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TRANSCRIPT OF PROCEEDINGS

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O/N H-965009

INDEPENDENT PLANNING COMMISSION

MEETING WITH APPLICANT

RE: UNITED WAMBO OPEN CUT COAL MINE PROJECT

PANEL:	**TONY PEARSON** **DR PETER WILLIAMS** **PROF ALICE CLARK**
ASSISTING PANEL:	**DAVID KOPPERS** **ALANA JELFS**
APPLICANT:	**GARY WILLS** **AISLINN FARNON** **SEAN PIGOTT** **JOHN MERRELL** **TIM WALLS** **PETER JAEGER** **JOANNA HINKS**
LOCATION:	**IPC OFFICE** **LEVEL 3, 201 ELIZABETH STREET** **SYDNEY, NEW SOUTH WALES**
DATE:	**10.12 AM, THURSDAY, 6 DECEMBER 2018**

MR T. PEARSON: So there are some changes to the way we operate and what I would like to do is just read through some prepared remarks. I will then ask everyone to introduce – well, actually, I will introduce people on our side. But what I would ask is that if you could introduce yourselves at the beginning and then, as you answer questions, particularly your first couple of questions, if you are providing a response, that you indicate your name for the benefit of the recording. And then perhaps sporadically throughout, if you remember, just to identify who it is that's speaking, that would help with making the transcript.

Good morning and welcome. Before we begin, I would like to acknowledge the traditional owners of the land on which we meet, the Gadigal people. I would also like to pay my respects to their elders, past and present, and to the elders from other communities who may be here today. Welcome to the meeting today. United Collieries Proprietary Limited, the applicant, is seeking to expand open-cut mining operations at the existing Wambo Coal Mine and United Colliery to allow for the extraction of an additional 150 million tonnes of run of mine coal over a period of 23 years. The project comprises two open-cut mining components. The first component involves minor extensions to Wambo Coal Mine's existing open-cut mining area, including a material increase in the depth of mining to allow for the extraction of deeper coal seams that underlie the approved Montrose Pit.

The second component involves the development of a new open-cut mining area on the site of the former United Colliery, an underground mine operating up until 2010. My name is Tony Pearson. I am the chair of this IPC panel. Joining me are my fellow commissioners, Dr Peter Williams and Professor Alice Clark. The other attendees from the secretariat are David Koppers, our team leader, and Alana Jelfs. In the interests of openness and transparency and to ensure the full capture of information, today's meeting is being recorded and a full transcript will be produced and made available on the Commission's website. This meeting is one part of the Commission's decision-making process. It is taking place at the preliminary stage of this process and will form one of several sources of information upon which the Commission will base its decision.

It is important for the commissioners to ask questions of attendees and to clarify issues whenever appropriate. If you are asked a question and you are not in a position to answer, please do feel free to take the question on notice and provide any additional information in writing which will then be put up on our website. I would like to ask now if everyone from your side could introduce themselves and then after that we will commence the meeting.

MR G. WILLS: Thank you, Tony. Gary Wills, operations manager for the United Wambo Joint Venture.

MS A. FARNON: Aislinn Farnon. I'm the approvals manager for the joint venture project.

MR S. PIGOTT: Sean Pigott, approvals coordinator for the project.

MR J. MERRELL: John Merrell from Umwelt. We were involved in the environmental impacts assessment work.

MR T. WALLS: Tim Walls. I'm the – Glencore's approvals manager for New South Wales.

MR P. JAEGER: Peter Jaeger, manager environment and community for Wambo Coal.

MS J. HINKS: Joanna Hinks from Resource Strategies assisting - - -

MR PEARSON: Okay. Great. Thank you. What I would like to do, if it is okay with you, is start the meeting with a short presentation from you providing us with an overview of the project and the assessment process from your perspective. You should assume that we have read all the materials and what I would like to ask is that you focus on issues that you think are particularly relevant to our consideration of the project as the consent authority.

MR WILLS: Okay. Thank you, Tony. So Gary Wills speaking for the project. We do have a presentation up on the screen. There is a number of slides, so I will just skip through on that basis, Tony, that there is assumed knowledge around certain things and go to the core topics for discussion. So, very quickly, intro, this is a fifty-fifty joint venture between United Collieries and Wambo Coal, so Peabody Energy and Glencore. It was announced back in November 2014. Glencore is the manager of the joint venture going forward. It is a joint development of leases owned by Wambo and United and historically we've had a large interaction with each other both on a surface perspective and also stratigraphically in terms of the allocation of the resource. So, in terms of this joint venture, it was really about unlocking future potential for maximising resource recovery in the local region where United and Wambo are neighbours.

MR PEARSON: Is there a sunset clause on the JV?

MR WILLS: There is only really linked to approvals, Tony. So - - -

MR PEARSON: What does that mean, sorry?

MR WILLS: In terms of gaining an approval from - - -

MR PEARSON: Okay. And what is that - - -

MR WILLS: - - - an environmental perspective.

MR PEARSON: What is that sunset clause?

MR WILLS: There's – I will have to take that exactly on notice, but it's in the order of four years post commencement of the joint venture, or the right for the joint venture to commence. So there's no trigger from the 2014 date - - -

MR PEARSON: Right. Okay.

MR WILLS: - - - at the moment. So - - -

MR PEARSON: Could you come back to us, though, with - - -

MR WILLS: I will come back to you - - -

MR PEARSON: Yes, thank you. Yes.

MR WILLS: - - - with confirmation of that.

MR PEARSON: Thank you.

MR WILLS: The next slide is an area with the leases, and I'll take it as understood where they - - -

MR PEARSON: Yes.

MR WILLS: Where we are located. The history of the two operations, we'll take it as noted, as well. I guess we will go to the justification in our perspective for the justification of the project. This is essentially a brown fields extension, ore an expansion project, an additional 150 million tonnes being extracted generating in the order of $370 million worth of royalties over the period, and an interesting statistic is the resource recovery tonnes per hectare. It's a fairly high number of 221 tonnes per hectare. It does look to continue the existing employment for the Wambo open-cut workforce, for which there is in the order of 250 people, as well as adding additional jobs to the region, another 250. So at peak operations we will be at 500 people, and, in addition to that, we will have 120 construction jobs during the initial phase of the project.

We utilize existing infrastructure and facilities at Wambo, so that has the benefit of reducing our disturbance footprint, which is a positive output. By combing the two operations, we're able to have a contiguous final landform, which means we're having a broader regional impact around what our final landform will look like, as opposed to having discrete overburden dumps that aren't linked or able to integrate our overburden dumps and create a much more contiguous natural landform in the region. We have done significant mine design works to produce a good outcome from a point of view of balancing the extraction of a resource with our near neighbours and the cumulative effects, as well as having a contemporary approval for this particular project compared to the approval from 2003 for Wambo.

Our predicted impacts will be managed through a host of initiatives, including mitigation, licensing, leading practice management, as well as our offsets for the biodiversity for the disturbance of the native veg. And we have undertaken extensive consultation with the community over the phase going back as far as 2014 through to where we are now and we've continued to have that consultation and, where possible, we've taken on board comments from the community and agency and other stakeholders and incorporated that into our design. The project overview slide we'll skip over in terms of the – understanding the location, and I guess we'll move to the slides called Project Refinements, and, again, not much more has changed from the presentation that we made to the public hearing back in – earlier in the year.

The key point is, since the response to submissions and the IPC response, we've made another minor amendment to our project disturbance area, so we've reduced it by a further four and a half hectares, or 4.3 hectares, since our IPC report. And then, additionally, the last dot point there is we've made a number of additional commitments in response to the IPC recommendations which have either been noted in the commitments that we've put forward or also incorporated into some of the conditions from the Department of Planning. In terms of the project timeline, the next slide, it really talks about the timeframes from back in 2014 to where we are today, and we're in the process of the IPC review hoping for a determination very soon.

So in terms of the Department of Planning's assessment report, it essentially focused on the 47 recommendations and recommended the project for approval in the sense that it is satisfied that the benefits of the project outweigh the residual costs and it's in the public interest, provided it does have strict conditions of consent. Agency has been consulted and the comments have been fed back through the draft conditions, and that's worthy of noting. In terms of the key issues around the IPC responses that we provided, we will go through the ones – the salient points as we discussed, Tony, so I will move on from that. Around the noise issues, we've had a number of iterations around the properties that are either in acquisition or mitigation throughout the project consultation.

So back in the EIS we've consulted with all of the local landholders, and if you take the properties that are listed on the table there, for instance, R43, we had communicated or consulted with that landholder. We're in acquisition based on our modelling. That was confirmed in the preliminary report from planning. However, based on a couple of matters that included property 50C to come into acquisition from the EIS, we did some modelling around 50Cs limits, which we didn't agree should have been in acquisition. That modelling has then been taken by planning and applied more broadly through the region called the Moses Crossing area, and it has had an impact on property 43 in the final report that recommended that it should only be in mitigation. However, we have put forward that we've recommend it remain in acquisition.

MR PEARSON: Okay.

MR MERRELL: Okay. That was – sorry. It's John. That was additional monitoring, sorry, not - - -

MR WILLS: Additional monitoring.

MR PEARSON: Yes.

MR MERRELL: Monitoring, not modelling.

MR WILLS: Monitoring, yes.

MR MERRELL: That was done just to confirm the existing noise levels in the area of the environment. So - - -

MR PEARSON: Sorry, and so can I just – because the properties are 44, 50a, 50b, 56 and 133 have lost their mitigation rights and 43 and 50c have lost their acquisition rights, and your proposal is that 50c will continue not to have acquisition rights, but will have mitigation rights and 43 will continue to enjoy the acquisition rights.

MR WILLS: Yes.

MR PEARSON: Okay. And that's a voluntary commitment, I guess, you've made.

MR WILLS: By the – by us, yes, that's correct. So, yes, to summarise 43 was recommended to be in mitigation. We've remained – we've consulted with them to say they're in acquisition and recommend they be in acquisition, and everything else really has been essentially unchanged from our EIS consultation - - -

MR PEARSON: Yes.

MR WILLS: - - - with the exception of R56 and then R133 have been dropped out of mitigation altogether.

MR PEARSON: Sorry, I – I may have got this wrong. I thought 44, 50a and 50b had also lost mitigation rights.

MR WILLS: Yes, but not in our consultation through the EIS, they didn't have - - -

MS FARNON: No.

MR WILLS: - - - mitigation.

MR PEARSON: Right, okay.

MR MERRELL: 50b always had mitigation.

MS FARNON: Yes.

MR WILLS: And 50b still does have mitigation.

MR PEARSON: Okay. Right.

MS FARNON: So 44, yes, didn't have it to begin with.

MR PEARSON: Okay. And so there's no voluntary mitigation rights that anybody has entered into, it's really just over one property, it has entered into voluntary acquisition arrangements.

MR WILLS: Yes, which was the acquisition - - -

MR PEARSON: Okay.

MR WILLS: - - - that we had considered.

MR PEARSON: Well, why is that? Why have you elected to make that?

MR WILLS: We felt that we had some [redacted] through the VLAMP process we undertook through the EIS consultation.

MR PEARSON: Right.

MR WILLS: Relying on the VLAMP guidance, [redacted].

MR PEARSON: [redacted].

MR WILLS: [redacted].

MR PEARSON: Okay. Right. Okay.

MR WALLS: [redacted]

MR PEARSON: Yes. I understand. Yes, okay. While we're on it, actually, R19, are you able to provide an update on that receiver and the discussions that - - -

MR WILLS: Yes, I can.

MR PEARSON: - - - appear to be ongoing, but has there been any finalisation of those discussions or they remain on foot?

MR WILLS: We have – we've been consulting with a landholder. They have existing rights under the Wambo consent as well as the Mount Thorley Warkworth consent. [redacted].

MR PEARSON: Okay.

MR WILLS: We are going through that process. [redacted].

MR PEARSON: Okay.

MR WILLS: But it's on – it's in train.

MR PEARSON: [redacted]

[redacted].

MR PEARSON: Okay. Thank you.

