt) – *Angophora costata* (Smooth-barked Apple) Dry Sclerophyll Dune Forest'.

The site is bound to the north, west and the majority of the east by existing developed land used for industrial and commercial purposes (see Figure 2). Vegetation connectivity occurs along the southern boundary of the site and to the south-east only. Vegetation to be retained occurs in the south-east corner of the site in order to maintain some connectivity. However, it should be noted that the surrounding undeveloped areas are zoned for commercial / industrial purposes.

An ecological impact assessment was undertaken by RPS Australia East Pty Ltd (RPS). Two previous ecological assessments were undertaken by GHD (2007) and Orogen (2009) for the site to support slightly different development layouts with a similar footprint. The RPS assessment relies on information contained within these previous reports.

No Endangered Ecological Communities or endangered populations were found to occur or have habitat within the site.

Flora

No threatened flora species were recorded within the site during surveys, however, two species have potential habitat within the site, being the Newcastle Doubletail and Sand Doubletail. These species are unable to be detected outside of the flowering period and may not flower every year. No targeted surveys have been undertaken for these species but the precautionary approach was applied and the assessment was based on assumed presence. While the site constitutes marginal habitat for the species and the Project would incrementally contribute to habitat loss, it is considered unlikely that the Project would have a significant impact on a local population of this species due to the size of the land to be cleared relative to the size of adjacent land to the south (approximately 1000ha) and north east which has been zoned for environmental protection.

Fauna

Of the 118 fauna species recorded within or immediately adjacent to the site during previous investigations, a total of eight species are listed under the *Threatened Species Conservation Act 1995* (TSC Act) and/or the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). A revised assessment of likelihood of occurrence of threatened species was undertaken by RPS for this Project. This assessment was based on ecological information contained within previous surveys, local knowledge and a review of the updated threatened species records for the locality. The assessment found that, in addition to the 8 threatened fauna species recorded within or immediately adjacent to the site, a further 10 are considered likely to occur within the site. The species are all listed as *vulnerable* under the TSC Act and are listed below in Table 2.

Table 2: Threatened Fauna Species Considered Likely to Occur Within or Immediately Adjacent to the Site

Species	Recorded Within the Site	Recorded Immediately Adjacent to Site	Likely to Occur
Squirrel Glider	√		
Grey-headed Flying Fox	√		
Eastern False Pipistrelle	√		
Eastern Bentwing Bat	√		
Greater Broad-nosed Bat	√		
East Coast Freetail Bat	√		
Powerful Owl		√	
Glossy Black Cockatoo		√	
Square-tailed Kite			√
Gang-gang Cockatoo			√

Swift Parrot			√
Little Lorikeet			√
Masked Owl			√
Brush-tailed Phascogale			√
Long-nosed Potoroo			√
Koala			√
Little Bentwing Bat			√
Yellow-bellied Sheathtail Bat			√

RPS consider that the Project is not likely to have an adverse impact on the local populations or connectivity of any threatened species recorded or considered likely to occur within the site due to all or a combination of the following factors:

- small relative size of the area to be cleared;
- the mobile nature of the species under consideration;
- no severance of connectivity, fragmentation or isolation of species;
- large patch of suitable, adjacent habitat likely to support local populations of these species in similar habitats; and
- retention of some native vegetation and two out of three hollow-bearing trees within the site.

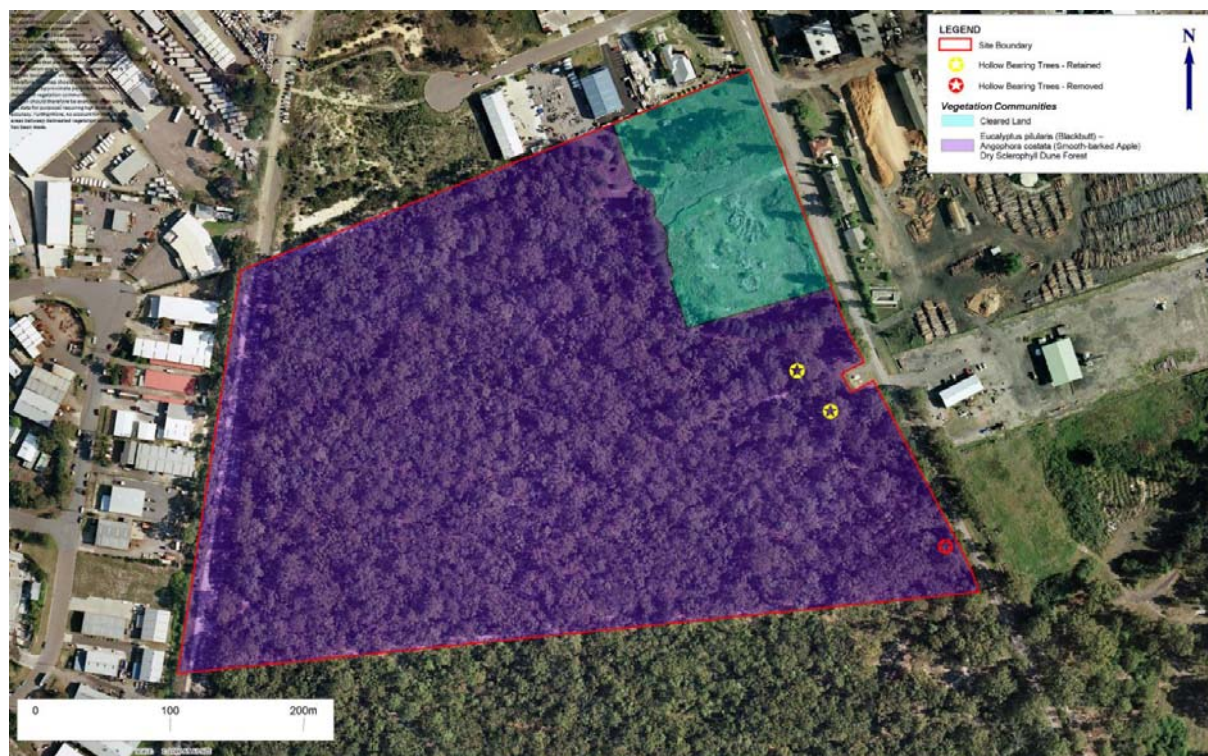


Figure 5: Vegetation Map of Project Site

The site is surrounded on three sides by industrial uses and there is in excess of 1000 ha of land to the south of the site (west of Masonite Road and north of Tomago Road) that is zoned 7(a) or 7 (c) for Environmental Protection under Port Stephens LEP (see Figure 6). Importantly, this land connects to a large tract of vegetation which extends to the east and north around Williamstown. As such, the Department supports the findings of RPS and considers that the use of this site for industrial purposes is consistent with the strategic direction of the Port Stephens LEP. Furthermore, the clearing of vegetation would not result in any severance of connectivity, fragmentation or isolation of species due to the large corridor of vegetation which has been strategically identified for environmental protection.

