



Department of Primary Industries

OUT15/12089

- 2 JUL 2015

Director, Resource Assessments
NSW Department of Planning & Environment
GPO Box 39
SYDNEY NSW 2001
Attn: Matthew Sprott

Dear Mr Sprott

Thank you for your letter of 20 May 2015 concerning the review of the Environmental Impact Statement (EIS) and Agricultural Impact Statement (AIS) for the proposed Anglo-American Coal Drayton South extension (SSD 6875) and for the advice (clarification memo) received from Mr Sullivan of Hansen Bailey on 26 June 2015.

In our review of the April 2015 EIS & AIS provided by Hansen Bailey Environmental Consultants (Hansen Bailey), we met with representatives of the Department of Planning & Environment (DPE), Hansen Bailey and Anglo American in Sydney on 12 and 17 June 2015, and with Hansen Bailey and Anglo American in Singleton on 24 June 2015. This included a site visit. We did provide an interim response to DPE on 23 June 2015, advising of the specific issues on which we were seeking further information. These issues were discussed in detail at the meetings listed above. A summary of those specific issues and our current understanding of their status following review of the clarification memo are included in Attachment 1.

You will note that our concerns aligned with three core issues. They were: assessment of BSAL; mitigation of impacts on the agricultural resources impacted; and rehabilitation of the site. I advise the information provided in the clarification memo has addressed the assessment of BSAL but did not fully address the other two issues. The clarification memo advised the mitigation of agricultural resources will be further addressed in the response to submissions and understand that further information on the rehabilitation issues raised in dot points 2,3 & 4 below will also be provided. I anticipate that the economic issues raised in our interim response of 23 June 2015 will be addressed in that response.

In summary the following agricultural related issues remain:

- *Agricultural mitigation measures*
- *Detail on rehabilitation topsoil requirements and the potential for topsoil to be used in agricultural mitigation measures*
- *Identification of potential topsoil to be utilised for agricultural mitigation, if required*
- *Demonstrated stability and sustainability of the final landform*
- *The economic concerns raised in the interim response*

The site visit and the clarification response showed that some of the BSAL area exhibited significant erosion problems, with lower areas displaying evidence of waterlogging. This area is currently managed as low intensity grazing land and the potential for this land to be utilised for intensive cropping is regarded as low. Discussions on-site concluded that there is considerable potential to improve productive capacity and productivity across the landscape through improved practices and that this will be further developed in the response on agricultural mitigation measures.

The Department appreciates the consultant's advice and offer to assist in further investigation into whether some of the soils we looked at on site should be identified as BSAL. This issue has been under review and we believe it will be clarified in the next version of the BSAL protocol.

This advice from the Department of Primary Industries is forwarded directly to the Department of Planning & Infrastructure in accordance with agreed arrangements for mining applications that affect agricultural land.

If you wish to discuss the issue further please call Rob Williamson on telephone 02 6391 3166 or by email robert.williamson@dpi.nsw.gov.au

Yours sincerely



Dr Regina Fogarty
Director Strategy & Policy

2 July 2015

Encl

ATTACHMENT 1

Summary of issues from interim response and if or how they have been addressed.