MR WILLS: The next slide is around the transition to the joint venture, which is a topic of issue for discussion. We propose to have three phases for the project. Phase 1A, 1B and 2. Essentially, under the phase 1A and 1B, or collectively, phase 1, there's a separation of the operations of the two joint venture partners. So there's some contractual arrangements in place whereby Wambo will continue to operate its open cut up until a point in time, and that point in time is when the United Open Cut is developed coal recovered and washed through the prep plant, so that, at that point in time, when that coal is washed through the prep plant, the Glen – the management of the two operations will be consolidated under the Glencore management and during that – before that time, during phase 1 is when Wambo will be operating separately and United will be operating two different managed operations, and during that phrase, we've considered the impacts around noise management, dust management, etcetera, and I guess the key differences are that, in phase 1A and 1B, Wambo will be managed by themselves and being governed by the consent conditions as they stand for Wambo at the moment, albeit a variation to the noise conditions for Wambo, which will be updated as part of the approval.

Everything else, essentially, remains the same. The United operations will be bound by the conditions of consent for the SSD and the noise limits, air quality, etcetera, for that as well, with the exception that United will not have a construction noise limit afforded to it, will operate within just the operational noise limits, which is a slightly more onerous requirement as opposed to the construction noise limits which provide a bit more relief.

So during that phase, if we refer to these plans, the area to the north-west in the brown polygon is where Wambo will be continuing to operate. It's approximately two kilometres away from the nearest receiver. United, in the blue area, will be operating under the SSD conditions and it's approximately eight kilometres from the nearest receiver, up here in Redmanvale Road. So Wambo will be operating under its conditions of consent currently. United will operate under the conditions that would be granted under the SSD.

That's in phase 1A and those activities in that period are really construction related for the United open cut, so building hall roads, building dams, relocating powerlines, doing those types of activities. Then we move to phase 1B, which really is a change in the intent of the United open cut from essentially predominantly building – winning material to build haul roads and dams to really mining in its own right, in United, but not winning any coal that can be washed in a prep plant, because we still need to develop the road network to deliver coal to the prep plant. And at that point, we – so you can see here there's the – in phase 1, these slide, you can see that the road network is being developed during that phase, that's the key point of difference, and the mining activity being expanded in the blue polygon there that the two locations for the mining activities.

And then from there on, in phase 2, we – Glencore will take management of both the open cut at United and include the management of the Wambo open cut and, therefore, the area in blue will be subject to the conditions under the SSD. The Wambo open cut conditions will be quietened and then we would have a separation or a carving-out of the underground and CHPP conditions remaining in the Wambo consent, and the open cut activities being managed by the SSD conditions.

MR PEARSON: We do have some questions on the transition. Do you want to deal with them or just deal with them later or - - -

DR P. WILLIAMS: We might just go through the presentation.

PROF CLARK: Yes.

MR PEARSON: Yes, we will go through the presentation.

MR WILLS: We do have an example of how we would monitor the noise situation during the transition. Would you prefer that to be maybe one of the questions we talk to later, Tony?

MR PEARSON: We do have – we have asked for a worked example, so, actually, I mean, given it's here now, I don't know, should we do it now?

MS FARNON: Yes.

MR PEARSON: So if you could go through a worked example.

MR WILLS: Aislinn.

MS FARNON: We – because the two operations are operating right next to each other, I mean, I think that, you know, the EPA and planning had a bit of difficulty with how we would do that, but given in phase 1, the number of equipment in United is very, very low, so at any attendant noise monitoring location, it would be very hard to hear what the construction noise would be at United and, mainly, it would be Wambo's operation that would be audible.

So the protocol that we've come up with would be for a noise specialist to an attendant noise monitoring location and assess the noise and, if they could – whether they could hear the joint venture operations, so the construction and small areas of mining at United, if they could and it is – if they could, which is quite unlikely, we would go through the process of assessing what that noise would look like and, if they couldn't, we would attribute all the noise to Wambo. So I just need to – I can't even read that from here.
So if you go to the – thank you – what the protocol says we would obtain operational information and model to determine the likely contributions as per this protocol. So – sorry – if that was lower than the level – sorry, I'm just – criterion.

MR PEARSON: Take your time. It's okay.

MS FARNON: [redacted] If the noise consultant went to attendant noise monitoring location and could hear United, it would then ask the operation what equipment was operating at the time and undertaking modelling. If they couldn't hear the operation at United, it would be attributed to Wambo and then the actual noise level would be assessed. Sorry. Basically, that's how we're doing phase 1.

MR MERRELL: Yes. So that – sorry, it's John talking. All the noise work that has been done basically says, you know, the open cut makes noise; the Wambo open cut makes noise. Because Wambo – and it will have a lot more equipment operating then during construction. Because the amount equipment operating at United in that phase 1A is small, it's highly unlikely that, at any of the receiver locations where you do monitoring, that you will hear it at all. So call it 95 per cent of the time or, you know, the expectation is you won't hear it. So they will stand there and they go, "I can't hear anything at all from United," therefore, all the noise is Wambo's and it's just a straight you compare the noise to the criteria; Wambo is either compliant or not.

If there is some rare circumstance that's unexpected that you can hear United, then that's when there will be a further investigation process, and that's consistent with the way it's done often now and it's consistent with the policy, because the New South Wales Government noise policies say that, if you can't distinguish noise between two sources, that aren't preparing a model, an operational model of that exact scenario that was happening at the time you were monitoring, to assess the noise contributions, is an acceptable approach. So that's the next step in the protocol. So - - -

MR PEARSON: Okay.

MR WILLS: Okay. Thank you, John. Moving on to the equality and, I guess, the one point to call out is around emission reduction measures that we have committed to in the EIS, and that is, that any new non-road mobile equipment with a capacity of greater than 30 litres, we will commission, which will include reasonable and feasible diesel emission technologies – reduction technology, and I guess the situation we're in at the moment is that the current commercially available equipment in Australia is tier 2 engines. Tier 4 engines are in development, but they're currently not available. Should they be available at the time, and their cost-benefit analysis and their fit for purpose, we will look to implement the technology that provides for the greatest reductions that are reasonable and feasible at the time. I guess that's the key point that we wanted to reiterate there.

I guess the next point is really around the biodiversity. A bit of a snapshot in terms of the overall impacts for biodiversity. We have a project area that is just over 3000 hectares. The additional disturbance area is 673 hectares, of which 146 has already been disturbed through mining activities on United, which leaves a balance of 527 hectares of actual clearing of vegetation, which really is seventeen and a half per cent of the total project area, so I just wanted to emphasise again, it supports the Brownfields expansion position. We have secured over 1500 hectares of land-based offsets, and we're proposing to have 880 hectares of mine rehab and, between the both of those, it accumulates to in excess of 1100 hectares of CEC that will be contributed, 630 through land-based offsets and 505 through mine rehab.

Our total credits for land-based offsets is in the order of just under 16,000 credits compared to 4230 credits for the mine rehab. And I guess the key point I'm trying to make there is that the credit yield for the land-based offsets is much higher than that of the mine rehab and I know mine rehab has been quite topical. It's a lower yielding element in terms of the credit yield for the offset – for the impact area and it is part of our strategy, but in terms of retiring our overall credits, it's a – we need to have a larger land mass to get an equivalent value from the land-based offsets, so it does come at a cost for us to also put it forward. In terms of where we are up to with our offset package, we have secured 100 per cent of our offsets for stage 1 development and the agreement that we have come to with OEH and Department of Planning is the employment of a stage release program, so stages 1, 2 and 3, which essentially are in a seven-year period per stage.

We've got 100 per cent of the credits for stage 1; we have 100 per cent of the CEC biodiversity offsets, which is made up of both land-based offsets and also mine rehab; and we have a six per cent shortfall in credits for other PCTs, so EECs and below, for which we will look to retire through the biodiversity scheme or other supplementary measures. So that now allows us to achieve 100 per cent offsets for stage 1. In terms of our offset sites, I won't dwell on it, but I guess it's very important to note we've got a number of very closely locally-based offset sites, one at Jerry's Plains and two properties adjacent to the site, Wambo offset area and also the Brozy property, which we've purchased, which is down in the South Wambo area, and they have both CEC and other important offset characteristics.

We are constantly reviewing our offset strategy and we're actually looking to expand one of the offset sites at Wambo and include another 264 hectares. This was really in response to the Buloke grassy woodland work that was done through the Department of Environment and Energy. So we have identified some areas there that will conform to the CEC and this potentially has 1500 credits for CEC to be yielded, which will be contributed to stages 2 and 3, or we may look to even reduce the rehab component in stage 1 as a consequence.

MR PEARSON: So this is separate to Jerry's Plains and Brozy?

MR WILLS: It is. So this is - - -

MR PEARSON: And it's property you've actually acquired.

MR WILLS: It's a property that we own, but we hadn't identified it as being in our offset sites, but we've continued to look at our own existing portfolio of assets, and we've now looked at this and considered it appropriate to put it forward.

MR PEARSON: Okay. Do you have – does that property have a name or something we can refer to it - - -

MR WILLS: It's just – it will be an expansion to the Wambo offset site.

MR PEARSON: Okay.

MR WILLS: It does sit within existing, already established offset sites for the Wambo project. It's sitting to the south of the Wambo site that we've put forward for the project, which is the red area here in the – on the plan. The yellow area here is the pre-existing offset site for Wambo and the area in blue is the site that we're putting forward now. So that's another package that we will be looking to put forward.

MR PEARSON: Okay.

MR WILLS: It has had a review done by Umwelt around what qualities are there and we then need to go through the process of verification with OEH and the like, but, again, it's just demonstrating that we are seriously – serious about expanding our land-based offsets. I've talked about the mechanism for the retirement through the staging approach. We have it all in place. We do have 12 months to actually have the Stewardship Agreements registered from the commencement, but the key message is those credits are already in place; they're secure. I won't go through the calculator around where we are. There were some comments around the EPBC offset obligations. We've essentially met those. It's a bilateral assessment from – through New South Wales and the Commonwealth for - - -

MR PEARSON: When you say "you've met them", you've met them for stage 1.

MR WILLS: That's correct.

MR PEARSON: Yes. Okay.

MR WILLS: So we haven't met them, obviously, for stage 2 and 3 - - -

MR PEARSON: Stage 2 and stage 3. Yes.

MR WILLS: - - - but, as we've put forward, we can't go through disturbance for stage 2 until we have those offsets secured prior to that and having the Stewardship Agreements in place prior to that disturbance taking place. So that affords the appropriate protection from a point of view of the disturbance risk with having the offset sites in place.

MR PEARSON: If my fellow commissioners will permit me, I just wouldn't mind, while we're on that, just exploring that point a little bit. So with the EPBC offsets, as I understand it, there is not the ability at the moment to pay into an accredited fund - - -

MR WILLS: That's correct.

MR PEARSON: - - - and that may change, that may not change. Part of the EPBC offsets are mine disturbance that is to be rehabilitated I guess.

MR WILLS: Yes.

MR PEARSON: Can you talk me through what happens in year 7 when you reach the end of stage 1 and the rehabilitation that is targeted towards offsetting the EPBC impacts. I guess, how should we look at that in the context of the applicant being allowed to move on to stage 2 of the project? Is it possible to know that that rehabilitation is actually succeeding in meeting the offset requirements to offset the EPBC impact?

MR WILLS: That's a good question. John will be best placed to answer that, but I guess timing is the critical one there, Tony.

MR MERRELL: So the way the policy works in New South Wales is that you get – you can have upfront credits for the rehab that you will put in as part of the project. The mechanism for providing protection for that is that you have to have very strict criteria on what that rehabilitation will look like and what the completion criteria are, so what it must achieve to be successful. If you don't deliver on that over time – and it's because of that – because you obviously have to progress far enough through the mining process to have sufficient area available for rehabilitation, you plant it and then you monitor it and manage it over time. So it will take, you know – call it 10 years potentially to meet the completion criteria.

MR PEARSON: Correct. That's the nub of my question though.

MR MERRELL: Yes.

