

7 May 2007

Mr Michael File and Mr David Gibson
Strategic Assessment
NSW Government Department of Planning
23-33 Bridge Street
SYDNEY NSW 2000

Dear Michael and David

RE: COAL & ALLIED OPERATIONS PTY LTD

REQUEST FOR THE MINISTER TO DECLARE MINMI AND BLACK HILL TO BE MAJOR PROJECTS, STATE SIGNIFICANT SITES, AUTHORISE THE PREPARATION OF A CONCEPT PLAN FOR THE SUBJECT LANDS AND ISSUE DIRECTOR GENERAL REQUIREMENTS – ADDITIONAL INFORMATION

We refer to your recent request for further information in respect of the Coal and Allied (C&A) owned land at Minmi and Black Hill. As you are aware Coal and Allied have requested the following:

- That the Minister rezone and list the subject land at Minmi and Black Hill as State Significant Sites (SSS) on Schedule 3 of State Environmental Planning Policy (Major Projects) 2005 (SEPP MP) to facilitate the development of each site. It is noted at a meeting held at DOP on 12th December 2006 between Michael File, Jim Courigan, Scott Frazer and Keith Dedden C&A were advised that the Minister for Planning has agreed to consider rezoning and listing both sites as a State Significant Site under SEPP MP. C&A have requested that this be confirmed in writing, similar to your letter Ref S06/00813 for the Coal and Allied owned southern sites (Catherine Hill Bay, Gwandalan and Nords Wharf).
- That the Minister form the opinion that the proposals for Minmi and Black Hill are Major Projects to which Part 3A of the EP&A Act applies.
- That the Minister's give authorisation to submit separate Concept Plans for Minmi and Black Hill pursuant to section 75M, Part 3A of the *Environmental Planning and Assessment Act 1979* (the Act).
- That Director General's environmental assessment requirements (DGRs) be issued for both sites pursuant to Section 75F of the Act.

The previously supplied letters to the Department of Planning (DOP) provides the preliminary information to enable the Minister for Planning to form the opinion that the proposals for Minmi and Black Hill are both Major Projects, consider listing the two sites under Schedule 3 of the SEPP, authorise the preparation of a Concept Plan for each site and issue the Director General Requirements (DGRs). Notwithstanding, in response to your recent correspondence further justification on these matters is provided below.

1. State Significant Site (SSS) Listing

In accordance with the Department of Planning's Draft Guidelines for State Significant Sites (SSS Draft Guidelines), a site can be categorised as being of State significance where, in the opinion of the Minister it

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meets *one or more* of a specified list of criteria. It is considered that development of Minmi and Black Hill directly meets criteria (a), (b) and (d).

Criteria (a) of the SSS Draft Guidelines

Criteria (a) of the SSS Draft Guidelines states that a site can be categorised as being of state significance if the Minister considers it to be of regional or state importance because it is in an identified strategic location (in a State or regional strategy), its importance to a particular industry sector, or its employment, infrastructure, service delivery or redevelopment significance in achieving government policy objectives.

Both sites have been recognised for their State and Regional significance based on their inclusion in the Lower Hunter Regional Strategy (LHRS) for urban development. The land to be rezoned at Minmi for residential development will provide a maximum yield of 6,312 dwellings (526ha @ 12 lots per Ha) which will help achieve the LHRS dwelling targets to cater for the predicted population growth for the Region over the next 25 years. The land to be rezoned at Black Hill for employment purposes is capable of providing approximately 750,000 sqm gross floor area of employment uses on the site. Importantly, the proposal can generate 600 jobs per annum during development and 2,000-2,500 jobs post construction. This will help achieve the LHRS employment targets to accommodate a projected 66,000 new jobs in the Region by 2031 and ensure an adequate supply of employment land in the Region.

It is important to note that substantial land parcels owned by C&A to the north of Minmi and south of Black Hill (Tank Paddock) and to the west of the F3 Freeway (Stockrington) (total of 2,473ha) will be dedicated to the NSW Government (NSWG) for conservation purposes. These sites are regionally significant parcels of land given their size, location and endangered ecological communities. The 2,473ha of land identified for conservation has regional ecological value that provides substantial areas of contiguous vegetation providing an important component of the Watagan Ranges to Hexham Swamp conservation corridor.