Although threatened species were recorded within the site, they are all mobile species which means that relocation to adjacent habitat is achievable. For this reason, the Department has recommended a condition requiring a Vegetation Clearance Protocol to be implemented prior to any clearing being undertaken. This Protocol would include procedures to manage impacts on fauna, including translocation of fauna and other measures to minimise the impact of clearing during breeding times for key species on site. The Department has also recommended the implementation of a Vegetation

Management Plan which would include procedures to protect, enhance and maintain the on-site vegetated areas being retained and to monitor the performance of the plan over time.

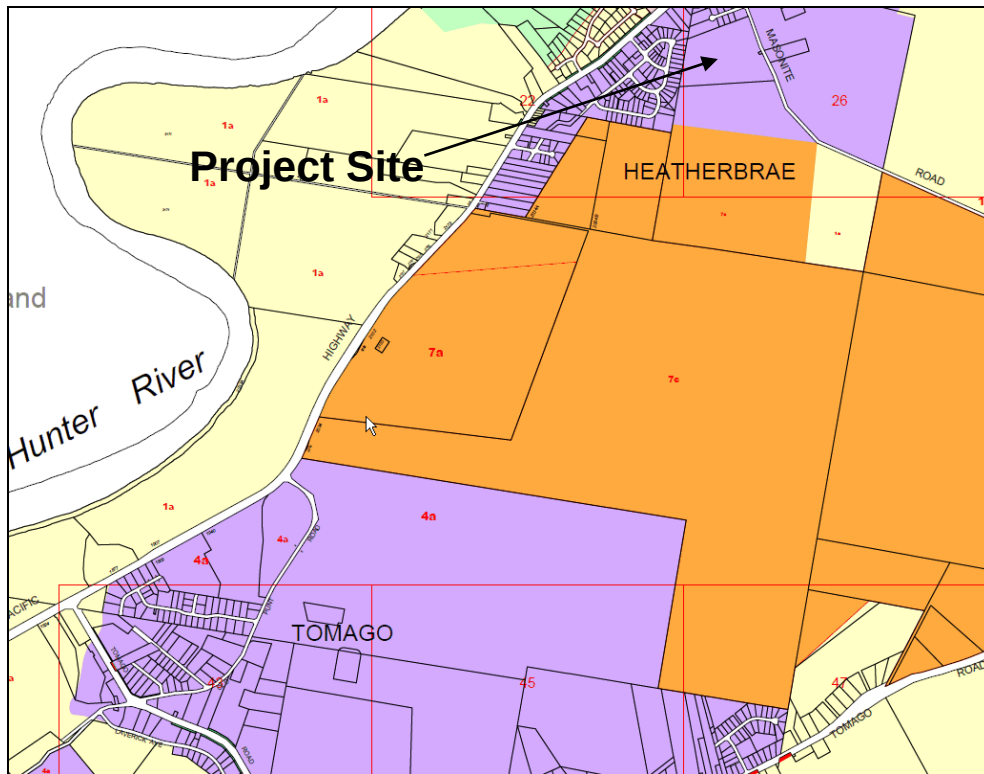


Figure 6: Extract from Port Stephens Local Environment Plan 2000

Offset Strategy

The Proponent has also proposed an offset strategy for the Project to minimise potential biodiversity impacts. An offset strategy involves the dedication of land for the purposes of conservation in perpetuity and to ensure that the principle of maintain or improve biodiversity values is met.

A site comprising 54 hectares of land has been offered by the Proponent at Duns Creek, which is located within the Port Stephens Local Government Area and directly adjoins land presently (or imminently) reserved under the *National Parks and Wildlife Act 1974*. This equates to an offset ratio of 4:1. The offset site has also been identified as a high priority conservation area under the Lower Hunter Regional Conservation Plan (LHRCP).

The LHRCP sets out a 25 year program to direct and drive conservation planning and efforts in the Lower Hunter Valley. It is a partner document to the Lower Hunter Regional Strategy that sets out the planning priorities and identifies the prospect areas of growth.

The proposed offset site has been identified under the LHRCP as containing extant vegetation for which the DECCW reservation target has not been met, and an investment priority because of current '*poorly reserved vegetation communities*'. The site has also been identified by DECCW in the Lower Hunter plan as land suitable for biodiversity investment.

The offset would increase the size of Columbey National Park from 1156 to 1210 ha, connected through lands previously and currently being dedicated to DECCW for Columbey National Park.

Lots 1 and 2 in Figure 7 below are the subject of a current subdivision application with Port Stephens Council. Lot 1 is the proposed offset site (54 ha, excluding roads). Lot 2 would be retained for the purposes of offsetting future development proposals. Lot 119 of DP 752445 adjoins Columbey National Park and is currently being offered as an offset in association with another development proposal. All three lots are owned by Hunter Land Pty Ltd who will make Lot 1 available to Sandvik, should the Project be approved. Sandvik has committed to providing 54ha of offset on lands adjoining Columbey National Park and has the ability to meet this commitment based on Hunter Land's current

land holdings. The Department has recommended a condition of approval requiring that the offset land directly adjoins the Columbey National Park.