MR PEARSON: So you get to year 7 and it's not clear whether the rehabilitation is successful, or is going to be successful, or likely to be successful, in meeting the EPBC offset obligations and yet we have this point where the applicant would like to move on to stage 2.

MR MERRELL: Yes. But the way the policy works in New South Wales is you can have access to those credits upfront. The penalty at the back end is, if you don't deliver on that, that you need to find another way to retire those credits.

MR PEARSON: So what's the other way in – so that's the New South Wales policy - - -

MR MERRELL: Yes.

MR PEARSON: - - - but the EPBC policy doesn't allow you to retire those credits through one important channel, which is payment into an accredited fund.

MR MERRELL: Yes.

MR PEARSON: What happens if the current arrangement around accreditation for the fund doesn't change? What happens then?

MR MERRELL: So the – one of the things that's not clear yet from the EPBC assessment process – and, obviously, the New South Wales assessment is the assessment. They'll make their own determination – is exactly what their requirements will be for the offsets, should they determine the project. Their offsets policy works – you're right it works a little bit differently to New South Wales - - -

MR PEARSON: Correct.

MR MERRELL: - - - but the quantum of offsets that they require also works differently to New South Wales. So there's – we're not 100 per cent sure what they may put in their determination when they determine the project, but the – the – I suppose the – we've been very clear with the department the whole way through what the proposal is - - -

MR PEARSON: Yes.

MR MERRELL: - - - in terms of that there's both land-based offsets and rehabilitation offsets - - -

MR PEARSON: Yes.

MR MERRELL: - - - and I think, at the moment, we don't have any concerns.

MR PEARSON: I'm still wondering, though, what is it that happens – so if that rehabilitation in year 10 completely fails - - -

MR MERRELL: Yes.

MR PEARSON: - - - and there is no – not the ability to pay into an accredited fund because the arrangement hasn't changed - - -

MR MERRELL: Yes.

MR PEARSON: - - - what happens?

MR MERRELL: What are the options? The options is you completely redo the rehabilitation. So you start from scratch and do it again and – to achieve an – to achieve the outcome, or you – at the moment, you would have to – under the EPBC offsets policy, you would either have to have a – find a land-based offsets, or, for a proportion of the offset, you could agree to supplementary measures, and there's a range of mechanisms. There's a possibility in the future that the fund may or may not be available, but that's unknown at this stage - - -

MR PEARSON: We can't – yes.

MR MERRELL: - - - but they're the options that you would have. You redo it.

MR PEARSON: Okay.

MR MERRELL: You find a land-based offset, or you agree to supplementary measures under their policy.

MR PEARSON: Okay. Okay. All right. Thank you.

MR WILLS: And in – Gary speaking. And in response to that, Tony, the – there's the evidence that we're – we have in our presentation here that ..... we talk about our rehab capability within Glencore and the efforts that we've – the results that we've been able to demonstrate, but, equally, and as I demonstrated before, we are constantly looking for new offset sites. So we're not – we are looking to ensure that we've got land-based offsets going forward, as well as relying on our mine rehab, for which we have a high degree of confidence in our outcomes, based on the work that we've done at many of the other sites within Glencore, but to – the risk is, as you say – there's only two alternatives at the moment. You continue to work at the rehabilitation to get it to the appropriate standard, or you have to go with, essentially, land-based offsets. There are some minor supplementary measures that you can put in place.

So that's probably a good segue to move to our – the ecological rehabilitation, and if we move on to that slide there, slide 34 of the presentation, we – there was the report commissioned by Umwelt in 2017, essentially having a look at rehabilitation activities in the valley and seeing how they – the condition and characteristic diagnosis of that – those rehab sites, and, essentially, it found that some of those mine rehab areas, despite not actually planning to achieve CEC ..... the targeted community, did provide sound evidence that it can conform to those vegetation types. So that's one body of evidence around that. The – so therefore it's implied that we can achieve that through that report. Also, we have – within Glencore, we have a vast experience with regards to mine rehab results. We have a Glencore rehab case study handbook, for which I'll give you a copy today, which - - -

MR PEARSON: Great. Thank you. You're aware this will be uploaded to the website, and you're happy for that - - -

MR WILLS: Yes. That's right. This is - - -

MR PEARSON: Okay. Great.

MR WILLS: It's a public document. So it takes into consideration a whole host of the operations within Glencore through Queensland and New South Wales and looks at the results and the efforts that we've gone through. So - - -

MR PEARSON: Okay.

MR WILLS: Essentially, over the time – Glencore has rehabilitated over 12,600 hectares of mine land to native veg or grazing pasture. So it's a significant amount of area.

PROF CLARK: And has that been independently verified and confirmed?

MR WILLS: Well, that's updated through our AEMR and other reports. I guess we would put that forward through our own annual documentation, but to be - - -

MR MERRELL: The government – in New South Wales, the government agencies obviously review rehab progression, and they look at – they get the results, and they go do site inspections, but I'm not sure – no. No one has probably verified the specific numbers in - - -

MR WILLS: I'm not sure if it's been independently verified.

MR MERRELL: - - - that report, but there's certainly reviews.

MR PEARSON: Has any of this rehab been associated with end of mining – so surrender of a mining lease? That's probably another way to look at it.

MR WALLS: In New South Wales, we've not been through that process of surrendering, like, a final rehab site. There is some rehabilitation in Queensland that we've had signed off by the regulator, and we could probably provide some information on that - - -

MR PEARSON: I think that would be helpful, if you could. Yes.

MR WALLS: - - - but we've not hit that point.

MR PEARSON: And perhaps if you could – so this 12,500 hectares is across Australia and – sorry – New South Wales – Australia - - -

MR WILLS: New South Wales and Queensland.

MR PEARSON: Queensland. Yes. Okay.

MR WILLS: Yes. That's right.

MR PEARSON: Perhaps if you could maybe provide a little bit more clarity around how much of this has got some sort of regulatory or other oversight that's independent.

MS FARNON: The next points down: Newlands have had certification, and also Rolleston, and that information's in that handbook.

MR WILLS: Yes. So the handbook has site-by-site listing of - - -

MR PEARSON: Yes. Okay.

MR WILLS: - - - the works that have been done, but we can come back to you formally with a response on that, Tony.

MR PEARSON: Yes. Okay.

MR WILLS: So I guess this is really – you know, I won't go through each one of the case studies. We've got Mount Owen as an example, which is a Hunter Valley-based operation on the other side of the valley - - -

MR PEARSON: Yes.

MR WILLS: - - - which has got a significant portion of woodland close by the Ravensworth State Forest. You know, it's got some very strong ecological values associated with that rehabilitation program. We've got Mangoola, which is really a – an example of the natural regrade or the natural GeoFluv-type works that have been done around the shaping of the environment, and then, on top of that, we have the vegetation rehabilitation part of it. So that talks to both the vegetation communities but also the final landform microrelief GeoFluv methods that we're proposing to adopt for United, and that's evidence that we can deliver on that type of landform in its own rights, and then we've got the case studies from Queensland, being Newlands and Rolleston, that have had certification from the Queensland Government. You know, there's 73 hectares of overburden, which was the first for the state's coal industry in Queensland, and then Rolleston had 220 hectares of grazing land certified as well.

MR PEARSON: Okay.

MR WILLS: So there's a body of evidence to suggest that we have – we've got a good track record.

MR PEARSON: Yes.

MR WILLS: Skipping along, I will take the final landform slide as being already considered by the Commission. The next one is still around final landform and rehabilitation – is the final voids and the – and we did a large amount of work on final voids, both the cost associated with filling them in but also analysis around how we would treat those and the best way to treat them, and I guess we've concluded that final – two final – two final voids in the final landform is the appropriate and just position for the project. When we've done the analysis, we – the economics associated with backfilling the voids, we had a lot more detailed work undertaken in this round with the specific questions from the IPC, and we came up with a value of 770 million to fill in the voids. There was a question from the Commission around the discount rate applied.

MR PEARSON: How has that – how has that – are you able to provide a reconciliation, perhaps, because it's – we've had three numbers now. They're very different, and they're increasing.

MR WILLS: Yes. Yes. So the first number that we put in the EIS was really a broad, long-term average cost of moving overburden. So it was the truck and shovel costs that we took out of our costs model and said we will – that's just the cost associated with ..... very simplistic approach to say we needed 150 million cubes at three dollars a cube to move. It was a very coarse number, and that was essentially reflection of a life-of-mine average of the overburden haulage costs from a mine that is in ex-pit dumping. So there's a higher cost of ex-pit dumping workload in terms of the truck cost, back to also inclusive of a steady-state operation where the trucking numbers are reduced, and we're hauling short in pit.

The real number of undertaking filling in these voids would mean we would need to win material from our overburden dump, which is up high, and we would need to haul it all the way down to the bottom of the pit and start filling in the void from there. So it's a much higher cost associated with doing that work, and that's where, really, once we've gone back and done some very detailed understanding of the truck hours and the equipment hours required to do this task, that's where the number has come from. So it was a very - - -

MR PEARSON: Could you perhaps provide a more detailed breakdown on that. So ..... obviously, you can understand, as the consent authority, we rely on that information. So - - -

MR WILLS: Yes.

MR PEARSON: I think it would be helpful if you could - - -

MR WILLS: So a reconciliation from the original number - - -

MR PEARSON: Yes.

MR WILLS: - - - through to where we .....

MR PEARSON: Well, there were three. There was three hundred and something million, 600 million, now 777 million. So I guess – and maybe, as with construction, there's a – always a degree of confidence around those numbers, but - - -

MR WILLS: Yes.

MR PEARSON: - - - perhaps if you could provide some more - - -

MR WILLS: Yes.

MR PEARSON: - - - detail around that.

MR WILLS: We will take that on notice.

MR PEARSON: Yes. Thank you.

MR WILLS: In terms of the discount rate, obviously, the – a project is assessed around its return on investment, and a discount rate, of, typically, seven per cent is reasonably applied in some circumstances, and that discount rate reflects the fact that there's a cost and a revenue element to it, and there's a risk associated with the revenue. Hence why a higher value for discount. In the exercise for filling in the void, it was a discreet project. It's essentially akin to a social or a public infrastructure work. So there's no revenue risk associated with it. Hence the independent expert feel that it's more appropriate to have a lower discount rate of four per cent, which is similar to the – say a public infrastructure works or a social factor associated with this type of activity.

MR PEARSON: How does that four per cent tie back to your shareholders' costs of capital?

MR WILLS: That – I don't have that information, Tony. I can - - -

MR PEARSON: Okay. We might pick up some other questions later on, but yes.

MR WILLS: Okay. So that was the question around the discount rate, and we've talked about the – there's still around the 150 million cubes to move to fill in the void. So that's the same volume of material from the original assessment, but we've gone and done the detailed design around the material movement, the rehandle, the additional rehab, the disturbance to existing rehab and the fact that we've continued operation for another six years – that accumulates to the $770 million. That returns around 111 hectares of usable land, which equates to approximately $7 million per hectare. The reasonable rate for land within the region is in the order of three and a half to four thousand dollars a hectare. So there's a significant premium on returning that.

The next slide is really the work around the options that we've considered throughout this entire process around the treatment of voids, starting from having three voids, one at United and keeping the two at Wambo, and you can see there – I won't go through every line item, but we've worked our way through to try and eliminate along the way whether it's either technically feasible; is it technologically feasible; does it actually deliver an improved environmental outcome, etcetera? Where we've ended up is where the proposal sits currently, which is two final voids in the landscape, which is in keeping with the existing approval for Wambo.

We have left the door open on two other alternatives, which, again, we'll continue to monitor through our final landform – final land use strategy process, and there is a couple of options there to increase the catchments to have an effect on the water quality. It does have a – that does come at a cost, in the sense that it takes water away from the downstream catchment – but then also having another alternative where we look at implementing a drainage channel from the Wollombi Brook and having that water fill into the United void, and that does again deliver a different water quality outcome, but it does take water from the Wollombi Brook, etcetera.

