Department of Primary Industries

OUT13/28081

29 NOV 2013

Mr Kane Winwood
Team Leader, Mining Projects
Department of Planning and Infrastructure
GPO Box 39
SYDNEY NSW 2001

Email: kane.winwood@planning.nsw.gov.au

Dear Mr Winwood

Thank you for your email of 17 September 2013 concerning the review of the Agricultural Impact Statement for the proposed Dubbo Zirconia Project.

The Office of Agricultural Sustainability & Food Security (O AS&FS), with technical assistance from Agriculture NSW and the Strategic Policy and Economics Unit in Trade and Investment, has reviewed the Agricultural Impacts Statement and other details in the Environmental Impact Statement provided by R.W Corkery and Co Pty Limited dated September 2013. Issues are included in Attachment 1. A brief summary follows:

The AIS provides an overall good review of the impact of the proposal on agricultural issues including the socio –economic impacts. A number of issues are highlighted:

- A significant amount of land within the project, primarily in Area 5 of the liquid residue storage facility is potential biophysical strategic agricultural land (BSAL).

- DPI notes that there has been no BSAL identification or mapping undertaken. From the information supplied, the Wongarbon and part of the Bald Hill soil landscapes may be considered to fit into this category. This land should be restored to its former capability and productive capacity where possible and this should be reflected in the recommendations for the conditions of consent.

- A commitment to rail transport may have wider benefits for regional agriculture and it is suggested that this option is considered, if more broadly supported by agency responses, as part of the conditions for consent.

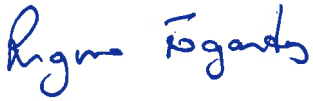
This advice from the O AS&FS is forwarded direct to the Department of Planning & Infrastructure in accordance with agreed arrangements for mining applications that affect agricultural land.

Locked Bag 21, Orange NSW 2800 (161 Kite Street, Orange NSW 2800)
Tel: 02 6391 3223 | Fax: 02 6391 3551 | www.dpi.nsw.gov.au | ABN: 72 189 919 072

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

If you wish to discuss the issue further please call Rob Williamson on telephone 02 63913166 or by email robert.williamson@dpi.nsw.gov.au.

Yours sincerely



Dr Regina Fogarty
Director Office of Agricultural Sustainability & Food Security

Encl

Specific Agricultural Impact Assessment Issues

Under the current project design, a significant area appears to be potential biophysical strategic agricultural land (BSAL); particularly the area designated Area 5 of the Liquid Residue Storage Facility. Every attempt should be made to avoid this area if it cannot be returned to its former productive potential post mining.

Agriculture NSW notes that there has been no identification or mapping of BSAL. From the information supplied, the Wongarbon and part of the Bald Hill soil landscapes may be considered to fit into this category. This land should be restored to its former capability and productive capacity where possible.

Agriculture NSW notes that no mention of BSAL has been made throughout the soils assessment. The proposal should clearly identify the extent of BSAL to be disturbed, provide justification for doing so, articulate why any other areas cannot be used if BSAL will be disturbed, and commit to rehabilitating this land back to its former productive capacity.

Socio-economic Assessment

The following provides a review of the socio-economic components of the Agricultural Impact Statement (AIS) provided as part of the Dubbo Zirconium Project Environmental Impact Statement (EIS). The AIS and supporting documentation were reviewed with reference to the following material: Strategic Regional Land Use Policy Delivery Guideline – Guideline for Amiss (March 2012), AIS Fact Sheet (September 2012), and the Strategic Regional Land Use Policy Guideline for Amiss (Re-issued October 2012).

1. Impacts on agricultural enterprises, including farm productivity, land values and flow on impacts to regional communities and the environment.

a) Farm productivity

The proponent either owns or proposes to purchase 3 452ha of land within the Project area and intends to continue current agricultural activities whenever possible (AIS Executive Summary, p.A9-15; also see AIS Sections 1.1, 1.4.5 and 1.5).
"During mining activities, approximately 808ha would be lost to agricultural production" and "around 1020ha will be allocated to biodiversity offset plantings and management of remnant native vegetation" (AIS Executive Summary, p.A9-15). "The value of agricultural production lost has been assessed as being in the order of $674,330 per year" (AIS Executive Summary, p.A9-15). This is discussed in detail in AIS Section 5.3.2.
Post mining and rehabilitation, "around 1,220 ha would continue to be unavailable for agricultural activities" and "would result in the loss of some $402 910 per annum" (AIS Executive Summary, p.A9-15; also see AIS Section 7.3.3).

