

## 2.0 Introduction

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### 2.1 OVERVIEW

QR National is seeking planning approval to construct and operate the TSF and associated infrastructure at Hexham, NSW. The proposed TSF is located approximately 16km north west of Newcastle CBD.

QR National is the largest rail freight company in Australia and was formerly owned by the Queensland Government. It was created as an independent company on 1 July 2010 when transport and logistics company QR Limited was split into two companies. Queensland Rail is responsible for the state's passenger operations, regional track and support services, and remains owned by the Queensland Government. QR National owns the balance of the QR business – above-rail coal and freight services, the export coal network in Queensland and rollingstock manufacturing and track maintenance services. QR National was privatised by the Government through an initial public offering and the company was listed on the Australian Securities Exchange (ASX) on 22 November 2010.

The Port of Newcastle is the world's largest export coal port. The efficient, economic and safe transport of coal to the Port cannot be underestimated in terms of its contribution to the region as well as the NSW and Australian economies.

In order to ensure that QR National is able to continue to contribute to improving efficiency in the HVCC it is imperative that the proposed TSF is established as soon as practical. The current arrangement for the servicing of trains within the Newcastle Port itself is not sustainable in the long term.

Given the significance of the proposed development the Minister for Planning determined on 30 September 2007 that a State Significant Site Study should be prepared and that the project was a Major Project to be determined under Part 3A of the *Environmental Planning and Assessment Act 1979* (EP&A Act). On 30 November 2007 notice was given that the project proposal had been received and the site was declared as a potential state significant site within the SEPP (Major Projects) 2005, Schedule 3 Sites of State Significance.

In 2011 the State Government repealed Part 3A of EP&A Act, made amendments to SEPP (Major Development) 2005 and introduced SEPP (State & Regional Development) 2011. Given that the project application for the proposed TSF at Hexham was submitted prior to these changes and noting the relevant transitional provisions contained within EP&A Act, the proposal will be considered as a transitional Part 3A project.

This EA addresses the DGR's issued on 22 March 2010 (superseding those of 13 February 2008) and in particular considers the full range of environmental, statutory and socio- economic implications of the proposed TSF, allowing an informed decision to be made about the project. Appendix A contains a schedule of the requirements and notes where they are addressed in this EA.

## 2.2 THE PROPONENT - QR NATIONAL

The QR National brand was established in the 2004/2005 financial year when QR National's three freight business streams – coal, bulk and containerised services, were brought under one banner. It was formed with the charter to operate freight services in Queensland and around Australia.

QR National is a \$3b a year business, and is Australia's largest rail freight operator.

QR National currently operates 11 train sets in NSW; the fleet consists of 31 locomotives (5000 class) and 900 QHAH coal wagons. QR National anticipates significant expansion of the fleet over the next 5 years.

### *QR National Mission Statement*

*We will create value through delivering responsive, innovative, rail-based solutions for our customers and stakeholders.*

### *QR National Goals*

QR National's goals are the key strategic outcomes that to be achieved over the next five years:

- Our shareholders value QR National as a sound commercial investment.
- QR National is recognised as a national leader in transport solutions with global reach.
- QR National's people are recognised for service excellence.
- Customers are able to achieve their sustainability outcomes (social, safety and environment) through the use of QR National's services and products.

### *QR National & Sustainability*

QR National is committed to integrating sustainability thinking and actions into all aspects of the business.

*QR National's model for a sustainable future is based on leading and learning; and the three pillars of sustainable development are steadily addressed in a converging journey of cultural reform, innovation and learning. This approach is a new paradigm compared with traditional approaches to corporate sustainability thinking (focussed on managing three parallel streams of economic, environmental and social performance associated with the business).*

### *Social Sustainability*

*Community consultation gives people a say in the future of their community. QR National undertakes extensive community engagement before any proposed rail developments, and outlines the costs and benefits to the community. Feedback, ongoing consultation and negotiation with communities ensure that QR National continually improves its service and provides value to customers and shareholders.*

## *Environmental Sustainability*

*Corporate environmental responsibility means engaging in management practices that safeguard for future generations both the ecosystems and natural resources which may be affected by QR National's operations.*