MR PEARSON: Could I just ask – so when you describe one void as being economical feasible – or when you answered the question – sorry – is one void economically feasible, and you indicate in the table on page 41 that the answer to that is no, what does that mean? Does that mean that the project – you would not proceed with the project under a one void option, or the project's attractiveness would diminish to the shareholders?

MR WILLS: The economic return is obviously impacted by it. There's also the physical constraints of the mine site. We have two discrete mining areas, one in the Wambo open cut, one in the United open cut, so either way, filling in one of the voids was equally cost-prohibitive as filling in both.

MR PEARSON: Sorry. Can I just understand. So filling in one – so it's the Wambo void, filling that in is $176 million. That's right. There - - -

DR WILLIAMS: I think the Wambo void, which is 24 hectares, I think.

MR PEARSON: Yes.

DR WILLIAMS: And I think it was given this figure of 176 million.

MR PEARSON: 76 million.

DR WILLIAMS: That was undiscounted.

MR PEARSON: Yes.

DR WILLIAMS: I see.

MR PEARSON: And the United void is the 600 million, is it? So there's a very different cost associated with filling it to give - - -

MR WILLS: It's a larger void.

DR WILLIAMS: That's 24 hectares.

MR PEARSON: Yes. Correct.

DR WILLIAMS: Sorry. 87 hectares.

MR PEARSON: So when you talk about one void, and you say no, are you saying no whether it's the Wambo void or the United void, or are you saying that no is the answer if it's the United void which is the bigger void, the larger void?

MR WILLS: Both options of filling in either void does have a – is cost-prohibitive to the project from an economic return.

MR PEARSON: So when you say – I just want to be really clear on this point. When you say cost-prohibitive, it means the project – your assessment of the economic feasibility of the project under one void or filling both voids is the same in that the project is unlikely to proceed.

MR WILLS: Yes.

MR PEARSON: Okay.

DR WILLIAMS: Can I just ask a related question, so – while we're here. It's just where I've got my question structured. Those two void figures, they're excluded from the calculation of the – I think it's 878 hectares of the ecological – conceptual ecological mine rehabilitation.

MR WILLS: Mine rehab. Yes, that's correct.

DR WILLIAMS: They're excluded from that.

MR WILLS: So they would be over and above that. If they were to be rehabilitated, that would be on top of the 878.

DR WILLIAMS: On top of the 878. Sorry. Just while we're at that point, I just clear that one up, too.

MR PEARSON: Is there information you can provide us that conveys to us the economic impact of filling one or both of those voids?

MR WILLS: In the sense of the investment return?

MR PEARSON: Yes.

MR WILLS: I can take that on notice, Tony, and have to come back to you.

MR PEARSON: That would be helpful. Yes.

MR WILLS: In terms of what – what aspect are you exploring?

MR PEARSON: Well, I just want to explore this idea that the project becomes economically unfeasible if you fill one or both voids. And so I would – I think it would help us if you were able to produce some evidence of that. I don't know what form that evidence would take, but I imagine it might be in the form of the base case returns and then the reduced returns under each scenario, so one – filling one void, filling the other void and filling both voids, and what the economic – base case economic returns might look like under each of those scenarios.

MR WILLS: Okay. So we have separated the cost of filling the two voids in in the document previously.

MR PEARSON: Yes.

MR WILLS: So it's really around affecting the financial impact in terms of the investment return?

MR PEARSON: Well, it's more – you've indicated that the project is not economically feasible if you fill the United void, the Wambo void or both voids. And so I guess what I'm interested in is, perhaps, some evidence to support that observation.

MR WILLS: Sure.

MR PEARSON: That would assist us in our decision-making.

MR WILLS: Yes. I guess my initial comment will be we'll need to come back to you - - -

MR PEARSON: Yes.

MR WILLS: - - - in detail, but each resource is different in terms of its economic recovery, so the United void is a much lower strip ratio in terms of overburden to coal recovery. The Montrose project has got a higher overburden ratio to coal, so it in its own right, even though that void is a smaller number to fill that in, it's the cost associated with the development of that void. It's a higher cost operation in its own right first up, so its return is at a lower value to the United open cut, which is at a lower cost in comparison.

MR PEARSON: Yes. But the project is the combination of both, not separate pits, so the project – the project's ability to absorb that economic impact is what I'm interested in, not the ability of the Wambo pit to absorb the backfilling of that pit and the United project to absorb the backfilling of that pit. It's the project's ability to absorb the backfilling of one pit, the other pit or both pits. So the discounted value of 176 million is – seven per cent is about 30 million, 25 million. The discounted value of 600 million is about 120 million at seven per cent. So how does that compare, I guess, to the economic return, and if what you're saying is that the project's not economically feasible, I'm trying to tie that back – also back to the CBR, which you've indicated is as high as 18, so just some analysis around that I think would be quite helpful.

MR WILLS: Okay. I think it's – I don't necessarily agree it's appropriate to balance the two pits' economics into one; I think they need to be discretely assessed around that, but we'll take that on notice.

MR PEARSON: Yes. Okay. That would be helpful. Thank you.

MR WILLS: There were some other questions around water and visual impacts, but I guess you'll probably have questions on there. I don't see there being some major issues coming from those.

MR PEARSON: Yes.

MR WILLS: The VPA update – we have made an offer to Singleton Council - - -

MR PEARSON: Okay. I saw that last night, so - - -

MR WILLS: - - - for the 2.65 million. We do want to make a note that we – noted that we didn't agree with the methodology adopted by GLN in their process for - - -

MR PEARSON: Okay. Right.

MR WILLS: - - - assessing the adequacy of the VPA offer by the project to council.

MR PEARSON: Why is that?

MR WILLS: It was an exercise in history comparison; it wasn't necessarily an exercise in determining the cost of impact, so it was really - - -

MR PEARSON: Okay.

MR WILLS: - - - taking previous VPA values, analysing them from a point of view of the ratio to CIV, the ratio to tonnes, the ratio to number of people, and then applying a general average across the board, and I didn't agree with that methodology. Or I don't agree with the methodology.

MR PEARSON: Okay.

MR WILLS: However, we have accepted the value, which was 2.65 million, 50 per cent to the local impacted area and 50 per cent to wider LGA, so we have sent that to council. Council have corresponded with me this morning to say they will take that to council this month.

MR PEARSON: Okay. All right. Okay.

MR WILLS: So hopefully we can tick that off.

MR PEARSON: Let's hope so.

MR WILLS: There was a couple of draft consent items that we did want to raise around challenges associated with them.

MR PEARSON: Great. That would actually be very helpful.

MR WILLS: Yes, so - - -

MR PEARSON: It was a question we had for the department as well.

MR WILLS: Yes, that's right.

MR PEARSON: Yes.

MR WILLS: So one of them is around the social impact management plan. Aislinn, do you want to talk to these?

MS FARNON: Yes. It's a new condition in contemporary consents, and, you know, we accept that condition, but we do bring your attention to the fact we've been asked to consult with Bulga Coal – sorry – with Bulga community, and they're already heavily impacted by Mount Thorley Warkworth Mine and also Bulga Coal itself, so they do a lot of consultation with that community, and we're cognisant of the fact that we don't want to over-consult with that community, given that we really don’t impact on them, so we’re asking the Commission to maybe have a look at having that town – that village removed from our requirements. We mainly would impact, obviously, Jerrys Plains, Warkworth and also Maison Dieu, but I think Bulga could probably be taken out of our condition to consult that community. We have - - -

MR PEARSON: What’s been the department’s position on that? So this was a question that they took on notice, so we don’t have the benefit of their response to this question.

MS FARNON: They’ve left it in.

MR PEARSON: Okay.

MS FARNON: So we wanted to discuss it with you, so - - -

MR PEARSON: Okay.

MR MERRELL: So there was - - -

MR WILLS: It’s not a point that we are unwilling to do - - -

MS FARNON: No.

MR WILLS: - - - the consultation. By all means, we have actually consulted with the Bulga community throughout the project. It’s really around the merit and the time constraints it does put on the community from a point of view of the consultation program.

MR PEARSON: Okay.

MR WILLS: And whether that is either incorporated to – with some of the other mining companies through their consultation process or whether it’s a direct instruction for the project that’s more around the impost on the community.

PROF CLARK: Can I ask if Mount Thorley Warkworth and Bulga Coal separately consult with the community or do they do that together?

MR WILLS: Separately. Separately.

MS FARNON: Yes, separately.

MR WALLS: And each – it’s Tim Walls. Each of those sites has their own VPA which includes an element in relation to Bulga village.

MS FARNON: And, obviously, Bulga Coal is owned by Glencore, so it’s a sister company, so – so, yes, we’re not trying to not do it. We have – we’ve had a number of meetings with the Bulga community as part of the social impact assessment for the project and we just – the value that may or may not be there – certainly, north Bulga – there are residents in the south Wambo/north Bulga area that are impacted. We would obviously want to consult with them. But the actual village of Bulga, I think, would be – it would be helpful if it wasn't ..... bigger process. And the other one there is condition B64 and 65 – it still has – our consent condition still has the requirement to immediately notify OEH upon discovery of a previously unknown site. We think that's too restrictive.

We have the ability through our Aboriginal Cultural Heritage Management Plan to deal with unknown sites as we go along through a salvage program and we would like the Commission to have a look at whether we could have that condition changed to reflect the management processes within the HAM.

MR PEARSON: So the concern – so the ..... again, sorry. I'm not familiar with the specific conditions. But the requirement to cease work is across the whole site or is it localised to the area of the site that has been - - -

MS FARNON: If we find an unknown site - - -

MR PEARSON: So when I say "the whole site", I mean, the whole five thousand ..... the whole operation, not just the local – where the heritage item has been identified.

MS FARNON: In the immediate area – yes. I wouldn't imagine it would be the - - -

MR PEARSON: Okay. So you're not ceasing work across the whole site?

MS FARNON: No. We wouldn't have to - - -

MR PEARSON: The whole operation - - -

MS FARNON: - - - pull the operation up for that, no.

MR PEARSON: Yes. Okay.

MS FARNON: In – just – in that – so if we're doing a salvage program, we would have to stop operations in that area where the salvage has been undertaken, notify OEH before we would be allowed to continue whereas - - -

MR PEARSON: Okay.

MS FARNON: - - - in the ACHMP we have ways of dealing with unknown - - -

PROF CLARK: What are those ways? So you have a management plan?

MS FARNON: You would pick them up – yes. We would actually record them as we're going along, so – yes. It's – we just believe it's over onerous. Where's the actual - - -

MR PIGOTT: There's a requirement that we need to get a sign-off from the OEH to state that it's not an Aboriginal site approval from – update the ACHMP to show the site and show the condition or we have to get a sign-off from the Secretary to be able to ..... whereas in the ACHMP – in the new finds policy, we will treat it as in a site – so we will find it, record it, submit a site card and submit an impact card and – as we would any other site that we had previously identified that's within the same .....

MR WILLS: Thank you, Sean.

MR PEARSON: And, again, just help me for a second. You put these points to the Department?

MS FARNON: Yes.

MR PEARSON: Okay. And the Department has elected to proceed with these conditions, in any event?

MS FARNON: Correct.

MR PEARSON: Okay.

MR WILLS: That concludes our presentation. We have a video. You've seen that video, Tony. I don't think we will go through it. It's about - - -

MR PEARSON: Would you like to see it or - - -

MR WILLS: How many minutes is it? Four and a half to five minutes long.

MS FARNON: It's not – we have to just jump out of the presentation to do that. Do you want me to do that?

MR WILLS: Would you like to see it or would you like to - - -

DR WILLIAMS: ..... seen it – would be helpful or - - -

MR PEARSON: I actually don't remember it, so - - -

MR WILLS: It's essentially - - -

MR PEARSON: It's CSR video, isn't it, from memory?

MR WILLS: Yes. And it talks about our values - - -

MR PEARSON: Yes.

MR WILLS: - - - how we engage with the community, our rehabilitation program, outputs – –

MR PEARSON: I'm happy for it to be provided to us and perhaps we would watch it in our own time, but, subject to the views of my fellow Commissioners – that would be my suggestion - - -

DR WILLIAMS: Could we get a copy just perhaps to take ..... because ..... would that be available, anyway - - -

MS A. JELFS: Yes. I don't know if we would be able to upload it to our website, the video, but - - -

MR PEARSON: Yes.