Issue	How it has been addressed
<i>Assessment of and impacts on agricultural resources</i>	
Justifying why the amount of verified BSAL was reduced from 218.2ha to 78.8 ha	Primary causes for the reduction in area were the elimination of soil unit 2 (deep self-mulching brown Vertosol and the realignment of the boundaries for soil unit 1 (deep eutrophic brown Chromosol) and soil unit 2. The elimination of soil unit 2 was due to subsoil salinity issues, where ECe was over 4.0. Although the data are still presented in a confusing manner with apparent discrepancies (for example, Table A2 in Appendix C of the second revision of the BSAL assessment shows ECe of 5.5 in the 20-60cm layer and 6.9 in the 60-90cm layer while Table 11, page 22 of the same document lists the B21 layer (40-70cm) having an ECe of 4.1 and the B22 layer (70-100cm) as having an ECe of 6.8), DPI accepts that all of these figures are above the BSAL threshold of 4.0 dS/m. Furthermore, the reasons for site 22 being transferred from a Vertosol complex to a Sodosol complex have been adequately explained, both in the meeting with Hanson Bailey and Drayton South on 24 June 2015 and in the clarification response supplied to DPI on 26 June 2015.
The potential of this BSAL to contribute to productive agriculture.	The site visit and the clarification response showed that the BSAL area contained significant erosion problems, with the lower areas displaying evidence of waterlogging. While this area is currently managed as low intensity grazing land, the potential for this land to be exposed to intensive cropping is regarded as low.
<i>Agricultural mitigation measures</i>	
	While the proponent has committed to maintain an agricultural reserve in available areas outside of the project disturbance footprint, they have only committed to maintaining agricultural land uses that have historically been carried out on the Plashett and Bowfield properties. There is no commitment to mitigate the impacts of the loss of agricultural resources as discussed with the proponent.
<i>Rehabilitation</i>	
The potential for subsoil to be used as a resource, particularly in the areas verified as BSAL.	This has not been addressed in the clarification response to DPI. However, this was discussed on the site visit and DPI is satisfied through discussions with the proponent and as a result of inspection of the site that the potential for the subsoil in BSAL areas to be used as a resource is low.
Clear calculations showing topsoil requirements for rehabilitated areas.	In the clarification response the proponent has proposed that between 0.1 and 0.2 m of topsoil will be respread over the reshaped landform prior to rehabilitation. They have stated that "for indicative purposes only, between 1 441 000 m ³ and 2 882 000 m ³ of topsoil will be required. The amount of available topsoil is 2 863 800 m ³ , indicating that there will be sufficient topsoil for the rehabilitation of the disturbance area but none available for potential agricultural mitigation measures. Further detail on rehabilitation topsoil requirements and the potential for topsoil to be used in agricultural mitigation measures will be required in the response to submissions.
Identification of potential topsoil to be utilised for agricultural mitigation	This has not been addressed and detail on this issue should be supplied in the response to submissions.
Demonstrated stability and sustainability of the final landform	This has not been addressed and detail on this issue should be supplied in the response to submissions.
<i>Economic assessment</i>	
Intended sustainable farming/rotational grazing practices to be applied.	This has not been addressed and detail on this issue should be supplied in the response to submissions.
Nature and placement of the dust/noise monitoring systems, or the protocol for management of	This has not been addressed and detail on this issue should be supplied in the response to submissions.

adverse impacts	
Details of the community engagement plan, process for ongoing consultation, or process for resolving disagreements	This has not been addressed and detail on this issue should be supplied in the response to submissions.



Department of Primary Industries

OUT15/14973

22 JUN 2015

Director, Resource Assessments
NSW Department of Planning & Environment
GPO Box 39
SYDNEY NSW 2001
Attn: Matthew Sprott

Dear Mr Sprott

Thank you for your letter of 20 May 2015 concerning the review of the Environmental Impact Statement (EIS) and Agricultural Impact Statement (AIS) for the proposed Anglo-American Coal Drayton South extension (SSD 6875).

The Office of Agricultural Sustainability & Food Security (O AS&FS) has reviewed the EIS & AIS for the Drayton South Coal Project provided by Anglo American. As you are aware we had concerns on issues relating to the agricultural resources on site. Thank you for organising a meeting with representatives of Anglo American and the Department of Planning and Environment in Sydney on 17 June 2015. We welcome the extension of time to allow further submissions from Anglo American and consideration of that additional material by the agency. As outcomes of the meeting, Anglo American undertook to address the list of information required by DPI and DPI a site inspection at Singleton on 24 June 2015 to allow further exploration of the issues.