*QR National is committed to ensuring that rail remains Australia's most environmentally sound method of large scale transportation. Our aim is to protect and conserve the environment and move beyond just meeting regulatory requirements. QR National strives to be an innovator and early adopter of effective solutions for strategic and operational environmental management issues.*

*QR National is involved directly and indirectly in a varied range of large and small activities. Our key focus in the coming year will be to further progress management activity and associated programs involving natural systems and resource protection, environmental impact minimisation and environmental management processes.*

## *Economic Sustainability*

*QR National's commitment to creating value for shareholders is one reason it is a strong organisation that has endured 141 years of operations and continues to grow in size and scope. QR National is a major force in the transport industry and has undergone fundamental changes over the past few years to ensure it is in a position to tackle the challenges and take advantage of the opportunities that come with a competitive, national market.*

## **2.3 THE PROJECT**

QR National is seeking planning approval to construct and operate the TSF and associated infrastructure at Hexham, NSW. Key components of the proposed TSF include:

- Construction of new connections to the Mainline;
- Construction of 10 new train lines (tracks) and sidings parallel to the existing Mainline to accommodate QR National trains for provisioning, inspections, servicing and maintenance;
- Buildings for the provisioning of QR National locomotives and the maintenance of rollingstock;
- A bulk fuel storage area with capacity for up to 400,000L of diesel fuel;
- Construction of an intersection and a new vehicular access road from the Tarro Interchange;
- Approximately 380,000m<sup>3</sup> of earthworks (imported fill) for the construction of the railway formation, access road, drainage and building foundations;
- Construction of internal vehicular access roads; and
- The protection of the Jemena 500mm gas pipeline.

The estimated cost of the project is \$130m and is planned to be constructed in two stages over approximately 24 months. The proposed TSF is a major investment for the region and will provide significant flow on benefits.

## 2.4 PROJECT BACKGROUND

As part of QR National's decision to enter the NSW market it began site investigation for this project in 1998.

Some 54 sites in total were considered and detailed due diligence has been completed in relation to seven of them. QR National is confident that the subject site is the most suitable particularly having regard to the following:

- Site location relative to customers;
- Site location relative to the Port of Newcastle;
- Site location relative to existing rail infrastructure;
- Access to a skilled labour force;
- The flat topography and quantum of land available;
- Manageable site constraints; and
- The regional importance of the site under the LHRs.

Upon being convinced of the Hexham site's ability to cater for the company's needs QR National began the process of seeking planning approval. This process is outlined in Section 2.8 Environmental Assessment Process.

## 2.5 STATE STRATEGIC IMPORTANCE

ARTC is encouraging 'above rail operators', including QR National, to re-establish their current train provisioning facilities outside of the ports to minimise rail congestion on the approach to the dump stations. ARTC documented these requirements in the 2012-2021 Hunter Valley Corridor Capacity Strategy. This project by QR National responds in part to the ARTC strategy.

The TSF will play an important part in improvements to the HVCC network. A letter from the Hunter Valley Coal Chain Coordinator (HVCCC) in support of QR National's TSF application is supplied in Appendix T.

Newcastle is presently the largest coal exporting harbour in the world, exporting over 97Mt of coal in 2009–10 with plans to expand annual capacity to 180Mt by 2013. Mining of black coal is one of Australia's most important industries, creating significant employment in regional Australia, fuel for low-cost electricity generation and steel-making, and vital export income. Australia is the world's biggest coal exporter, and black coal is Australia's largest export, worth more than \$A50b in 2008-09.

The TSF initiative is part of the process of continuous improvements associated within the HVCC network. The proposed QR National TSF will ultimately result in improved efficiency in the transport of coal to market. The removal of existing QR National rail facilities from the Port will improve the efficiency of coal loading operations at KCT. The proposed TSF will allow for trains to be maintained and serviced away from the Port operations alleviating the congestion of trains queuing on the Mainline before entering the KCT.

The proposed TSF will cost in the order of \$130m to construct. This is a significant investment for the region and will provide significant flow on benefits to all sectors of the community.

The proposal is consistent with overall State planning objectives, with the site being strategically identified for employment outcomes under the LHRs. The proposal is also consistent with the NSW 2021 Plan, promoting investment and in particular promoting investment in regional NSW whilst at the same time ensuring environmental outcomes are achieved.

The site location is ideally suited to the proposed development, located close to the Port of Newcastle, mining in the Hunter Valley and being located immediately adjacent to the existing rail network.