MS JELFS: - - - certainly, you know, the presentation will .....

MR PEARSON: Yes. But we can make the video available to the Commissioners outside of this meeting - - -

MS JELFS: .....

MR PEARSON: Yes. So if we could do that and that – perhaps - - -

MR WILLS: We will provide that, yes.

MR PEARSON: - - - we will look at it ..... yes. Thank you. All right.

MR WILLS: Okay. So that's the end of the presentation - - -

MR PEARSON: Okay .....

MR WILLS: - - - so thank you for the opportunity.

MR PEARSON: Okay. No. Thank you. Well, I appreciate that. Thank you. That was very thorough and very helpful, so I – we always find that context elevates our level of understanding and, obviously, having been through a much more detailed process than we're going through at the moment, it certainly helps inform our understanding of the project. So thank you. We've got a number of topics here that we were going to step through. I've just noticed that the first one – noise vibration and blasting – pursuant with the meeting we've had with the Department, from my perspective, has been resolved. So I guess I would just like, you know, Commissioners, if you've got anything you would like to jump in on that – that topic?

DR WILLIAMS: I think the noise was covered quite well by the Department and ..... a lot of stuff up, too ..... about what's in, what's out of the ..... and things like that – blasting – did you want - - -

MR PEARSON: You had a .....

PROF A. CLARK: Yes. Just in terms of the blast fume and air quality, you mention in your response to the Commission's recommendations that there's a two year trial period where you will be assessing blast fume and I'm just wondering, during that two years, will you be mining through representative ..... types that continue after that? So in terms of – you know, the explosive formulations, the different patterns and approaches to blasting and monitoring, will it be representative of what's coming later?

MR WILLS: I will have to come back to you exactly on the strata profile in that two-year period, but it is indicative of that. The strata – obviously, in those early years we will be continuing to mine through the surface area and this really comes down to at what point in time will we be at depth and the material in that lower overburden – interburden section is very similar in terms of the sandstones that are in there. So it should be reflective, but we will come back to confirm exactly that point.

MR WALLS: It's Tim Walls. We've got a project currently ongoing at our ..... corporations in relation to the – like, remote monitoring of the blast fume - - -

PROF CLARK: Is that ..... project?

MR WALLS: I couldn't tell you that off the top of my head. I would have to go back and find that out. It's about looking – at the moment the blast fumes are regulated basically on the visual – like, a scale of 1 to 4 – and it's using the drone capture to try and, I guess, for want of a better word, calibrate that, so that you don't have that effect that depending on where you're standing, you might be perceiving that differently.

PROF CLARK: Yes.

MR WALLS: Yes.

PROF CLARK: Thank you.

MR WALLS: Yes.

MR PEARSON: Air quality – I think I've – this is recommendation 17. You indicate that certain greenhouse gas emission reduction measures were determined to be not technically feasible and financially reasonable. I'm just wondering if you're aware of any measures that are in that category are used on any other sites in the Hunter Valley, either Glencore sites or other sites in the Hunter Valley?

MS FARNON: 17 - - -

MR WILLS: John or Aislinn?

MS FARNON: Yes ..... sorry.

MR MERRELL: So we – there was a table prepared as part of the original greenhouse gas assessment - - -

MR PEARSON: Yes.

MR MERRELL: - - - that was in the EIS - - -

MR PEARSON: Yes.

MR MERRELL: - - - and then it was re-looked at as part of that.

MR PEARSON: Yes.

MR MERRELL: My – we can – I might have to take that one on notice.

MR PEARSON: ..... yes.

MR MERRELL: But my recollection is that all the standard - - -

MS FARNON: Yes.

MR MERRELL: - - - you know, all the measures that are - - -

MS FARNON: .....

MR MERRELL: - - - normally applied were put forward by the project and it was the things that are not normally relevant or not - - -

MR PEARSON: Yes.

MR MERRELL: - - - relevant to this project that were not put forward.

MR PEARSON: Yes.

MR MERRELL: But I will - - -

MR PEARSON: If you could, that would be great. Yes.

MS FARNON: Yes.

MR PEARSON: I would appreciate some – as I said at the beginning, I appreciate some or perhaps even many of these questions you might need to take on notice, so - - -

MR WILLS: Yes. Sure.

MS FARNON: ..... relevant to that one.

MR PEARSON: The special condition in the tenancy agreements – this is recommendation 20 – where a tenant has the ability to terminate their tenancy – I notice that in the – in your response on page 35, you do talk about – I will read it ..... I will read it to you. It's okay. So:

> *…if the tenant has lodged a written complaint with the landlord about the unacceptable impact of the mining operation, the mining effects or other mining operations and the landlord has been unable to resolve that complaint within 14 days, the tenant may terminate the tenancy penalty-free any time during the tenancy with no early termination penalty by giving 14 days written notice –*

we heard from the Department that one of its conditions was – went broader than this, which was to give the tenant the ability to terminate the lease for any reason and I'm wondering whether you've considered the need to update your special conditions to reflect the conditions that might be inserted into this project?

MS FARNON: We've spoken internally. That could be done. This condition has been in there – or has been a standard clause for a long time and it hasn't been enforced, so I guess we had not looked at that, but we could go back and look at the Glencore corporate standard agreement.

MR WILLS: Or a specific agreement for this project or - - -

MR PEARSON: Well, there's – the more generous condition in – I can't remember which clause it was that the Department pointed us to – which condition it was, but there is a condition here which provides a tenant with the ability to terminate for any reason, and relying on a tenant to read this document versus their lease agreement - - -

DR WILLIAMS: From the same line?

MS JELFS: B27.

MR PEARSON: B27, is it?

MS JELFS: Mine-owned land.

MR PEARSON: Right. B27 subsection (b):

The tenant of any land owned by the applicant can terminate the tenant's agreement without penalty at any time subject to giving reasonable notice.

It – I guess my question was whether the applicant – whether you have considered updating your special conditions to reflect the – I guess the different abilities the tenant has to terminate the lease.

MS FARNON: Yes, we've moved to doing that.

MR WILLS: We will – we accept the conditions.

MS FARNON: We did – yes.

MR PEARSON: Yes.

MR WILLS: And we will – whether we broaden that within Glencore – we will have to come back to you.

MR PEARSON: Well, I – again, I'm not - - -

MR WILLS: But it will be – it will be appropriate for the – for how we will manage our mining.

MR PEARSON: Yes. I'm not going to other operations, I'm really speaking just to this project, so - - -

MR WILLS: Sure. No, we accept that condition.

MR PEARSON: Okay. Have you ever – has Glencore or Peabody ever had an experience with a tenant exercising its right?

MR WILLS: Personally, no. We would have to take it on notice again to come back to you again with any evidence around that.

MR PEARSON: Okay. Okay.

MR JAEGER: Peter from Wambo – in my time at Peabody in Wambo which was five years we haven't had a tenant approach us on those fronts.

MR PEARSON: Okay. That was all I had on air quality. I might – okay. All right. The next topic we have is around biodiversity and I guess the – we've touched on it a little bit here, but – so I won't dwell on the EPBC issue. I think if you've provided – certainly you've provided me with enough information. I will – might, sort of, park the EPBC issue if that's okay.

DR WILLIAMS: I think that's - - -

MR PEARSON: Yes. Okay. What I wouldn't mind understanding is the ten thousand five – this is recommendation 27 – 10,500 hectares of biodiversity offset sites currently managed by Glencore. Are you able to split or identify which of those sites are managed in compliance with the EPBC Act and which of those sites are actually managed as an offset to New South Wales biodiversity impacts – and recognising there might be some overlap between the two?

MR WILLS: We would have to come back .....

MS FARNON: Yes, that will be in everyone's - - -

MR PEARSON: Okay.

MR WILLS: That will be a detail analysis.

MR PEARSON: Okay.

MS FARNON: Yes.

MR WALLS: And some are – as you know, some cover both.

MR PEARSON: Correct, that's right.

MR WALLS: Yes.

MR PEARSON: So it would be a Venn diagram or something. There would be some, you know, middle part that's relevant to both. You've indicated you will come back with some more information around the 12,500 hectares and kind of splitting that into - - -

MR WILLS: Around the evidence of independence around that verification.

MR PEARSON: Yes. And also which of those relate to – and what – how many hectares, I guess, relate to projects where you've surrendered the mining lease. So there has been, sort of, final, I guess, approval of the rehabilitation obligations as a result. It's not a progressive, sort of, rehabilitation. The rehabilitation is done and the mining lease has been surrendered.

MR WILLS: Some of those Queensland ones were just the certification.

MS FARNON: It's - - -

MR WALLS: It's only certification .....

MS FARNON: - - - certifying - - -

MR WILLS: So I don't think there's - - -

MS FARNON: There's - - -

MR WILLS: - - - any that have been through the relinquishment of a mining lease.

MR PEARSON: Mining lease. Okay. Right.

MR WILLS: It's more of the progressive relinquishment and certification of areas.

MR PEARSON: Okay. All right. Okay.

MR WILLS: So we won't have any for that.

MR PEARSON: Look, I think that has covered off my biodiversity issues. I know, Peter, you had some extra ones that - - -

DR WILLIAMS: Yes, we had quite a number before that we put to the department, and a lot of those have sort of been covered, but I still just had – and you've also covered very well the whole EPBC issues as well. Just on a few other aspects, we've got the conceptual ecological mine rehabilitation figure, which is figure 7 in our report, and I think – I presume that that area in a – it's a yellow outline – is the – I presume that's the 878 hectares that has been referred to of – I'm not sure, so correct me, please, if I'm wrong – of the ecological mine rehabilitation part of stage 1, but we've got a figure – table 6, sorry, on page 30 – that talks about mine rehabilitation stage 1 has only been 483 hectares. When I put that question to the department, where does that 878 come from, and does it correspond to the area in the yellow outline, they said it was a progressive thing. So it's really not – it's stage 1, but it's not being undertaken in stage 1, but 878 has been overtaken over a period of time, and I presume it's that area in yellow in figure 7. Yes.

MR WILLS: Is that the same figure there, Peter?

DR WILLIAMS: That figure there, yes. Yes. So I guess my two questions were, and you've already, I think, answered one of them, but that's excluding the two void areas.

MR WILLS: That's correct.

DR WILLIAMS: But also I'm relating it back to one of the recommendations in the earlier review by the Commission – that was recommendation 29 – about potentially increasing the credit-generating rehabilitated woodland around the mine, and whether rehabilitation could occur in the area within the red, but outside of the yellow, and we were told by the department that's not going to be disturbed area - - -

MR WILLS: That's correct.

DR WILLIAMS: - - - so you wouldn't want to touch it. Is there any potential in that being regenerated? I haven't seen the site yet, so what's the quality of that land?

Can it be regenerated? Can it help meet that recommendation from the Commission? Can it generate you more credits from extending the mine ecological rehabilitation into that part of the mine proposal area as well.

MR WILLS: I guess the only way that could be included is through by putting a Stewardship agreement over that area and having it as another offset site.

DR WILLIAMS: Yes.

MR WILLS: If we were to not put it under a Stewardship agreement and it had had X quality to regenerate or whatever, it wouldn't give us any credit yield unless we put it into an agreement.

DR WILLIAMS: Okay.

MR WILLS: So - - -

DR WILLIAMS: Has that been - - -

MR WILLS: And by the virtue of the fact we're not disturbing it at the moment, we're not assessing the impact - - -

DR WILLIAMS: Yes.

MR WILLS: - - - so there's no impact there, so, therefore, can it go in as a potential offset credit? It would have to go under a Stewardship agreement.

DR WILLIAMS: Yes.

MR WILLS: And some of those areas – so you're talking these areas - - -

DR WILLIAMS: Through there, yes.

MR WILLS: - - - between the yellow line and the red line here, Peter; is that correct?

DR WILLIAMS: Yes. Yes, that's right.