Vegetation mapping and an ecological study were undertaken by RPS for the offset site and lands adjoining the offset site to the north (the proposed Lot 2) and south (Lot 119 of DP 752445) in July 2010. The combined area of these three parcels of land is 161 ha. The study suggests that these lots are likely to contain habitat for over 50 threatened fauna and flora species, including affinities of at least two EECs (Hunter Floodplain Red Gum Woodland equivalent and Lower Hunter Spotted Gum – Ironbark Forest equivalent). The vegetation communities that make up the offset site are shown in Figure 7.

DECCW does not support the Project because it considers the proposed offset / compensatory habitat to be inadequate. A ratio of 4:1 with respect to the area to be conserved versus habitat proposed for removal is considered insufficient due to it not being in accordance with current offsetting guidelines presented in the BioBanking scheme. DECCW considers that an offset ratio of 12:1 would provide an adequate offset package for this Project.

DECCW conducted a BioBanking assessment of both the proposed offset site and the Project site. The assessment found that a total of 1,188 'ecosystem credits' would be required to be retired in a suitable offset package to adequately compensate the clearing impacts of the Project. The proposed offset site offered by Sandvik generated approximately 310 'ecosystem credits'. DECCW is of the opinion that the Project should be enhanced with further offset area(s) to appropriately match the biodiversity values which would be lost on the Project site.

The Department acknowledges DECCW's concerns in relation to the provision of an appropriate offset for the clearing of vegetation. However, the Department considers that the BioBanking calculator is not designed specifically to calculate offset ratios, and therefore the application of a 12:1 ratio for offsets based on this approach is not supported. Furthermore, the Department considers that a 4:1 offset is appropriate for this site considering that:

- the Project site does not contain any EECs and has been strategically identified as land suitable for industrial development;
- Sandvik has committed to the retention of 2 out of 3 of the hollow bearing trees on the Project site and a hectare of vegetation in the south-east corner;
- the threatened fauna species on the Project site are mobile species and the site is located at the edge of an extensive tract of land which has been zoned for environmental protection;
- the offset site is likely to contain habitat for over 50 threatened species and potentially 2 EECs;
- the long-term biodiversity value of the offset site would be protected since it adjoins the Columbey National Park and would be incorporated into the draft Plan of Management for the Columbey National Park; and
- the offset site is a suitable and valuable site for the retention of biodiversity in the region which has been strategically identified as an area of high conservation value.

Notwithstanding, the Department has also recommended a number of stringent conditions to provide a suitable offset strategy to maintain or improve the long-term biodiversity values of the region. These recommendations require Sandvik to incorporate the offset into the draft Plan of Management for the Columbey National Park and to make provisions for the conservation of the offset in perpetuity. In the event that the site cannot be incorporated into the draft Plan of Management, Sandvik would be required to prepare and implement a Biodiversity Management Plan for the offset.

Conclusion

Although the proposal would result in minor encroachment of development on native vegetation in the area, it is not considered likely to sever any connectivity between vegetation patches for flora and fauna dispersal because it is located at the edge of a large patch of vegetation which extends to the east and north around Williamstown. Furthermore, the Department is satisfied that the proposed offset site and proposed management measures would ensure the retention of Biodiversity values in the region, in accordance with government policies for the Lower Hunter.

Through the imposition of the recommended conditions, the Department is satisfied that the impacts of the Project can be adequately avoided, mitigated, managed and/or compensated such that the Project would not result in an unacceptable impact on flora and fauna values of the locality.