The proposed development will have minor environmental impact and will result in a number of environmental improvements. The proposal represents an opportunity to remediate contamination on site that without a development outcome would remain in-situ. Similarly, it is expected that existing water quality entering the adjoining wetlands will improve as a result of the proposed development.

## **2.6 THE ARTC HEXHAM RELIEF ROADS PROJECT**

The ARTC HRR includes the construction of five new relief roads (tracks) next to existing track at the Pacific Highway and Hexham Railway Station, NSW. The project site is located between the proposed QR National TSF site and the GNR at Hexham. The ARTC has lodged a development application (DA) with the DP&I for the construction of the five relief roads. The purpose of the project is to relieve coal network congestion by allowing coal trains to be temporarily held off the main tracks dedicated to coal trains.

The ARTC project falls within category of State Significant Infrastructure and is being assessed under Part 5.1 of the EP&A Act. QR National and ARTC are working cooperatively in the design, assessment and approvals phases of the two projects. It is anticipated the construction works associated with the two projects will be undertaken concurrently.

## **2.7 THE QR NATIONAL / ARTC PROJECTS INTERFACE**

ARTC and QR National have jointly prepared a Project Interface document to assist with the coordination of the TSF and the HRR projects. The document addresses key issues requiring the coordination of future works and will be a precursor to a 'Heads of Agreement' which will formalise the actions and responsibilities of both parties.

The Project Interface document addresses the following:

- Rail Interface Agreement: This agreement will provide modelling to prove the viability of connecting the TSF with the ARTC network.
- Site Access and Internal Roads: RMS has noted that both projects should share a common site access, preferably off the Tarro Interchange.
- Third Party Right of Carriageway: A third party right of carriageway crosses both the ARTC Lease area and QR National land. Agreement from the third party is required to relocate this access.
- Jemena Gas Mains: Jemena's approval is required for protection works associated with a 500mm gas main supplying Newcastle and the Hunter Valley.

- Property Acquisition: ARTC needs to purchase land from QR National to build the HRR and vice versa for QR National to build the TSF.
- Services Relocations: Possible services relocation or protection common to both projects includes; 33kV power, Optus fibre optic cable, HWC trunk mains, Jemena Gas pipelines & Brancourts' effluent line.
- Mitigation Offset Areas: Both projects are required to provide environmental offsets. An opportunity exists for ARTC and QR National to manage this process jointly and utilise offset areas already within the QR National land holding.
- Cumulative Impacts: Cumulative impacts arising from both developments need to be addressed in the respective environmental submissions.
- EPBC Referral: ARTC and QR National made a joint presentation to SEWPAC. EPBC referrals for both projects were submitted in February 2012. Both projects have been assessed as non-controlled actions.
- Signalling Design: Signalling design for the HRR does not currently include turnouts for the TSF. It may be beneficial for QR National to request ARTC to vary the scope within the HRR Project to include signalling enabling works to facilitate connection of the TSF.
- Construction Compounds: Ensure a coordinated approach to the EA and location of a construction compound(s) for both projects.
- Site Masterplan: The Masterplan is to incorporate both projects addressing drainage, services, access and internal traffic circulation.
- Consultation: Ensure a coordinated approach to consultation with State and Federal agencies, adjoining landholders and the community.

## **2.8 ENVIRONMENTAL ASSESSMENT PROCESS**

This EA has been prepared in accordance with the EP&A Act 1979 (and Regulations) which provide a framework for environmental planning in NSW.

A Project Application was lodged in 2008 for the TSF as a major project under Part 3A of the EP&A Act. Part 3A applied to development types that are important and significant to the State of NSW as identified under SEPP (Major Development) 2005. At the same time a State Significant Site study was prepared and an amendment to SEPP (Major Development) 2005 was proposed to include the site as a State Significant Site.

In 2011 the State Government repealed Part 3A of the EP&A Act, introduced Transitional Part 3A arrangements, made amendments to SEPP Major Development and introduced SEPP (State & Regional Development) 2011. Given that the Project Application for the Hexham TSF was submitted prior to these changes and noting the relevant transitional provisions contained within the EP&A Act, the proposal is being lodged as a Part 3A project.