The conservation land is to be dedicated to NSWG to provide and enhance vitally important conservation corridors included in the LHRS and Draft Regional Conservation Plan. The securing, protection and management of conservation corridors is a key focus of both the Lower Hunter Strategy and the companion Draft Regional Conservation Plan. The development of the two sites in return for 2,473ha of conservation land dedication is crucial in achieving the state government's objective of securing major green corridors, most notably the Watagan to Stockton corridor.

In finalising the LHRS the NSWG reached agreement with four major landholders for the dedication of over 12,000 hectares of land in return for the recognition of additional development potential over 3,280 hectares. Coal and Allied are dedicating 2,473ha of land at Stockrington and Tank Paddock to the NSWG for conservation, with the balance of this land, 526ha to be zoned for residential development and 183ha to be rezoned for employment development. The significant dedication of land by C&A to the NSWG for conservation purposes will enhance the vitally important vegetation corridor between Stockton and Hexham Swamp as identified in the LHRS and Draft Regional Conservation Plan. This is quite clearly of significant regional and state importance.

The two sites are considered to meet the criteria for a State Significant Site both as individual parcels and as an integral part of the overall Coal & Allied land package that will achieve substantial conservation outcomes through land dedication as set out in the LHRS, Draft Regional Conservation Plan and Memorandum of Understanding (MOU) between Coal & Allied and the NSW State Government. Furthermore, the future maximum yield of 6,312 dwellings at Minmi will help achieve the state government's objective to cater for the predicted population growth for the Region over the next 25 years. In addition, the generation of 600 jobs per annum during development and 2,000-2,500 jobs post construction will help achieve the LHRS employment targets to accommodate a projected 66,000 new jobs in the Region by 2031 and ensure an adequate supply of employment land in the Region.

In our opinion, the two sites clearly satisfy criteria (a) of the SSS Draft Guidelines.

Criteria (b) of the SSS Draft Guidelines

Criteria (b) of the SSS Draft Guidelines states that a site can be categorised as being of state significance if the Minister considers the site to be of regional or state environmental conservation or natural resource importance in achieving State or regional objectives. For example protecting sensitive wetlands or coastal areas.

Black Hill and Minmi must be considered in a regional context as well as individual sites consistent with the terms of the MOU. The overall Coal & Allied land package in the Lower Hunter will achieve sustainable conservation outcomes, with 80% of the Coal & Allied landholdings in the Lower Hunter to be dedicated to NSWG for environment protection. The Black Hill and Minmi site together with the proposed dedication of the Tank Paddock and Stockrington sites form an important part of this environmental land offset package for the entire region. The sites are each of significant regional importance with 100% of Stockrington and Tank Paddock to be dedicated to the NSWG as conservation land.

As stated, the expansion, protection and management of corridors is a key focus of the Lower Hunter Strategy and the companion Draft Regional Conservation Plan. Two major green corridors have been identified running through the Region, namely the Watagan to Stockton Corridor and the Wallarah Peninsula Corridor. These are extensive corridors of land with high environmental value which will be managed for conservation purposes. The corridors align with existing public reserves, some of which will be expanded. Relevantly, the Watagan to Stockton Corridor is to be protected and enhanced so that it forms a long-term connection between the rugged sandstone areas of the south-west and the wetlands and coastal plain to the north and east.

100% of Tank Paddock and Stockrington sites will be dedicated to the NSWG as 'conservation land'. This land provides an important component of the Watagan to Stockton Corridor. The expansion and protection of the Watagan to Stockton Corridor for conservation and biodiversity is a key focus of the LHRS and the companion draft Regional Conservation Plan. The C&A land dedication will clearly help expand and enhance the biodiversity and conservation values of the Watagan to Stockton Corridor.

The dedication of land to NSWG will also ensure this land will be protected from inappropriate development by locking away this land as 'conservation land' in public ownership and perpetuity. The environmental gain from the environmental land offset package is a once in a generation opportunity that will provide an enduring legacy for the community. The substantial dedication of 2,473ha of conservation land to the NSW Government by Coal and Allied is clearly of state and regional significance.