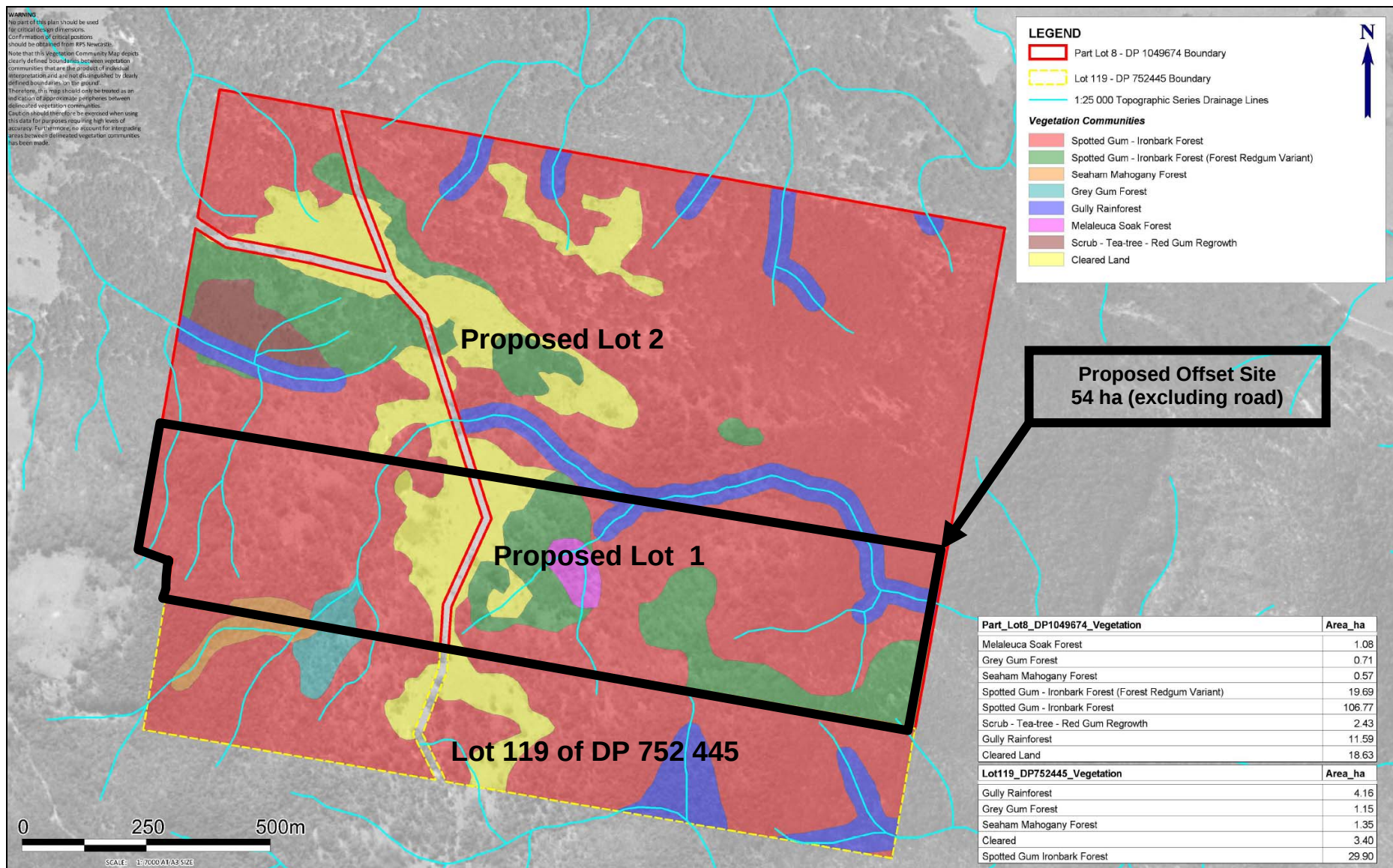


Figure 7: Vegetation Map of Proposed Offset and available land adjoining the Columbe National Park (to the south)

4.2 Traffic and Access

The site is located on Masonite Road approximately 300 metres south east of the Pacific Highway and adjacent to an existing industrial subdivision (see Figure 8). Transport connections to the site would be via Masonite Road north west to the Pacific Highway or to the south east to Tomago Road. All heavy vehicle movements would be via the Pacific Highway with only a small percentage of employee traffic expected to utilise the Tomago Road connection to the site.

The Pacific Highway provides the transportation link to the New England Highway at Hexham some 7kms south west of the site. The New England Highway then provides the transportation route to the mining areas within the Hunter Valley and New England area which form the main destinations for heavy vehicle traffic generated by the Project. It should be noted however that the proposed development is a consolidation of other Sandvik sites around Tomago and Hexham and therefore this traffic, aside from some minor growth associated with the Project, is already distributed on the road network west of Hexham.

Masonite Road is a local road under the care and control of Port Stephens Council and is classified as a collector road. It has been agreed that a condition of the sale of the Project site from Port Stephens Council to Sandvik would be that the section of Masonite Road along the frontage of the site is reconstructed and upgraded to a suitable standard for industrial development and in accordance with Council's requirements. The Department has included a condition of approval to this effect.

Sandvik engaged Insite Engineering Services Pty Ltd (Insite) to undertake a Traffic Impact Assessment for the Project which considered the existing traffic environment and an assessment of the likely traffic impacts of the Project and the proposed traffic management measures.

The main traffic impacts of the Project would be the impact of additional traffic on the capacity of the road network, in particular, local intersection capacities as well as the safety issues associated with the proposed access to the site.

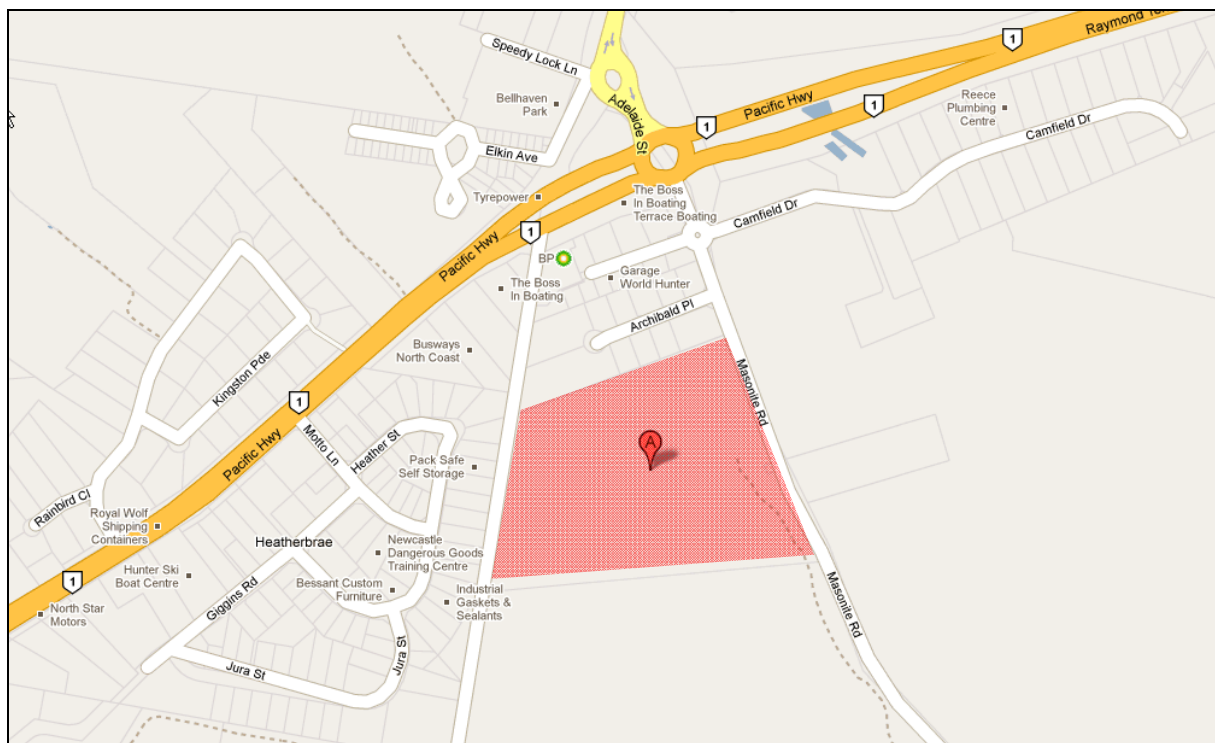


Figure 8: Local Road Network of the Project

Traffic Volumes

Insite's assessment of the traffic generation potential for the Project was carried out based on the RTA's guide to Traffic Generating Development and information provided by Sandvik including the number of employees, shift times and logistical data. Based on this information it is predicted that:

- the AM peak for employee traffic would be 317 vph between 5am and 6am;
- the PM peak for employee traffic would be 312 vph between 3pm and 4pm;
- medium trucks (2 t to 4 t) would account for 54 vehicles per day (108 vehicle movements per day), peaking between 8am and 9am at 24 vehicle movements per hour; and
- large / heavy vehicles and semi-trailers (4 t to 14 t) would account for 8 vehicles per day (16 vehicle movements per day), peaking between 7am and 8am at 6 vehicle movements per day.