A Planning Focus Meeting was held on 16 January 2008. This, in conjunction with the Preliminary Planning Report, allowed the DP&I together with the various state agencies to determine the relevant DGRs.

Following the issue of the DGR, QR National initiated investigations and documentation for submission with the State Significant Site Study, Concept Plan and Project Application. The finalisation and lodgement of these documents was delayed and subsequently the DG issued an updated set of Requirements on 22 March 2010. These have been addressed through expert detailed investigations and copies of the consultants' reports are included as Appendices to this EA. Refer to the DGR compliance table provided in Appendix A.

It is noted that the DGRs refer to the project as:

*"Hexham Redevelopment; Concept Plan (train support facility, intermodal terminal and industrial subdivision), and Project Application (train support facility)."*

QR National has decided to proceed only with the Project Application for the TSF.

Following exhibition of the EA, QR National will consider and provide a response to the issues raised in submissions. If required, a Preferred Project Report may be completed to address any changes to the proposal.

The EA Submissions Report and any Preferred Project Report would be submitted to the DP&I for assessment. The Department would examine the information provided and prepare an assessment report for the Minister for Planning and Infrastructure. The Minister for Planning and Infrastructure would then determine whether to grant approval to carry out the TSF project. If approved, conditions of approval would be set to outline necessary control measures.

## **2.9 STRUCTURE OF THE ENVIRONMENTAL ASSESSMENT**

The purpose of this EA is to enable consideration of the implications of proceeding with the proposed TSF at Hexham. The EA has been prepared in accordance with the applicable legislative framework and industry standards, and in consultation with relevant government agencies and stakeholders.

The EA is structured as follows:

### **Section 1: Executive Summary**

Provides an overarching summary of the proposed TSF.

### **Section 2: Introduction**

Introduces the EA and provides an overview of the project background and its strategic importance, provides a summary of the key features of the project, an overview of the assessment and approvals process and a summary of the structure of the EA.

### **Section 3: Site Description**

Provides a detailed description of the site including context, past and present land uses site conditions and context analysis.



## **Section 4: Strategic and Project Justification**

Provides an overview of the strategic need and objectives for the proposed TSF in light of current planning strategies, and provides a summary of the economic benefits of the TSF and locational criteria.

## **Section 5: Alternative Sites**

Provides an overview of the various site options considered for the TSF, the advantages and disadvantages of each and the assessment criteria.

## **Section 6: The Proposal**

Provides a detailed overview of the proposed TSF and a discussion of the key design elements including a summary of the construction methodology, operation and maintenance activities.

## **Section 7: Planning and Related Statutory Provisions**

Provides an overview of the relevant Regional, State and Commonwealth legislation including environmental planning instruments, and their application to the proposed TSF.

## **Section 8: Stakeholder Consultation**

Provides an overview of the Stakeholder Engagement Plan, the consultation activities that have been undertaken and future consultation proposed.

## **Section 9: Assessment of Environmental Impacts**

Provides an assessment of the existing environmental behaviour, potential environmental impacts and propose mitigation measures for minimising potential impacts, including an assessment of cumulative impacts.

## **Section 10: Ecologically Sustainable Development (ESD)**

Provides an overview of the principles of ESD in regard to the proposed TSF and addresses GHG, climate change and sustainability.

## **Section 11: Hazard and Risk**

Provides an overview of potential hazards and risks to the proposed TSF including dangerous goods, bushfire, flooding and contamination.

## **Section 12: Environmental Risk Analysis**

Outlines the process and outcomes of the environmental risk analysis conducted for the proposed TSF.

## **Section 13: Draft Statement of Commitments**

Presents the commitments identified by undertaking the EA.



## **Section 14: Conclusion**

Provides the justification for the proposed TSF in relation to the objects of the EP&A Act, the DGRs and in the context of ESD.

## **Volumes 2 & 3: Appendices**

The Appendices to the EA supplement the main document. Appendix A contains the DRGs for this EA and a table providing the location where the DGRs have been addressed within the EA. Appendices B & C provide details of the formal land titles and Appendices D – R contain the specialists' technical assessments which have been prepared to assess the key potential environmental impacts. Appendix S identifies the Amendment to SEPP Major Projects. Appendix T contains a letter of support for the project from the HVCC Network and SEWPAC correspondence is contained within Appendix U. Appendix V contains development plans for the proposed TSF.