To undertake the required assessment we require the following additional information:

Assessment of and impacts on agricultural resources

In the light of biophysical strategic agricultural land (BSAL) having been verified on site, there is a resulting deficiency in the assessment of agricultural resources. More information is required on:

- Justifying why the amount of verified BSAL was reduced from 218.2ha to 78.8 ha.
- The potential of this BSAL to contribute to productive agriculture.

Agricultural mitigation measures

Despite a significant amount of BSAL being found on site, no agricultural mitigation measures have been proposed. The requirement for proponents to outline mitigation measures when agricultural resources are impacted is clearly stated in the NSW Guideline for Agricultural Impact Statements.

Rehabilitation

The intention is for the project disturbance area to be completely returned to biodiversity, despite the significant loss of BSAL. There is also insufficient information to determine the

soil resource required for rehabilitation and its management. More information is required on:

- The potential for subsoil to be used as a resource, particularly in the areas verified as BSAL.
- Clear calculations showing topsoil requirements for rehabilitated areas.
- Identification of potential topsoil to be utilised for agricultural mitigation.
- Demonstrated stability and sustainability of the final landform.

Additionally, assessments of the following economic issues were unable to be undertaken due to lack of information on the:

- intended sustainable farming/rotational grazing practices to be applied.
- nature and placement of the dust/noise monitoring systems, or the protocol for management of adverse impacts.
- details of the community engagement plan, process for ongoing consultation, or process for resolving disagreements.

More details on the economic assessment are available in Attachment 1.

Representatives from the Department of Primary Industries will meet with the proponents at the proposed project site on 24 June 2015. The purpose of this visit is to assist the company in understanding what and why additional information is required. When this additional information is supplied, a comprehensive review will be undertaken by DPI with the results to be promptly conveyed.

This advice from the Office of Agricultural Sustainability & Food Security is forwarded direct to the Department of Planning & Environment in accordance with agreed arrangements for mining applications that affect agricultural land.

Additional advice from the other divisions within the Department of Primary Industries may be forwarded by separate letter.

If you wish to discuss the issue further please call Rob Williamson on telephone 02 6391 3166 or by email robert.williamson@dpi.nsw.gov.au

Yours sincerely



Dr Regina Fogarty
Director Office of Agricultural Sustainability & Food Security
Encl

Socio-economic Assessment: Drayton South Coal Project

The following is an assessment of the socio-economic aspects of the AIS (Appendix U) provided as part of the Drayton South Coal Project (DSCP) Environmental Impact Statement (SSD 14-6875).

The AIS and supporting documentation were reviewed with reference to the following material: Strategic Regional Land Use Policy Delivery Guideline – Guideline for AISs (March 2012), AIS Fact Sheet (September 2012), and the Strategic Regional Land Use Policy Guideline for AISs (Re-issued October 2012).

1. Impacts on agricultural support services, processing and value adding industries and regional employment.

a) Agricultural support services

The proposed mine plan has a disturbance footprint of 1441ha of agricultural land (Section 8.1.1, pU-36), which is owned by the Proponent (pU-ii). The Proponent estimates that converting this agricultural land to mining will result in an estimated loss of \$203,992 in annual gross value of agricultural production (pU-ii and Table 20, pU36). The Project also includes converting 2079ha of grazing land to a biodiversity offset with an estimated loss of \$500,828 in annual gross value of agricultural production (Section 5.3.2, pU-29). This combined loss is \$704,820 or 0.26% of the total annual gross value of agricultural production for the Hunter region (Section 8.1.3, pU-37).

The Proponent has used a suitable valuation method. Available information supports the Proponent's claim that changes in agricultural output and flow-on impacts to agricultural support services as a result of the Project will be small.

This assessment has been informed by the following material:

Upper Hunter Agricultural Profile (NSW DPI, 2013):

http://www.dpi.nsw.gov.au/_data/assets/pdf_file/0018/471024/Upper-hunter-region-agricultural-profile.pdf

b) Processing and value adding industries

The Proponent claims that there will be a small reduction in agricultural output, which would have small flow-on impacts to processing and value adding industries (Section 5.3, ppU-26 to U-28). The Proponent estimates that the reduction in cattle output of 518 head p.a. represents 1.1% or 0.8% of the 2013-14 throughput for the Singleton and Scone saleyards respectively.