The Project would result in both temporary and permanent loss of agricultural land, but with minimal adverse impacts on farm productivity.

b) Land values

Through land purchases, the proponent intends to have some "agricultural buffer" land in order to "minimise impacts on all neighbours" (AIS Section 7.3.1). The proponent is paying

purchase prices that "are above market value", which "have caused a one-off jump in Toongi property values but there is no reason to assume that surrounding property prices will be impacted up or down by this proposal" (AIS Section 7.3.1).

c) Flow on impacts to regional communities

The proponent states that "Dubbo is a base for agricultural support services and activities", but that the Project "cannot be considered as risking the continued operation of these agricultural services" (AIS Section 3.7); that "the Locality does not contain any significant agricultural support infrastructure" (AIS Section 5.3.4; also see AIS Section 3.8); and that there "would be no discernible impact on local support services to agriculture, as production is not changing to any significant extent" (AIS Section 7.3.4). Should "the proposed reopening of the Toongi-Dubbo Rail Line" go ahead as part of the Project, this would "provide support to agricultural enterprises in the future" (AIS Section 5.3.4). The development of rail transport infrastructure would have positive flow on impacts to regional communities.

It is suggested that as a condition of consent, the proponent be required to commit to using rail as the primary mode of transport. For more detailed comments, see point 5 c) below.

2. Any water that is transferred or will no longer be available for agricultural use.

The proponent states that at "maximum production", water requirements would be 4 050ML (4.05GL) per year (EIS Section 2.8.1, p.2-59), and provides a summary of the identified water sources and approximate water allocation entitlements to be obtained (EIS Section 2.8.2, Table 2.8, p.2-60). The proponent states that "there is sufficient tradable volumes of water within each groundwater source to provide for the total 4GL of water required each year" (EIS Section 2.8.2, p.2-60).

The proponent recognises "that an indirect consequence of the entry of a major water user such as the DZP may be to affect the sale and trade market such that the pricing of water excludes some agriculture which could potentially reduce the production in some agricultural industries" (AIS Section 5.3.3, p.A9-56). A consultant's report presented in EIS Appendix 7, "identifies that there would remain significant volumes of tradeable water such that the market would not be distorted to the exclusion of efficient and profitable agriculture" (AIS Section 5.3.3, p.A9-56).

Minimal adverse impacts are expected from this change in water use on agriculture.

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

a) Agricultural support services

See assessment under point 1 c).

b) Processing and value adding industries

See assessment under point 1 c).

c) Regional employment

The proponent states that there "is not likely to be any significant change to employment levels, as production from the site would be continued", but that it is "reasonable to expect some local agricultural workers will look to the DZP as a potential new employment opportunity exacerbating the difficulty of larger enterprises to attract and retain farm workers" (AIS Section 7.3.5).

4. Impact on visual amenity, landscape values and tourism infrastructure relied upon by local and regional agricultural enterprises.

a) Visual amenity

The proponent states that "the features of the DZP Site ... would be visible from both private and public vantage points", but that "due to the natural screening provided by local topography and vegetation, as well as the implementation of the mitigation and management measures proposed ... the visual impact over the life of the Proposal would be minimised to greatest extent reasonable and feasible" (EIS Section 4.13, p.4-293).

b) Landscape values

Landscape values are not specifically addressed, but minimal adverse impacts are expected. Also see points 1 b) and 4 a) above.

c) Tourism infrastructure

Tourism infrastructure is not specifically addressed, but minimal adverse impacts are expected.

5. 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 "proposes to maintain ongoing agricultural activities" whenever possible (AIS Section 6.3, p.A9-62; also see point 1 a) above), including rehabilitating "landform suitable for an agricultural land use" (AIS Section 6.4.1, p.A9-62).

b) Agricultural enterprises

The proponent states that "Dubbo is a base for agricultural support services and activities", but that the Project "cannot be considered as risking the continued operation of these agricultural services" (AIS Section 3.7); that "the locality does not contain any significant agricultural support infrastructure" (AIS Section 5.3.4; also see AIS Section 3.8); and that there "would be no discernible impact on local support services to agriculture, as production is not changing to any significant extent" (AIS Section 7.3.4). Should "the proposed reopening of the Toongi-Dubbo Rail Line" go ahead as part of the Project, this would "provide support to agricultural enterprises in the future" (AIS Section 5.3.4).

c) Agricultural infrastructure

The proponent's preferred method of transporting materials to and from the Project site "would involve a combination of road and rail operations" (EIS Section 2.12.1, p.2-87).

The proponent states that "it would be at least five years from the commencement of the Proposal (approximately 2020) before the incorporation of the rail option would be feasible"; and that they would "within five years of receiving development consent, complete a thorough and comprehensive review of the transport task to assess the feasibility of the rail option" (EIS Section 2.12.1, p.2-87).

The proponent does not commit to using rail transport. If the proponent were to rely on road transport, the Project may have significant adverse impacts on regional road infrastructure. As a condition of consent, it is recommended that the proponent be required to commit to using rail as the primary mode of transport.

The development of rail transport infrastructure would benefit regional agricultural communities.

6. Documented consultation with adjoining land-users and Government Departments.

Sufficient information is documented (AIS Section 1.6-1.7).