During the PM peak hour for the road network (3:15pm to 4:15pm), the Project would generate approximately 322 vehicles (made up of employee departures and approximately 10 heavy vehicle movements). The current traffic volume at this time is approximately 327 and 1005 vehicles per hour on Masonite Road and the Pacific Highway respectively.

During the AM peak hour for the road network (7:30am to 8:30am), the Project would generate approximately 201 vehicles (made up of employee arrivals and 40 heavy vehicle movements). The current traffic volume at this time is approximately 242 and 2306 vehicles per hour on Masonite Road and the Pacific Highway respectively.

Sandvik has advised that construction traffic generation would not exceed the likely peak hour traffic generation of the Project. However, the Department has recommended a condition of consent requiring the implementation of a Construction Traffic Management Plan to be prepared to the satisfaction of Council.

Although the volume of traffic on the surrounding road network would increase substantially as a result of the Project, it is important to consider road and intersection capacities before assessing the impacts of the predicted increase.

Road Capacity / Intersection Capacity

The capacity of the local road network is dependent on any spare capacity in the Pacific Highway/Masonite Road roundabout (2 lane) and the Masonite Road/Camfield Drive roundabout (1 lane) (see Figures 9 & 10). These are the main intersections that would be impacted by the Project. It is considered that the predicted additional traffic flows on the Masonite Road / Tomago Road intersection are light. Insite's assessment found that this intersection operated with little or no delays during peak periods and it is unlikely that the level of additional traffic generated by the development would impact on this intersection.

The impact of the Project on the Pacific Highway/Masonite Road roundabout and the Masonite Road/Camfield Drive roundabout was assessed using SIDRA modelling. The modelling of the traffic flows at the two subject intersections post development has shown that both roundabouts would continue to operate satisfactorily post development and with predicted ten year traffic growth for all likely peak traffic periods.

The overall level of service (LOS) experienced on these roundabouts would remain high at LOS A or LOS B for all scenarios modelled and the queue lengths expected are not considered unreasonable nor would they exceed the physical storage capacity provided at the roundabouts. Therefore, the Project would not adversely impact on the operation of these intersections as they have sufficient spare capacity to cater for the traffic generated by the Project.

Since delays are not expected and the local road network and intersections have sufficient capacity to accommodate the proposed traffic increase, the Department considers that the traffic impacts of the Project can be managed through the recommended conditions of approval. Importantly, the site is located within an industrial estate with roads and intersections designed to cater for industrial traffic.

The RTA did not raise any concerns in relation to traffic impacts although it considers that the impact of the Project on the Masonite Road / Camfield Drive roundabout would be significant. However, the RTA accepts that this impact will be mitigated by the fact that the developer of an adjoining subdivision is required to upgrade this roundabout, in accordance with Council's requirements. The RTA therefore considers that the Proponent should be required to make a contribution to the cost of upgrading this roundabout through Council's section 94 contribution plan. The Department has recommended a condition of approval to ensure that this occurs.



Figure 9: Masonite Road / Camfield Drive Roundabout



Figure 10: Pacific Highway / Masonite Road Roundabout

Access

There would be three separate vehicular access points to the site off Masonite Road which would separate heavy and light vehicle movements. The proposed access arrangements along with the size of the site would itself ensure good manoeuvrability through the site such that forward entry and exit from the site is easily achieved for all vehicles (see Figure 4).

Insite assessed the access arrangements, car parking and heavy vehicle areas against the relevant Australian Standards, RTA standards and the *Port Stephens Development Control Plan 2007* (PSDCP 2007). The assessment found that the access arrangements for the Project can easily comply with the requirements of PSDCP 2007 and the Australian Standards for parking facilities. However, the assessment recommended that, due to the likely high number of turning movements and the use by heavy vehicles, each access point should be constructed with a channelized right turn bay (CHR intersection type) and that the right turn bays provide storage for at least three vehicles (21 metres).

In its review of the Project, the HRDC also recommended that each of the three access points to the site be constructed at an at-grade intersection with a CHR intersection type. Based on the recommendations of Insite and the HRDC, the Department has recommended a condition of approval requiring the construction of an at-grade intersection with a CHR intersection type and right turn bays with storage for at least 3 vehicles (21m).

The Insite assessment and the HRDC made further recommendations regarding access, parking and heavy vehicles. The Department has considered these recommendations and recommended conditions of approval to ensure that:

- each access is located to minimised conflicts with other access and comply with Safe Intersection Sight Distance (SISD) requirements;
- each access can accommodate the swept turning path for the required design vehicle likely to use the access;
- parking areas are appropriately signposted and line marked;
- a Construction Traffic Management Plan is provided to Council prior to the commencement of any site works; and
- provision is made for pedestrian footpaths to link to existing facilities.

The Department is satisfied that with the above measures in place, the Project would comply with the relevant Port Stephens Council and RTA requirements and provide adequate and safe provision for access to the site, parking and manoeuvrability within the site.

Conclusion

Overall, despite the heavy volumes of traffic associated with this Project, the Department is satisfied that the surrounding road networks have ample capacity to cater for the increased volume of traffic and that Sandvik has proposed appropriate access and parking provisions for the site. The site is located within an industrial area and has good access to the Pacific Highway and would therefore have acceptable impacts on local roads or surrounding residents. Furthermore, the Department has recommended conditions of approval to ensure that the traffic impacts of the Project are minimised and managed on a long-term basis.

4.3 Soil and Water

The Project is located within the Tomago Sandbeds Catchment Area which is defined as a Special Area under the *Hunter Water Regulation 2010* because it is an important drinking water source for the Lower Hunter (see Figure 11). The potential for the Project to contaminate the groundwater resource must therefore be assessed carefully. The site is connected to sewer and it is proposed to be divert and collect all stormwater in a series of infiltration basins so that stormwater would not be discharged off site.