This estimated change is below the 5% level recommended by NSW DPI as a significant threshold (NSW DPI AIS technical notes, April 2013, Section 4.3, p9).

This assessment has been informed by the following material:

Agricultural Enterprises in the Locality, Upper Hunter Workforce Plan (2014):

<http://www.muswellbrook.nsw.gov.au/index.php/about-council-main-menu/list-of-council-plans/list-of-council-plans-2/corporate-and-community-plans/1261-upper-hunter-workforce-plan-summary-final-april-2014/>

Upper Hunter Agricultural Profile (NSW DPI, 2013):

http://www.dpi.nsw.gov.au/_data/assets/pdf_file/0018/471024/Upper-hunter-region-agricultural-profile.pdf

DSCP Secretary's Environmental Assessment Requirements – Specific Issues (pp2-3).

c) Local and regional employment.

The Project would provide continuity of employment for the existing Drayton Mine workforce, in an environment where there has been a slowing of local mining employment growth (EIS Section 7.2.4, pp7-11).

The Proponent states that the community is concerned about the potential adverse impact of the Project on local employment associated with the equine and viticulture Critical Industry Clusters (CICs). The Proponent reports that the technical studies conducted for the Project “found that the Project will have no adverse impact on equine health or the viability of Coolmore or Woodlands Stud” (Section 8.1.5, ppU38-39).

There is no independent information available to assess the latter claim. Importantly, if the CICs were to be adversely impacted by the Project, there could be a reduction in local employment associated with these industries.

This assessment has been informed by the following material:

Upper Hunter Workforce Plan (2014):

<http://www.muswellbrook.nsw.gov.au/index.php/about-council-main-menu/list-of-council-plans/list-of-council-plans-2/corporate-and-community-plans/1261-upper-hunter-workforce-plan-summary-final-april-2014/>

Upper Hunter Economic Diversification Project (2011):

http://upperhunter.nsw.gov.au/f.ashx/documents/economic_diversification_report_summary2011.pdf

NSW Planning Assessment Commission (PAC) Determination Report Drayton South Coal Project, October 2014: <http://www.pac.nsw.gov.au>

2. Potential impact on visual amenity, landscape values and tourism infrastructure relied upon by local and regional agricultural enterprises.

a) Visual amenity

The maintenance of visual amenity and landscape services were identified in the PAC Determination Report (pp8-9) as critical requirements for the sustainability and viability of the Upper Hunter Equine CIC. The Proponent states that the mine plan has been developed to ensure that the mine site is screened by natural ridgelines (Section 8.6, pU44), which was the minimum requirement in the PAC Determination Report (p17). Tree screens would also be planted to minimise views of the mine from various vantage points around the site to reduce the visual intrusion (Section 9.2, pU48).

The Proponent states that there “will be no views to open cut mining areas” from Coolmore and Woodlands Studs primary areas of operations and Hollydene Winery, “since the current mine layout lies behind the ridgelines nominated by the PAC Review Report” (pL-50).

The Proponent has met the minimum requirements outlined in the PAC Determination Report.

This assessment has been informed by the following material:

Mining and Petroleum Gateway Panel, Drayton South Coal Project Advisory Report, 10 December 2013, p21: <http://www.mppg.nsw.gov.au>

NSW Planning Assessment Commission (PAC) Determination Report Drayton South Coal Project, October 2014: <http://www.pac.nsw.gov.au>

DSCP EIS Appendix L – Visual Impact Assessment

b) Landscape values

Further to 2a), the Proponent states that “the Project will not compromise the scenic and landscape settings of the equine and viticulture CIC enterprises or the associated tourism industries that operate in the vicinity of the Project” (Section 9.2 pU-48 and EIS Main Report Section 7.7.3, p7-42).