MR WILLS: So you know, we're talking about some areas in here. We've got the North Wambo Creek Diversion here that's already in place. We've got an area here that's flagged for a future use dam.

DR WILLIAMS: Okay.

MR WILLS: We're not talking a significant area. The only major area would be this part in here and also down in here, but, again, that's more alluvium, which doesn't necessarily yield the PCTs that we're actually pursuing. So - - -

DR WILLIAMS: Okay. Yes. Okay.

MR WALLS: Also, I guess, likelihood as well of us mining into the mountains is very low. Likelihood of mining through the Wambo Brook is low, but we do have additional resources up that way - - -

MR WILLS: Up here in this northern section.

MR WALLS: - - - and I guess you would be in that situation where you're potentially committing to an offset that you may later - - -

DR WILLIAMS: Yes, I was just wondering – all I was just looking at, just meeting that – ways of meeting that recommendation from the earlier review, that recommendation 29, if there is any other land within the proposal area that could add to your credits - - -

MR WILLS: Yes.

DR WILLIAMS: - - - and also if you also had a problem with meeting EPBC commitments. I didn't know whether that might have assisted there as well. I was just trying to see if there were options that - - -

MR WILLS: Yes. I guess it's – it's not answering your question, but that additional site that we discussed earlier in the presentation - - -

DR WILLIAMS: The 264 hectares, yes.

MR WILLS: - - - which sort of sits down off the page here - - -

DR WILLIAMS: Yes.

MR WILLS: - - - it's continuous with existing offset sites. It's very close to the project disturbance area, and it also butts up to the national park. So it's - - -

DR WILLIAMS: Yes.

MR WILLS: So we're looking at those types of things, as opposed to those areas within the project disturbance boundary.

DR WILLIAMS: Yes. Sure. Sure. No, that's fine. Thank you, Gary. I think the other ..... with that is clearly you've got offsets in place for stage 1, but not yet for stages 2 and 3, and, obviously, we're looking at some form of guarantee or certainty in terms of when and how those offsets are coming online, and that's something like an extra 264 hectares or whatever, but also to ensure how those requirements for those offsets required in stage 2 and 3 can be enforced, or what happens if things stop at the end of stage 1. I mean, they've just still got that commitment, I presume, to maintain, and I think it's condition A9, but also where are the other two stages of ..... going to come from?

MR WILLS: Sure. So I guess the form of protection that we see as being there is the fact that we cannot commence any disturbance in stage 2 until all of the credits are secured for that particular stage. So from a point of view of protecting the impacts, it's an absolute gate that we must go through. So we cannot go through that gate without having all of those offsets in place. So I think that provides the best form of protection for that disturbance impact.

DR WILLIAMS: Sure.

MR WILLS: In terms of where are we positioned today, and I appreciate it's quite hard to read this table on the presentation, but there are some PCTs that we do actually have all of our offsets for for the entire mine life. So there's only one that we can cite as an example, which is the EEC, Central Hunter ironbark community. We've got all those. We do have shortfalls in other areas, but, you know, for instance, if we do take on board the site extension at Wambo, we will halve that deficit for the CEC from 3200 down to in the order of 1500 to 1600 of credits remaining. So I guess it's really demonstrating what we can achieve - - -

DR WILLIAMS: Sure.

MR WILLS: - - - through securing further land-based offsets. And that site also has other values, not just for the CEC, but there's other communities that it will pick up as well.

DR WILLIAMS: Yes.

MR WILLS: And, in fact, I think it does get us over the line for some of those other PCTs in its entirety. So it demonstrates that it will give us – Sean will pipe in here, but it does help us out with the red gum community. It helps us out with some of the ..... grassy woodland communities as well. So it does bolster that position.

MR PEARSON: This is the Wambo extension – that site?

MR WILLS: That's correct.

MR PEARSON: Yes. Okay. Yes.

MR WILLS: Yes. That was – slide 29 proposal.

DR WILLIAMS: Yes.

MR PEARSON: Just on your point about this gate through which you need to progress – and we did talk about the EPBC, kind of, risk around that. Anything you may want to prepare or provide to us that would help us in our understanding of that risk and how that risk is managed would be very helpful.

MR WILLS: From the EPBC or around the rehab or - - -

MR PEARSON: The rehab component, because the – obviously you can go through that gate, but the rehab associated with the EPBC component of the offset takes longer than seven years for it to identify - - -

MR WILLS: To - - -

MR PEARSON: - - - whether it has been successfully met.

MR WILLS: To certify. Yes.

MR PEARSON: And, importantly, under the EPBC there isn't that final option - - -

MR WILLS: Yes.

MR PEARSON: Or that third option of being able to pay into an accredited fund. So I think – while your point is generally valid - - -

MR WILLS: Yes.

MR PEARSON: - - - I think it would help us in our understanding if you could provide - - -

MR WALLS: We would run into that - - -

MR PEARSON: - - - further information around - - -

MR WALLS: - - - situation wherever rehabilitation is afforded to any kind of disturbance, because they're always going to be some time after the - - -

MR PEARSON: No. No, I understand that. But what's unique about the EPBC situation is that - - -

MR WILLS: There's no other mechanism.

MR PEARSON: - - - there is no other mechanism - - -

MR WILLS: Yes.

MR PEARSON: - - - other than going to – buy another biobank site - - -

MR WILLS: Yes.

MR PEARSON: And, from what I understand, in the Hunter Valley biobank sites are becoming more valuable, more difficult to find, so on and so forth, and you can continue to try and work at the rehabilitation and, you know, that has certain consequences as well. So it's – I think anything you can provide us around that – that might help our understanding of what are the risks, actually, around this EPBC exposure if the rehab isn't successful. I think that would be helpful.

MR MERRELL: Tony, if I can ask, how does this process relate to – obviously, they have a – there's a separate EPBC approval process. So there's an integrated assessment - - -

MR PEARSON: Yes.

MR MERRELL: So, you know, how does the IPC weight the considerations of that process, versus – because obviously we – from a New South Wales approval process point of view, the rules that we will – discussed in the options that are available, they're – you know, there's options available, in that context, in a New South Wales approvals process, but the question you're asking related to the - - -

MR PEARSON: Well, I don't – I don't - - -

MR MERRELL: - - - Commonwealth approval process.

MR PEARSON: Yes. I don't think we weight any particular aspect of compliance with relevant policies and legislation. The project needs to comply with its obligations, so - - -

MR MERRELL: Yes.

MR PEARSON: There is an obligation on the project to comply with the EPBC Act - - -

MR MERRELL: Yes.

MR PEARSON: - - - and that obligation is weighted. So in forming our view on the project's ability to comply with that Act, I think this is an area of risk that we - - -

MR MERRELL: Yes.

MR PEARSON: We wouldn't mind some more information on it.

MR MERRELL: Yes. Because the gap – I suppose the challenge for us in responding to the question is – the assessment process is all done under the New South Wales rules of what - - -

MR PEARSON: Correct.

MR MERRELL: - - - is required for an adequate offset.

MR PEARSON: Yes.

MR MERRELL: The gap in the understanding is, ultimately, what – after this process is completed, the Commonwealth will review assessment that has been undertaken and then they will determine their own adequacy. And I suppose it's – the project can't comment on what they may or may not see as an adequate offset under their legislation, as opposed to what's an adequate offset.

MR PEARSON: No. No. You're right, but what you can comment on is that there is not the ability to pay into a fund. And - - -

MR MERRELL: Yes.

MR PEARSON: So that option exists under the New South Wales legislation.

MR MERRELL: Yes.

MR PEARSON: So the extra layer of consideration that we need to turn our minds to here is that the EPBC offsets have a different risk profile to the New South Wales offsets.

MR MERRELL: Yes.

MR PEARSON: And so we need to understand what that - - -

MR MERRELL: So there's the - - -

MR PEARSON: - - - risk profile looks like.

MR MERRELL: The explanation you're looking for is a different – how that would be dealt with - - -

MR PEARSON: Correct.

MR MERRELL: - - - from a risk-profile point of view.

MR PEARSON: Correct. Yes.

MR MERRELL: Yes.

MR PEARSON: So I think anything you could help us – any information - - -

MR MERRELL: Yes.

MR PEARSON: - - - you could provide to us that would help us with our understanding around whether that is actually a real risk - - -

MR MERRELL: Yes.

MR PEARSON: I mean, in theory you could chug away at the rehabilitation in perpetuity. You know, in theory there might be billions of hectares of - - -

MR MERRELL: Yes.

MR PEARSON: - - - biobank sites and so the risk is actually not really a risk. So - - -

MR MERRELL: Yes.

MR PEARSON: - - - I think we just need to understand what that risk looks like. And, as I said, it's not weighted, it's – you know, it's part of the considerations.

MR MERRELL: No. No, it's fine. Just - - -

MR PEARSON: Yes. Okay.

MR MERRELL: Just seeking to clarify - - -

MR PEARSON: Yes.

MR MERRELL: - - - what we can - - -

MR PEARSON: Yes.

MR MERRELL: - - - look at, in terms of responding.

MR PEARSON: Yes.

MR MERRELL: Thank you.

MR PEARSON: Okay. Thank you.

MR WILLS: No, we will take that - - -

MR PEARSON: Yes. We would appreciate that.

MR WILLS: We will come back to it.

MR PEARSON: Yes. Thank you. So rehabilitation, I think – voids. We've touched on it a little bit - - -

MR WILLS: Sorry, Tony. If I may just go back to - - -

MR PEARSON: Yes. Of course.

MR WILLS: - - - the comment around the EPBC Act – and, I guess, in part of our strategy for looking to secure more land-based offsets, I guess, as a fallback - - -

MR PEARSON: Yes.

MR WILLS: - - - potentially, rehab in its part for the stage 1 – and if it comes down to the assessment of that rehab - - -

MR PEARSON: Yes.

MR WILLS: - - - at that time, before the gate goes through to the next stage, there may be a mechanism for us to have in place. You know, some flexibility around other land-based offsets that we do have – that we may have staged for – you know, have earmarked for another stage.

MR PEARSON: Stage 2. Yes.

MR WILLS: It could be - - -

MR PEARSON: Yes.

MR WILLS: - - - sort of underwriting that rehab at that point - - -

MR PEARSON: Sure. Yes.

MR WILLS: - - - in time, potentially.

MR PEARSON: Yes. That's the information, I think, we're, sort of, after, because - - -

MR WILLS: Yes.

MR PEARSON: - - - there – it does appear to us, anyway, this gap. And with the staging that you've indicated you would like to pursue, in terms of the offsets and the impacts, it is creating – in our mind, anyway – this risk that at the end of seven years – that there might be a misalignment between the different regimes that apply around offsetting - - -

MR WILLS: Sure.

MR PEARSON: - - - here, so - - -

MR WILLS: Yes.

MR PEARSON: The void issue – so we will move onto the void issue. The void issue is – we've touched on it already a little bit. Could I ask this question in a slightly different way – if we were to take out the economic impacts – so recognising that we've asked for information around, I guess, evidence of the economic impact that you've put forward in that table – if we were to take the economic impact out of the equation for the time being, do you have a view around what that – I guess, what the – do you have a view around the assessment as it relates to the environmental final landform land use benefits of filling the void versus the impacts of, you know, perhaps disturbing other areas, dust impacts, noise impacts, etcetera, prolonging the mining in the area, etcetera. So, essentially, splitting up the economic side of the equation, if you were to assess the most desirable outcome for filling one, two or no voids, do you have a view around what is most desirable outcome in that situation?

MR WILLS: And parking the economic - - -

MR PEARSON: Economic. Yes.

MR WILLS: - - - understanding - - -

MR PEARSON: I guess what I'm getting at is are there impacts that are also extremely problematic that's separate to the economic issue – would also lead you to the view that filling one, two or both voids is undesirable?