Stormwater Management

The Project would result in an increase in stormwater runoff on site and an increase in pollutant runoff in the stormwater (due to an increase in impervious surfaces). These surfaces, namely roof areas, concrete pavement and gravel hardstand areas, require mitigating measures to minimise the negative impacts of increased runoff.

Sandvik engaged Geoff Craig and Associates (CGA) to undertake stormwater calculations for the Project and recommend measures to address the quantity and quality of the runoff. The minimum infiltration surface area was calculated in accordance with the EPA's *Managing Urban Stormwater: Treatment Techniques*.

In order to address the increased pollutant runoff from the site, the GCA assessment recommended that infiltration basins be provided which would be sized to infiltrate the developed 100 year discharge from the site, ensuring that emergency overflow from the site would only occur during storm events of larger magnitude than the 100 year storm event. The infiltration basins are tertiary treatment devices and require an end-of-line gross pollutant trap (GPT) immediately upstream of the location or the provision of entrapment baskets within the upstream drainage pits to collect the gross pollutants.

HWC and NOW raised concerns in relation to the stormwater infiltration basins which have the potential to adversely impact the groundwater quality if not operated correctly. Following consultation with NOW and Hunter Water, Sandvik has modified the design and location of the infiltration basins and agreed to install an additional Stormwater Quality Improvement Device (SQID) to improve the quality of water entering the basins.

The Department has recommended conditions of approval to make sure that the infiltration basins are designed, installed and maintained to the satisfaction of NOW and the Department. The Department has also recommended a condition of approval requiring the implementation of a Stormwater Management Plan to minimise potential impacts during both construction and operation and to ensure the long-term management of stormwater infrastructure on site.

Rainwater Harvesting

The provision of rainwater tank storage to capture runoff from roof areas for reuse was investigated by GCA as a potential option to improve the site's water cycle. Sandvik intends to further investigate the use of rainwater tanks during the detailed design phase when the site's water use requirements are better understood. The Department has recommended conditions of approval requiring Sandvik to include details of proposed rainwater harvesting infrastructure in the Stormwater Management Plan.

Erosion and Sediment Control

During construction, the site would be protected from erosion and sedimentation by the installation and maintenance of standard erosion and sediment control measures, such as silt fences, lip drains and hay bale sediment traps. GCA provided an Erosion and Sediment Control Plan in the EA which details these measures. The Department has recommended a condition of approval requiring the

implementation of an Erosion and Sediment Control Plan to ensure that these measures are implemented in accordance with *Managing Urban Stormwater: Solid and Construction* (4th Edition – Vol 1, Landcom, 2004).

A Construction Environmental Management Plan (CEMP) was also included in the EA. The CEMP details objectives, mitigation measures and measures to prevent or ameliorate impacts, persons responsible for each task, how each task would be completed and the timeframe for completion. The Department is satisfied that the CEMP provides adequate measures to prevent, minimise, monitor and ameliorate against the potential impacts of construction works.

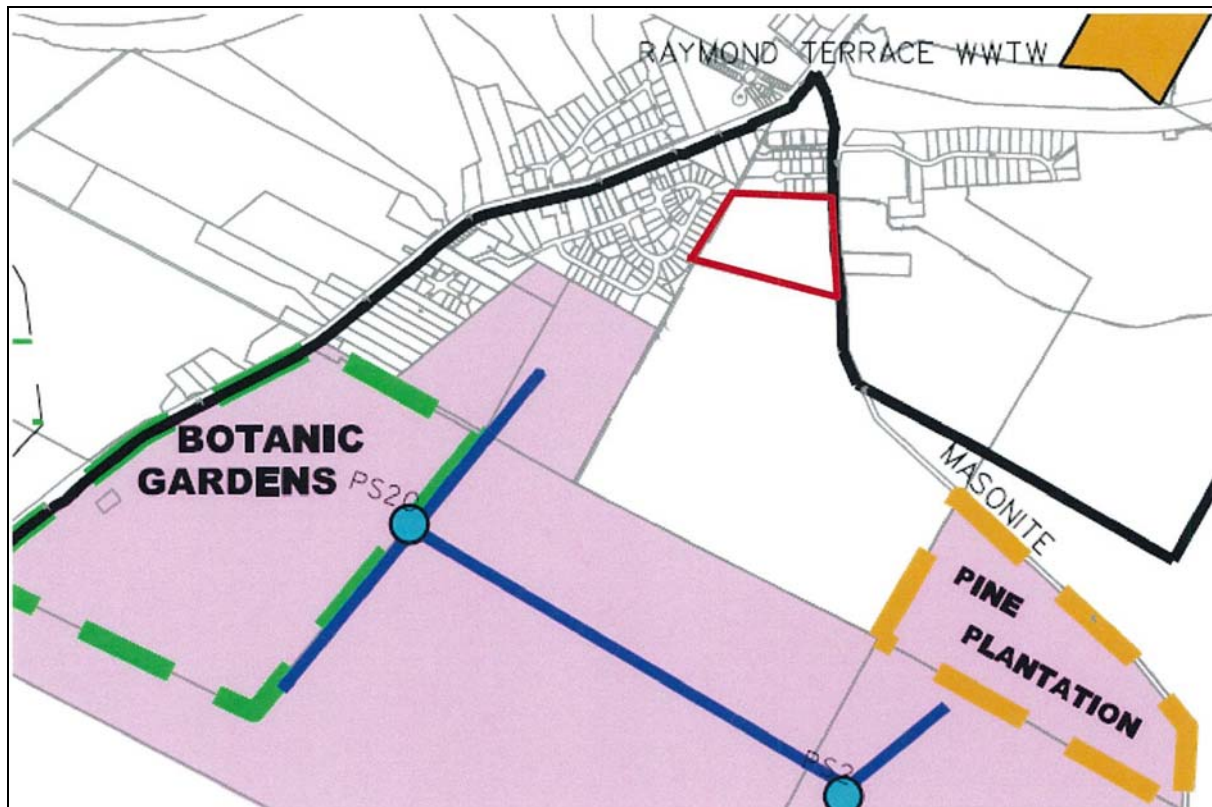


Figure 11: Tomago Sandbeds Catchment Special Area (outlined in heavy black) and Drinking Water Bore Infrastructure (blue).