The Proponent has met the minimum requirements outlined in the PAC Determination Report.

This assessment has been informed by the following material:

Mining and Petroleum Gateway Panel, Drayton South Coal Project Advisory Report, 10 December 2013, p21: <http://www.mpgp.nsw.gov.au>

c) Tourism infrastructure

The proposed Project would not require any significant additional workforce for either the construction or operational phases. Hence, the Proponent does not expect that the Project would result in any direct increase in demand for local accommodation (EIS Main Report Section 7.2.4, p7-11).

It is unlikely that the proposed Project would compete for local accommodation used by the tourism industry.

This assessment has been informed by the following material:

DSCP Secretary’s Environmental Assessment Requirements – Specific Issues (pp2-3).

3. Mitigation measures for minimising adverse impacts on agricultural resources, including agricultural lands, enterprises and infrastructure at the local and regional level.

a) Agricultural lands

The Proponent states that “sustainable farming practices, including rotational grazing techniques, is considered a final land use goal” for the agricultural land that would remain in production (Section 9.4.1 pU-49 to U-50).

The Proponent makes no reference to which specific sustainable farming practices would be applied, apart from mentioning rotational grazing; but the Proponent does not clarify the type of rotational grazing, of which there are several.

The Proponent could have provided more detail on the nature of the intended sustainable farming/rotational grazing practices to be applied. NSW DPI (among others) has published guidelines on sustainable agricultural practices, including rotational grazing.

In Section 9.3, the “Hunter Livestock Health and Pest Authority” (LHPA) is incorrectly referred to as the organisation with which the Proponent would consult regarding their weed and pest management plan. The Hunter LHPA was abolished in January 2014; hence, the Proponent should liaise with Hunter Local Land Services.

No assessment of the intended sustainable farming/rotational grazing practices to be applied can be made.

This assessment has been informed by the following material:

Mining and Petroleum Gateway Panel, Drayton South Coal Project Advisory Report, 10 December 2013, p21: <http://www.mpgp.nsw.gov.au>

NSW Department of Primary Industries “Pasture Management”:

<http://www.dpi.nsw.gov.au/agriculture/pastures/pastures-and-rangelands/management>

Hunter Local Land Services: <http://hunter.lls.nsw.gov.au>

b) Agricultural enterprises

Measures to mitigate adverse dust, noise, visual, weed and pest impacts of Project components are listed in Section 9.1- 9.3 (ppU-48 to U-49).

The Proponent states regarding dust and noise that “real time monitoring systems will be implemented and maintained in the vicinity of the Project” (pU-48). No details are provided regarding the nature and placement of the monitoring systems, or the protocol for management of adverse impacts.

Regarding mitigation and management of visual impacts, the PAC Determination (p9) stated that an “additional mitigation strategy including monitoring and management of actual impacts” was required. The Proponent has committed to “ongoing consultation with stakeholders surrounding the site” (pU-48 and Appendix L-Visual Impact Assessment). No details are provided regarding the monitoring plan, process for ongoing consultation, or process for resolving disagreements.

Due to the lack of details provided, no assessment can be made.

This assessment has been informed by the following material:

NSW Planning Assessment Commission (PAC) Determination Report Drayton South Coal Project, October 2014: <http://www.pac.nsw.gov.au>

DSCP Secretary's Environmental Assessment Requirements – Specific Issues (pp2-3).

c) Agricultural infrastructure

The Project would increase road traffic (Appendix Z – Revised Risk Assessment). The Proponent proposes to mitigate impacts via the construction of transport infrastructure, including a realignment and upgrade of Edderton Road and upgrade of key intersections.

These upgrades could benefit the nearby agricultural community.

This assessment has been informed by the following material:

DSCP EIS Appendix V – Traffic and Transport Assessment

DSCP EIS Appendix Z – Revised Risk Assessment