MR WILLS: Yes. I guess the work we did do was – both an economic and an environmental cost associated with filling in the final voids. And we determined that the voids function as a salt – as a sink for saline water by – some of the work, in terms of filling the final voids, meant that there would be a – that the salt water – or the saline water would ultimately pollute the Wollombi Brook through filling of the void, getting to a saturation level, then connecting to the alluvium and then polluting the Wollombi Brook. Now, the POE – POA Act talks about pollutions of water greater than one per cent. This was in the order of, I think, 12 – of what the environmental cost was as well, for doing so. So there is not just an economic impact, but there's an environmental impact, in the sense that they are acting as a sink for the saline groundwater. That would, then, ultimately, if the void was filled in, make its way to the surface and then pollute the Wollombi Brook.

MR PEARSON: And is that your view? If one void is filled in, irrespective of which void it is that's filled?

MR WILLS: That then comes the challenges around how that would work, from a point of view of at what point does A void or B void reach capacity and then become a – where does it then go to. So it does have some ability to go through the spoil and at what point does it then reach. And it depends - - -

MR PEARSON: Okay.

MR WILLS: - - - on which void it is and the direction of flow and all those sorts of things. So I would need to take that on notice, Tony, around - - -

MR PEARSON: Okay.

MR WILLS: - - - what that is. But, certainly, the United void is the closest to the Wollombi Brook.

MR PEARSON: Yes.

MR WILLS: The Montrose void is closer to the North Wambo Creek.

MR PEARSON: Yes.

MR WILLS: North Wambo Creek is connected to the Wollembi Brook. So there is affects that could be done, but I need to analyse that.

MR PEARSON: Okay.

MR WILLS: And come back to you.

MR PEARSON: Okay. That would be great. Again, based on our sort of reading of the information, it appeared that the modelling indicated detrimental impacts from the United Pit – backfill in the United Pit, particularly salinity impacts escaping into the Wollembi Brook. My impression from reading the document was that those offsite impacts associated with backfilling the Wambo Void didn't exist. And so hence the question around – perhaps if I could find the question to the Wambo Void. Are there any environmental impacts that are so catastrophic that they would outweigh – well, not even catastrophic, but are sufficiently negative to outweigh the benefits that you might have from backfilling that void in terms of returning 24 hectares of – 24 – 28 hectares of - - -

DR WILLIAMS: 24.

MR PEARSON: 24, is it? Hectares of land to, you know, alternate uses or, you know, potential rehabilitation options with that land or so on and so forth. So there's a benefit to backfilling. There's clearly some impacts. Has that - - -

MR WILLS: But the benefits of backfilling that particular void are very minor form the point of view of the cost benefit analysis associated with it.

MR PEARSON: Sorry. I've asked you to set aside - - -

MR WILLS: It does come back to economics.

MR PEARSON: I've asked you to set aside the economic impact - - -

MR WILLS: Yeah.

MR PEARSON: - - - because everyone can form different views around the benefit and everyone can form different views around – of things. So I'm interested to know around the environmental impacts, how they kind of weigh up with the sort of environmental and other benefits that stem from backfilling the void. And then obviously it's at the right point we can layer in the economic analysis, as well, once you've provided that.

MR MERRELL: The key impacts relates to the need to rework areas. It's the disturbance and the additional years of mining activity that actually would be the key impact of filling in the void. So that's the – it's the nature of the physical works and the impacts of the physical works that need to be done which is really the impact.

MR PEARSON: And – okay. That makes sense. Okay.

MR MERRELL: Yeah. So that's what – you know, when you're trying to characterise broadly what the impacts will be, it's the impact of large scale physical works and the disturbance you need to do to move material and things like that.

MR PEARSON: Okay.

MR MERRELL: To win – win material to fill the voids.

MR PEARSON: Okay. And that disturbance necessarily takes place at the cessation of mining or can occur concurrently with the wind down of mining to closure?

MR MERRELL: Sorry, that's a mine planning question.

MR WILLS: That's – typically it's about the winning of material and then to have – if the material is not easily accessible during that progression stage, so you would have to essentially stockpile that material to then bring it back, and that typically will come from the overburden dump.

MR PEARSON: Okay.

MR WILLS: The outer pit overburden dump.

MR PEARSON: Okay.

MR WALLS: But both pits will be working when you expect dumping from United.

MR PEARSON: Okay. Did you have any questions on that?

DR WILLIAMS: About the ..... No, I think that's covered all the - - -

MR PEARSON: Okay. Alice? We've touched on the four per cent discount rate, so I think we can move past that one. ..... activities at other controlled sites. You've provided that information. I think there's a bit more information you'll come back to us on. So we might move on to transition, and I – we put this question to the department, as well, and I'd be interested in your response to this question, as well. On the face of it, it seems pretty straightforward, but I just want to make sure that we haven't missed anything through this. Have you considered a scenario where the transition from the separate operations to the joint venture is delayed, perhaps indefinitely, what might happen in that scenario, both from a kind of consent point of view, but just practically, in and around the site.

MR WILLS: We certainly haven't considered it from a point of view of delay – being delayed indefinitely. So no, I haven't – we haven't considered that, Tony.

MR PEARSON: Okay.

MR WILLS: I guess the transition periods we're talking about here are really around commencement and establishment, and it's about getting that coal from the United open cut to the Wambo prep plant - - -

MR PEARSON: Yes.

MR WILLS: - - - is the key – would be the key impediment, unless there was some other geological or geotechnical issue that took place within the United open cut. So that would be the only - - -

MR PEARSON: I was thinking more about market - - -

MR WILLS: - - - challenge.

MR PEARSON: Market conditions, perhaps, we might see a change in coal price or - - -

MR WALLS: Like if the United part never started?

MR PEARSON: Yeah, midway through - - -

MR WALLS: Is that what you mean?

MR PEARSON: - - - you know, there was a decision taken to put the project on to care and maintenance because of market conditions as a result of some adverse coal price or FX - - -

MR WILLS: In terms of the instrument for which Wambo would be operating, Wambo would be operating under its existing consent condition for which - - -

MR PEARSON: Okay.

MR WILLS: - - - it currently only has approval till 2020. That would have to either be modified to seek an extension. That's the only way I could really contemplate that.

MR PEARSON: Okay.

MR WILLS: And then the United open cut would – if it was put on care and maintenance, would be put on care and maintenance.

MR PEARSON: Yes, okay.

MR WILLS: So - - -

MR PEARSON: But there's no sort of access issues or kind of – it's the same haul road going in, isn't it? And then the construction fleet kind of hives off that haul road.

MR WILLS: Yeah. So essentially at the start they're very clear separate operations. So the Wambo open cut can operate – it has got unfettered access to the prep plan. It's not obscured by – we're not obstructed by the United operations taking place. So if we were to go back to those plans just – and I think I'm – so Wambo operating up in here ..... path is through the middle here to the prep plant, the prep plant being over there. United is over here and this – in the new – in the additional disturbance area. So it's not going to impede any accesses for Wambo to continue with its operations. So that's one element Wambo currently has approval to 2020. It would have to modify its consent to allow it to continue to operate beyond that point, if it hadn't had its conditions retired or quietened by the SSD applying.

MR PEARSON: Okay.

MR WILLS: Does that answer your question?

MR PEARSON: It does, thank you. Yes.

DR WILLIAMS: I guess the other aspect I was looking at here too was just clear delineation of responsibilities between the two companies on the joint venture at different points along the phases 1A, 1B and 2 in terms of monitoring and management and enforcement, if it comes to that, and things like that. So are you happy with where the responsibilities lie in terms of acting in accordance with the consent?

MR WILLS: Yes. Look, I guess, in terms of the way we sort of summarise the management for ourselves is that the – during phase 1 essentially Wambo will be the primary accountability for impacts in the northern area, because that's where they're – they're the closest to those sensitive receivers. And United would be principally responsible for impacts in the Warkworth Village and at Maison Dieu. So geographically we've got essentially an accountability drawn up in that regard before the open-cut impacts.

DR WILLIAMS: Yes.

MR WILLS: And then there's obviously the method for controlling, then moving from phase 1 to phase 2 is the United open cut or the project in its own right will be responsible for all open-cut activities, and then it's unpacking the elements relating to the underground work, so it's the underground coal haulage, and then it's installations in terms of upcasts, shafts and vents and the like and also the prep plan. So we've come to a position where we know what those modelled impacts will be and we can then monitor – if there's an exceedance, we've got a process involved around how that exceedance is investigated, and then we can then assign responsibility between in each party based on the investigation. So – but in terms of that phase 1 impacts - - -

DR WILLIAMS: Yes.

MR WILLS: - - - at – as Aislinn went through that – the flow chart, really, in summary for me, I talk about the fact that Wambo is responsible for all effects in the north. We're responsible for all effects in the east and to the south for the Warkworth and Maison Dieu communities, and it's only then managed by exception if there's an attended ..... monitoring that can pick up United, then if it has been – if it's had an impact in the north, for instance, then we'll go through a process of understanding why and look at that – those results. Does that - - -

DR WILLIAMS: That's ..... yeah.

MR D. KOPPERS: I've just got a clarification question, and correct me if I'm wrong. So phase 2 is where all operations come under the SSD.

MR WILLS: Yes.

MR KOPPERS: How long is it going to take you to get to phase 2, are you expecting?

MR WILLS: I think we noted in the - - -

MS FARNON: 12 to 15 months, is what we've - - -

MR WILLS: 12 to - - -

MS FARNON: - - - proposed.

MR KOPPERS: From a date of approval? Okay.

MR WILLS: From commencement of activities. So it depends – you know, we've got to get management plans approved. We've got to get EPBC approval. Mobilise contractors. So it's that timeframe from really when we start that construction work could be up to 15 months.

MR KOPPERS: Okay. So – well, how long do you expect then to lead up to that commitment point for construction work, sir?

MR WILLS: Timing is really, you know, we've got 12 – 12 weeks for management plan to be approved post-determination. We've got EPBC approval happening in that same - - -

MR KOPPERS: So - - -

MR WILLS: It could be three to four months before that.

MR KOPPERS: So you could be looking at a total of two years potentially.

MR WILLS: Including the mobilisation and other approvals, so MOP approvals and mining lease application approvals, all those other ancillary type things.

MR WALLS: Noting that Wambo's open cut consent finishes in 2020, so there was a not a lot of time.

MR ....: .....

MR ....: .....

MR JAEGER: It's December – sorry, Peter. December 2020.

MR WILLS: Yes.

MR KOPPERS: So you could be looking at a cessation of open cut operations at Wambo.

MR JAEGER: Potentially depending - - -

MR WILLS: Quite possibly depending on how, you know, approval times are affected, all the ancillary approvals that we require. I think realistically, though, it will be with inside that timeframe.

MR KOPPERS: Okay. What's the contingency if it's not?

MR JAEGER: ..... Peabody, we've highlighted this as a potential risk, so pending obviously the process with the joint venture, we will have, obviously, an internal meeting about potentially going through a modification for extension to that extract of coal for the open cut, so the date for extractive purposes is December 2020.

Obviously, the underground operation still has mine life out to 2030 – 2039. So next year, we assess where we're sitting at in terms of our overall risk for Wambo, obviously in consultation with Glencore and we put – start a process into looking at modifying that development consent for an extension.

MR PEARSON: Could I pick up – sorry. So at what point is it not possible to combine the two projects? So if Wambo has to trundle on and seek a ..... at what point would it no longer be technically feasible to join the two projects up? Obviously, if you get to 2030, then you would mine Wambo and - - -

MR WILLS: That's right.

MR PEARSON: But in between, what's the kind of cross-over point here?

MR WILLS: It – there really isn't a limit as such because the contractual arrangements around the joint venture are about the sharing of values, so - - -

MR PEARSON: I'm talking more about the kind of – the site, like mine planning and other issues like that that - - -

MR WILLS: Well, if it hasn't combined, it means that United open cut hasn't developed, so it's about the development of the United open cut, so we can extract coal, build the appropriate infrastructure to deliver coal to the prep plan. So if we are unable to deliver coal to the prep plan, it's because something has happened at United that we've ceased. So it hasn't been mined. Wambo will continue to extract coal out of its open cut in 100 per cent terms for a period of time, which is currently earmarked between 12 and 15 months. That will take place. If that extends, then it's really – there's still – yes, there's the open cut at Wambo will be - - -

MR PEARSON: Okay.