Groundwater

HWC requested additional information from Sandvik, in particular groundwater flow maps in the vicinity of the site, to demonstrate whether there is potential for the Project to contaminate the drinking water bore. The groundwater flow maps indicate that the regional groundwater flow direction has consistently tended to flow in a west to north-westerly direction over the past 30 years (i.e. away from HWC's drinking bore line). This indicates that there would be no impacts on groundwater in a manner that could adversely affect the nearby drinking water bore. HWC and NOW were satisfied with the information supplied by Sandvik and provided recommended conditions of approval to manage the operation and maintenance of the infiltration basins and to undertake groundwater management and monitoring.

Although the likelihood of contamination is low, the potential risk should groundwater contamination occur warrants precaution and on this basis, the Department supports NOW's / HWC's recommended conditions of approval. Accordingly, the Department has recommended conditions requiring Sandvik to implement a comprehensive Groundwater Management and Monitoring Plan, including quarterly groundwater monitoring and other management measures to ensure that contamination does not occur. The Proponent would also be required to incorporate contingency measures, should contamination occur.

Conclusion

The Department considers that there would be minimal, if any adverse impacts on the soils, surface water or groundwater sources in the vicinity of the site. The Department has recommended conditions

that would require Sandvik to verify the predictions contained within the EA and to implement measures to ensure the management of soil and water during both construction and operation and in the short and longer term.

4.4 Summary of Other Issues

Other issues raised during the assessment process and the Department's consideration of each are summarised in Table 3 below.

Table 3: Summary of Other Issues

Issue	Consideration	Recommendation
<i>Operational Noise</i>	- At full capacity, the facility would operate 24 hours per day, 365 days per year. - As the proposed site is located in an industrial area, background noise is dominated by existing industrial and traffic generated noise. - There are some residences located to the north-east of the site, on the other side of the Pacific Highway and an early learning facility which is located within the industrial estate. - The noise assessment concluded that under all day and evening scenarios, the relevant noise criteria would be met. - However, some proposed night time activities (eg testing of mining machinery) were predicted to exceed the criteria at some receivers. - Therefore, the Department has recommended conditions which restrict certain activities to day time only. - This would ensure that the Project would also meet the relevant night time noise criteria. - DECCW did not raise any concerns in relation to noise impacts.	- The Department has recommended conditions requiring Sandvik to: - restrict the testing of mining machinery, to the daytime period; - ensure that testing of the DR460 drill rig, does not occur within 30 m of the site boundary; - ensure that external (drive-in and personal access) doorways on the western and northern façade remain closed during the hours of 10pm to 7am on all buildings; - comply with specific noise limits; and - undertake a noise audit within 3 months of operations to ensure limits are being met, or implement measures should exceedances be identified.
<i>Construction Noise</i>	Assessment of the construction noise impacts indicates that the Project would comply with the Construction Noise Guideline if construction activities are restricted to the hours of 7am to 6pm Monday to Friday and 8am to 1pm on Saturdays.	The Department has recommended conditions that would require Sandvik to comply with strict construction hours (ie. between the hours of 7am to 6pm Monday to Friday, 8am to 5pm on Saturday and only inaudible works on Sundays).
<i>Air Quality</i>	- The Project does not require an Environment Protection Licence under the <i>Protection of the Environment Operations Act 1997</i>. - Emissions associated with the Project are likely to include movement of on-site equipment such as bulldozers, fork-lifts and vehicles (SO₂ and NO₂); the construction and manufacturing of alloys and steels (fine particulate matter (PM₁₀)); and restoration of equipment including spray painting (PM₁₀). - An air quality assessment predicts ground level concentrations for annual average PM₁₀ and TSP would meet the relevant criteria. - However, the assessment also determined that existing background levels occasionally exceed the 24-hour average PM₁₀ criteria of 50 µg/m³. - Despite this elevated background levels, the assessment concluded that the Project would not result in any additional exceedances of the criterion.	The Department has recommended conditions requiring Sandvik to carry out all reasonable and feasible measures to minimise dust generated by the Project, and also ensure that public roads nearby are kept clean during construction.

Issue	Consideration	Recommendation
	• DECCW did not raise any concerns in relation to air quality.	
Hazards	• A preliminary risk assessment found that the quantities of dangerous goods proposed for storage would not result in the screening thresholds for storage and transport being exceeded. • As such, the Project is considered 'not potentially hazardous' and SEPP 33 does not apply. • The Department has reviewed the Project in terms of quantities and storage of hazardous materials and considers that the proposed Project would not be hazardous to the surrounding land use.	• The Department has recommended conditions requiring Sandvik to: (a) store all chemicals, fuels and oils in appropriately bunded areas, in accordance with Australian Standards and DECCW's <i>Environmental Protection Manual Technical Bulletin Bunding and Spill Management</i>; and (b) ensure that the requirements for storage and handling of hazardous substances, and the potential impacts of breaching these requirements, are clearly communicated and explained to employees in site induction information.
Bushfire Hazard	• The proposed site is identified as being in a Bushfire Prone Area and the surrounding vegetation represents a potential threat to the Project. • The RFS has recommended that an asset protection zone (APZ) of 10m along the southern boundary be provided. • The RFS recommended additional measures to ensure the safety of people and buildings and the Department has incorporated these into the recommended conditions of approval.	• The Department has recommended conditions requiring Sandvik to: – implement the APZ in accordance with RFS requirements; – implement a range of safety measures to protect people, buildings and infrastructure in accordance with the <i>Planning for Bushfire Protection Guidelines</i>; and – prepare an emergency and evacuation plan in accordance with NSW Rural Fire Service Guidelines.
Greenhouse Gases	• The Project's estimated on-site energy consumption is dominated by electricity use at an average of 8,409,000 kWh per annum or 65.4% of the total on-site energy consumption. Natural gas consumption is the next largest on-site energy use with an average of 277,822 m³ per annum or 23.6% of the total. • The Scope 1 and 2 greenhouse emissions from the Project have been estimated to total 168,668 TCO₂-e over the 20 year life of the Project (8,435 TCO₂-e per annum). This represents approximately 0.0015% of Australia's total greenhouse emissions of approximately 553 million TCO₂-e pa. • The Scope 3 greenhouse emissions from the end use of the manufactured vehicles produced by the Project would produce an annual average of approximately 39,500 TCO₂-e per annum. • The assessment suggests a range of mitigation strategies to reduce energy consumption including building design changes and using energy efficient appliances and equipment.	• The Department has recommended a condition requiring Sandvik to prepare and implement an Energy Savings Action Plan for the Project to manage energy consumption and GHG emissions.
Aboriginal Heritage	• An Aboriginal Heritage impact assessment of the site was undertaken, including desktop as well as a detailed site survey. • The assessment found that there were no	• The Department has recommended a condition requiring Sandvik to develop a Construction Aboriginal Heritage Management Plan, in