Importantly the three sites will also result in the protection of riparian zones and waterways.

In our opinion, the three sites clearly satisfy criteria (b) of the SSS Draft Guidelines.

Criteria (d) of the SSS Draft Guidelines

Criteria (d) of the SSS Draft Guidelines states that a site can be categorised as being of state significance if the Minister considers that the site needs alternative planning or consent arrangements where:

- added transparency is required because of potential conflicting interests
- more than one local council is likely to be affected.

Alternative planning consent arrangements are necessary because the Black Hill and Minmi site together with the proposed dedication of the Tank Paddock and Stockrington sites form an important part of an overall environmental land offset package for the Lower Hunter by Coal & Allied, which includes seven C&A owned sites in the lower hunter and spans four local government areas (Wyang, Newcastle, Lake Macquarie and Cessnock Councils). This creates complications given the likely differing views of Council's as to how and whether or not the proposals for each site should proceed. Separate consent arrangements are unlikely to enable an appropriate conservation and land use framework to be achieved in a timely, effective and efficient manner. The sites need to be considered in a regional context rather than a council-

by council basis to allow for the coordinated protection of priority areas of biodiversity. This will result in a more targeted conservation action, than an uncoordinated approach to the sites.

It is therefore important that Minmi, Black Hill, Tank Paddock and Stockrington are considered in a coordinated manner to achieve permanent preservation of the Watagan to Stockton Corridor. Given that the sites span three local government areas (Newcastle, Cessnock and Lake Macquarie), the environmental gains to the community would not be achieved if each site was separately considered by the individual Councils.

In our opinion, the sites clearly satisfy criteria (d) of the SSS Draft Guidelines.

In summary, the three sites clearly meet the criteria of the SSS Draft Guidelines as outlined above. The listing of the three sites on Schedule 3 of SEPP MP will facilitate the orderly use, development and conservation of regionally important sites of environmental and social significance to the state.

2. Request for Opinion that the Proposals for each site is a Part 3a Major Project

It is requested that that the Minister also form the opinion under Clause 6 of the Major Projects SEPP that the proposals for Minmi and Black Hill are Major Projects to which Part 3A of the EP&A Act applies (clause 75B(1)(a)). The request is on the basis that the Minmi project meets the criteria in clause 13(1) – Residential, commercial or retail projects of Schedule 1 of the SEPP. The estimated capital investment value of the residential proposal for Minmi is \$400 million.

The request is also on the basis that the Black Hill project meets the criteria listed in clause 11 - Other Manufacturing industries as well as clause 12 – Distribution and storage facilities of Schedule 1 of the SEPP. Both clauses incorporate development with a capital investment of over \$30 million, with clause 11 requiring that future development employs 100 or more people. The estimated capital investment value of the proposal for Black Hill is \$35 million and the future development of the site can generate 2,000-2,500 jobs.

For the reasons outlined in the previous section, the proposals for both of the sites clearly meet the criteria as being of State and regional planning significance.

3. Authorisation of a Concept Plan

As previously requested, C&A request that the Minister authorise the proponent to submit a Concept Plan application for the proposed development of Minmi for residential purposes and Black Hill for employment purposes. Given the size and complexity of the two proposals, a Concept Plan would enable key site parameters associated with land use, infrastructure delivery and timing, and environmental conservation to be resolved up front, with subsequent detailed precinct stages being submitted for approval as the site develops progressively. It is proposed that the Part 3A Concept Plans for each site will be submitted concurrently with the SSS study for each site and be supported by a single comprehensive Environmental Assessment for each site.

We trust the information contained in this letter is sufficient to secure early authorisation of the sites as Major Projects and issue of the DGRs so that C&A can proceed with the preparation of a Concept Plan for each site. Please do not hesitate to contact either Sarah Gray sgray@urbisjhd.com on 8233 9906, Keith Dedden keith.dedden@rtca.riotinto.com.au on 0400 702 579 or Scott Frazer sfrazer@catylis.com on 0418 408 129 if you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sarah Gray', written in a cursive style.

Sarah Gray
Senior Planner