MR WILLS: - - - have – will be a diminishing resource, but the United open cut is still there and it's – the part of the value proposition for the joint venture was the combining of not only the resource, but also combining of the facilities as well which was - - -

MR WALLS: Because United has the lease below Wambo's existing open cut.

MR PEARSON: Yes.

MR WALLS: ..... perhaps that will no longer be - - -

MR WILLS: That is – it may be uneconomic to go deeper after a certain point in time, but - - -

MR PEARSON: Well, that's what I'm wondering. Like, at some point, this joint venture just makes no financial sense.

MR WILLS: No. It does. It continues to because United is the main – it's the resource body in its own right as well as the resource body at Montrose. So there still is value in – there's value in both resources, but there's, you know, the United open cut won't have been advanced if it's – if the two entities haven't been combined.

MR WALLS: If you fast-forwarded 20 years and Wambo was rehabilitated in the rail loop was gone and the CHPP was gone and all that post the underground going, that may be something, but you're talking - - -

MR WILLS: That would certainly be – that would certainly be an impediment by not having the rail .....

MR ....: Yes.

MR PEARSON: Yes. So from a Wambo perspective, there's no cut-off date to this joint venture, you – Wambo can proceed to mine – it's mining activities that the Wambo pit will proceed in the same way irrespective of whether the joint venture is consummate or not?

MR WALLS: But not deeper.

MR JAEGER: At the moment, with our resource that's there, the objective is to obtain that resource within whatever approval we have at the time, so what we're entitled to, we will continue to open cut operating that as long as we have development approval for that and continue with what we originally planned and we're just a little bit behind in terms of our overall mine plan, so the plan would be to continue on our current mine plan to come around within our areas and take that coal, so – but we still have resource based off our original approval which we still have right to, however, it's a timing date that we haven't got that coal out of the ground in that certain time period, so we're actually behind the - - -

MR PEARSON: But going – so going deeper, though, which is, essentially - - -

MR JAEGER: We – we - - -

MR PEARSON: - - - the activity that's contemplated under this - - -

MR JAEGER: We can't go deeper under our - - -

MR PEARSON: Okay.

MR JAEGER: - - - mining time.

MR PEARSON: So what point – what's the ..... point for that? When does that decision need to be - - -

MR JAEGER: We're currently mining and continue to mine within our seams, but the - - -

MR PEARSON: No. I understand that.

MR JAEGER: - - - the decision point - - -

MR PEARSON: But at some point, if this JV hasn't been consummated, the ability to mine those deeper seams alludes Peabody, presumably, and I'm just wondering what that date is at which – if this JV hasn't formed, what – that that ability is lost to Peabody.

MR WILLS: Well, it's lost to both parties.

MR ....: It's – it's lost to both parties.

MR WILLS: It's lost to both Glencore and Peabody. So it's the seams underneath Wambo's existing open cut - - -

MR PEARSON: Yes. That's right.

MR WILLS: - - - which is down to the Whynot.

MR PEARSON: Yes.

MR WILLS: There's the depth extension within that footprint - - -

MR PEARSON: Yes.

MR WILLS: - - - and there's the new open cut at United.

MR PEARSON: Yes.

MR WILLS: So there's two – two expansion – or two opportunities that are on the table. There is a point in time where it will be uneconomic if Wambo continue to operate for, say, another five or six or seven – I don't know exactly the numbers, Tony, then it would be questionable about going deeper because of the work - - -

MR PEARSON: Correct.

MR WILLS: - - - involved in going deeper and then the recovery - - -

MR PEARSON: Correct.

MR WILLS: - - - at that level.

MR PEARSON: But it might even be before that because it's – presumably, there's ..... that needs to happen to go deeper, isn't there?

MR WILLS: Well, there is – the floor is already open because Wambo is already at that depth.

MR PEARSON: I see.

MR WILLS: It's about extending that deeper.

MR PEARSON: Okay. Right.

MR WILLS: So that – there's a point - - -

MR PEARSON: So there's no – there's no - - -

MR WILLS: There's no point in terms of – there's no inability to go deeper. It just becomes whether the economic return for developing that additional box cut or deepening of that box cut is economic in terms of what's remaining – the resource remaining. So there is a point in time - - -

MR PEARSON: I see.

MR WILLS: - - - you may not go deeper in Montrose, however, there is still enough - - -

MR PEARSON: Yes. Yes.

MR WILLS: - - - resource in the United open cut for it to continue and it would be - - -

MR PEARSON: Okay. Could you get back to us then on what that point is based on whatever mine plan it is that you - - -

MR WILLS: It's – there's some significant variables associated with that.

MR PEARSON: Such as?

MR WILLS: In terms of time, in terms of market, you know, there might be a point where you would still go deeper because the market prevails.

MR PEARSON: No. So I'm saying ceteris paribus is right. So all things being equal, except for the JV, hasn't formed. What – when does Peabody lose that option to go deeper? You know, you're probably not going to be able to answer now, but markets are the same – everything else is the same because that's all we can do here when we form our view on the approval is the information we have. So assuming all this information that's done is the same, but the one thing that changes is that the joint venture is never consummated, at what point does Peabody then lose the option of going down into those lower seams?

MR WILLS: Well, if the joint venture is never consummated, they don't have the right under a joint venture to go deeper.

MR PEARSON: And that's the only constraint then, is it? It's not - - -

MR WILLS: Contractually.

MR PEARSON: There's no physical constraint.

MR WALLS: And they would need to be approved to do that.

MR WILLS: Well, then there would be a – and they wouldn't have an approval, because - - -

MR JAEGER: No. Obviously, we can't go down to that next resource level, but we would have to - - -

MR PEARSON: Because they're United's resources. Yes.

MR JAEGER: It's United resource. We would have our existing voids where we – for our final closure and we would begin the rehab process. So at – yes – there is probably a time where a decision needs to be made, but, at the moment, we don't have rights to go further than to our pitfall that we currently are at.

MR PEARSON: Okay. Okay. Okay. That's – okay – I understand now. So there's no physical constraint to the mining at lower depths. It's a - - -

MR WILLS: It's the - - -

MR PEARSON: - - - a legal ownership of the resource issue.

MR JAEGER: Yes.

MR PEARSON: Okay. Right. Sorry. I was a little ..... sorry. My only other question then is in relation to the project assumptions, and I note that many of them haven't been updated, including coal prices and FX prices, and I don't know – I haven't been able to determine whether other prices like gas, and fuel, and stuff like that, have been updated. I only make that point in relation to some of the significant movements in spot, commodity and FX prices we've seen recently, particularly oil that has gone from almost US$100 to US$60 a barrel in the last two months, or less than two months, and I'm wondering whether you have thought about whether any of the project assumptions need to be updated in light of the time that has elapsed between when they were originally formed and this consent process.

MR WILLS: Look, it’s a good question, Tony. I guess the position we’ve taken is that it was assessed on the numbers of the day. You know, the market is just constantly changing. At what point do you continue to update.

MR WALLS: There was a sensitivity in there, if I remember rightly.

MR WILLS: We did do some sensitivity in the - - -

MR WALLS: Yes.

MR WILLS: - - - economic impact assessment around revenue assumptions and other cost elements that talked about the ups and downs associated with the market, but, no, we haven’t recommended to update the values.

MR PEARSON: Okay. But I guess – let me – so if I ask that slightly differently then. You don’t expect that there will be – as a result of the effluxion of time, that that – that, broadly speaking, the outputs to the economic analysis, all the other assumptions, the cost benefit ratio, largely have remained intact. That we’re not expecting any - - -

MR WILLS: Well, they do. I guess the spot price and its relationship to the long-term coal price is somewhat, at times, not aligned, so I guess it would be – it wouldn’t be recommended to update the long-term price to be reflective of the spot price today, because it’s not the history and it’s not how the market it’s being predicted, so. Yes.

MR PEARSON: Yes. Okay. That was all I had. Actually – sorry. I did want to pick up on your comment, and it’s to do with this table that you put up earlier, which was this one here. Anyway, I just want to get this very clear in my mind. So you mentioned the extension of mining operations and disturbance of some sites and so on in relation to filling one, or the other, or both voids. The feasibility, if you want to call it that, from an engineering and design perspective and mine design perspective on that table indicates that they’re both feasible, and I just wanted to clarify that the impacts that you’ve talked about there aren’t impacts that would flow on to the feasibility from the perspective of those first two rows on that table on page 41.

MR MERRELL: So the intent of those two rows – or what the intent was when that table was put together was to say, ignoring all other factors, is it feasible to develop a mine plan that would achieve that outcome.

MR PEARSON: Yes. Okay.

MR MERRELL: So that – the intent isn’t – it’s not considering environmental, it just says is it technically feasible from a mine-planning perspective and the answer is yes. And then the second row was from an – you know, is it reasonable and feasible. In terms of engineering, are there any physical engineering constraints or technical engineering constraints. So that's – that was what those first two rows were trying to convey, so they weren't – that wasn't considering environmental feasibility at all.

MR PEARSON: Yes. Okay. Okay. All right. Thank you. That was all I had, so I might hand the floor to Peter and Alice, because they have other questions.

PROF CLARK: I didn't have anything else. No. That's all.

MR PEARSON: Okay. David and Alana, is there anything - - -

DR WILLIAMS: I'm sorry.

MR PEARSON: Sorry.

DR WILLIAMS: Sorry. Just going back – sorry – to the planning agreement once more just very quickly. So, Gary, I note that you're – while you're not happy with the amount, you will be happy to enter into a planning agreement.

MR WILLS: Yes. So we've accepted the value, we just didn't accept - - -

DR WILLIAMS: How it was calculated.

MR WILLS: - - - the calculation.

DR WILLIAMS: Yes. Sure. That's fine.

MR WILLS: We didn't feel it was – the scope of the work wasn't about an exercising an comparison, it was about an exercising estimation of impact, was my understanding.

DR WILLIAMS: Yes. And so the way that PA is put into the relevant condition, you're happy with how the condition is expressed as well. I think it says – it starts off with words to the effect of:

> *Within six months of commencement of developed consent – this consent or some other timeframe agreed by the Planning Secretary, the applicant must enter into a planning agreement with the council.*

So that term of the condition, are you happy with that - - -

MR WILLS: Yes. No. We're comfortable with that.

DR WILLIAMS: - - - wording of it?

MR WILLS: Yes. And we've obviously made steps to try and push that forward at the moment so that we would be down that path.

DR WILLIAMS: Okay. Right.

MR WALLS: In our response to council, we did sort of support what was in that report about 50/50 between the council and the local community. At the moment, the conditions don't quite reflect that, it just says in accordance with the offer.

MR PEARSON: Okay. Just ..... Singleton is the council that has developed this future fund concept, isn't it?

MR WILLS: Correct.

MR PEARSON: Okay. And so is any of this money going into that future fund?

MR WILLS: That's to be - - -

MR PEARSON: That's for them to decide, is it? Okay. All right.

MR WILLS: - - - decided between us and them.

MR PEARSON: Okay. Okay. Okay. Right. Do you have any views on what proportion of that money should go into the future fund?

MR WILLS: Not at the moment. No.

MR PEARSON: Okay.

MR WILLS: We're meeting with council today actually.

MR PEARSON: Okay. Good. Right. We won't hold you up from that, unless there are other questions.

MR WILLS: No, no. I'm not personally.

MR PEARSON: Okay. Right.

MR WILLS: I'm not personally, Tony.

MR PEARSON: It's a long drive.

MR WILLS: Someone more ..... yes.

MR PEARSON: Alana, David, anything? No.

DR WILLIAMS: No.

MR PEARSON: Okay. Well, look, I would like to take this opportunity to thank you for the amount of time and effort that you've put into the meeting today and the materials that you've prepared in response to the IPCs review, it's very much appreciated, and I would also like to thank you for the candour and openness with which you've conducted the meeting. So thank you very much and I will draw the meeting to a close. Thank you.

RECORDING CONCLUDED [12.05 pm]