<i>Issue</i>	<i>Consideration</i>	<i>Recommendation</i>
	Aboriginal sites identified during the survey and recommended that no further archaeological investigation is required in advance of the Project, although the Proponent should provide the opportunity to inspect the site after the vegetation clearance has taken place. • DECCW raised some concerns about the adequacy of survey works undertaken and recommended that further survey be undertaken prior to works commencing. • Sandvik has committed to several measures in accordance with the outcomes of the Heritage Assessment, including: - educating and training all staff and contractors on site so that they can identify potential aboriginal sites; - consulting with Aboriginal representatives and giving them the opportunity to inspect the site after vegetation clearance has taken place and before earthworks commence; and - ceasing works and engaging a suitable qualified archaeologist in the event that any Aboriginal sites or skeletal remains are identified. • The Department is satisfied that the recommended measures adopted by Sandvik and the conditions of approval would ensure Aboriginal heritage is adequately managed.	consultation with Aboriginal stakeholders and DECCW, to ensure that appropriate measures are in place should any items of Aboriginal heritage significance be discovered.

5. RECOMMENDED CONDITIONS

The Department has prepared recommended conditions of approval for the Project which are included in Appendix A.

These conditions are required to:

- prevent, minimise, and/or offset adverse environmental impacts;
- set standards and performance measures for acceptable environmental performance;
- require regular monitoring and reporting; and
- provide for the ongoing environmental management of the Project.

Sandvik does not object to the imposition of the recommended conditions.

6. CONCLUSION

The Department has assessed the EA, submissions, and Sandvik's responses to submissions, in accordance with the requirements under the EP&A Act.

This assessment has found that the environmental impacts of the Project can be mitigated, managed, offset and/or compensated to ensure an acceptable level of environmental performance.

It has also found that the Project would provide a range of economic, social and environmental benefits, including the provision of 80 construction jobs and up to 750 operational jobs for the Hunter region.

Consequently, the Department believes that the Project is in the public interest and should be approved, subject to conditions.

7. RECOMMENDATION

It is RECOMMENDED that the Deputy Director-General:

- consider the findings and recommendations of this report;
- approve the Project application, subject to conditions, under section 75J of the *Environmental Planning and Assessment Act 1979*; and
- sign the attached Project approval (see Appendix A).

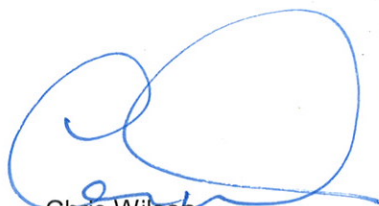


27/10/10.

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APPENDIX A: CONDITIONS OF APPROVAL

APPENDIX B: RESPONSE TO SUBMISSIONS

APPENDIX C: SUBMISSIONS

APPENDIX D: ENVIRONMENTAL ASSESSMENT

APPENDIX E: CONSIDERATION OF ENVIRONMENTAL PLANNING INSTRUMENTS

Section 75I(2) of the *Environmental Planning and Assessment Act 1979* requires that reference be made to the provisions of any environmental planning instrument that would (but for Part 3A of the Act) substantially govern the carrying out of the Project. Consideration of the proposed development in the context of the objectives and provisions of the relevant environmental planning instruments is provided below.

State Environmental Planning Policy No. 33 – Hazardous and Offensive Development

SEPP 33 aims to identify proposed developments with the potential for significant off-site impacts, in terms of risk and/ or offence (odour, noise etc). A development is defined as potentially hazardous and/ or potentially offensive if, without mitigating measures in place, the development would have a significant risk and/ or offence impact, on off-site receptors. The Department's Major Hazards Unit reviewed the SEPP 33 screening for the Project and found that the Dangerous Goods to be stored and handled at the proposed site would be below threshold limits, that there are no other factors that suggest the Project could pose a significant off-site risk and that the Project is not potentially hazardous. On this basis, the Project does not fall within SEPP 33.

State Environmental Planning Policy No. 44 – Koala Habitat Protection

SEPP 44 aims to manage and conserve koala habitat to prevent declines in current populations. Under clause 9 of the SEPP, the consent authority is not to grant consent unless it is satisfied that any "potential koala habitat" is not "core koala habitat" as defined under the SEPP. The Koala was not recorded within the site during surveys despite targeted surveys. However, the Koala has been recorded to the south of the site and is known from the locality. The site contains does not contain any Koala feed trees listed under SEPP 44 or any preferred tree species listed by Port Stephens CKPoM (2002).

The proposal is considered unlikely to have an adverse impact on a local population of Koala since no preferred tree species would be removed and the proposal would not sever connectivity for the species as the site is not located within a movement corridor. The Department is satisfied with the consideration of SEPP 44 contained in the Environmental Assessment.

Hunter Regional Environmental Plan (REP)

The REP applies to the site. Specifically Part 7 (Division 1 and 4) requires air, noise and water pollution to be minimised; and buildings over 14m in height to be considered in the context of local impact and regional significance. The Project has a maximum height of 14.04 m to the ridge. The Department has considered the Project against the provisions of the REP and is satisfied that the Project is consistent with its objectives.

Port Stephens Local Environmental Plan 2000

The *Port Stephens Local Environmental Plan 2000* is applicable to the site and provides development controls for development in the Port Stephens Area. The proposed development is located in the 4(a) *Industrial General Zone* and is defined as industry, therefore the Project is permissible and the Department is satisfied that the proposed facility is consistent with the objectives of the zone.