

HUNTER VALLEY OPERATIONS



Coal & Allied Operations Pty Ltd Enforceable Undertaking Annual Compliance Report

1 January 2019 to 31 December 2019

Date of Submission: 31 January 2020

Document Number: HVOOC-1797567310-3073

Status: Approved

Version: 2.0

Effective: 03/02/2020

Review: [Planned Review Date]

Owner: Specialist - Projects Approver

Declaration of accuracy

In making this declaration, I am aware that sections 490 and 491 of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) make it an offence in certain circumstances to knowingly provide false or misleading information or documents. The offence is punishable on conviction by imprisonment or a fine, or both. I declare that all the information and documentation supporting this compliance report is true and correct in every particular. I am authorised to bind the approval holder to this declaration and that I have no knowledge of that authorisation being revoked at the time of making this declaration.



Signed

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Position (please print) Environmental & Community Coordinator

Organisation (please print including ABN/ACN if applicable)

HV Operations Pty Limited (ABN 76 606 478 399)

Date 31 January 2020

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1 Introduction

This Annual Report is a requirement of Condition 3(e) of the Enforceable Undertaking that was agreed to by Coal & Allied Operations Pty Ltd as of 3 November 2017 for activities undertaken at Hunter Valley Operations (HVO). Since the Enforceable Undertaking was signed, HVO has become a Joint Venture Operation between Yancoal (51%) and Glencore (49%). The HVO Joint Venture operates and manages HVO on behalf of its joint venture partners Yancoal Australia Pty Ltd and Anotero Pty Ltd.

The enforceable undertaking requires the submission of an annual report from December 2018 to December 2022. This report documents the implementation of the undertaking from November 2017 to December 2018 and provides a summary of the key management activities completed across the Mitchelhill Biodiversity Area (BA).

It should be noted that, while the enforceable undertaking relates to only 180.5 hectares of the total 378.77 hectares that comprise the two Mitchelhill properties, the management and monitoring actions in this report were undertaken across the whole BA and thus are reported in this Annual Report.

1.1 Background

Hunter Valley Operations is located at Lemington, approximately 24 kilometres northwest of Singleton in the Hunter Valley, NSW. Between May 2015 and December 2015, Coal & Allied inadvertently cleared vegetation that was later identified as the Central Hunter Valley Eucalypt Forest and Woodland ecological community (CHVEF) at HVO. This clearing was undertaken as part of pre-stripping operations in advance of the mining highwall, in an area approved by the State for mining (the action). On 24 December 2015, Coal & Allied notified the Department of Environment and Energy (DoEE) under Section 199 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) of this clearing.

Field investigations identified that that 31.5 hectares (ha) of CHVEF had been cleared.

The CHVEF ecological community occurs in the Hunter Valley region (primarily in the Central Hunter) of New South Wales. The Hunter Valley region is at the intersection of a number of bioregions, where ecosystems from the coast, inland and the north and south all meet. The ecological community is an open forest or woodland, typically dominated by eucalypt species; it has an open to sparse mid-layer of shrubs and a ground layer of grasses, forbs and small shrubs.

This vegetation community was listed as a critically endangered ecological community (CEEC) under the EPBC Act on 7 May 2015. The clearing of 31.5 ha represents approximately 0.1% of the total occurrence of the CHVEF as mapped by the listing.

Following discussions with the DoEE, it was agreed that, in lieu of prosecution, the Minister required compensation for the unlawful clearing of CHVEF in the form of an enforceable undertaking in accordance with Sections 486DA and 486DB of the EPBC Act.

Thus, without conceding that it had breached the EPBC Act or any other Act, but acknowledging that its activities had resulted in the loss of habitat for a nationally listed Critically Endangered Ecological Community, Coal & Allied was to commit to:

- a) Purchase from landowner of Mitchelhill (West and East), 180.5 ha to the value of no less than \$1 million for the establishment of an ecological offset for the CHVEF in accordance with the EPBC Act Environmental Offsets Policy (DSEWPac) 2012a),
- b) Provision of no less than \$815,000 over no less than 5 years, for conservation and management of the offset,
- c) Provision of no less than \$220,500 for the purchase cost of land, re-establishment and maintenance of 31.5 ha of Derived Native Grassland at Mitchell Hill (West and East) with species consistent with CHVEF,
- d) Development of a Biodiversity Offset Management Plan for the offset and reestablishment area at Mitchell Hill (West and East), and

- e) Provision of an annual report to the Department documenting the implementation of the undertaking from December 2018 until December 2022.

The compliance with this undertaking is reported in the following sections.

2 Mitchelhill Overview

The Mitchelhill Biodiversity Area comprises two sites, namely Mitchelhill (West) and Mitchelhill (East). The total area of the BA is 378.77 ha, 316.13 ha of which contains native vegetation. The 316.13 ha of native vegetation is comprised of the offset area (312.73 ha) and residual CHVEF (3.40 ha).

Mitchelhill (West) is approximately 5.6 km south-east of Muswellbrook, NSW (Figure1). Mitchelhill (East) is approximately 11.4 km south-east of Muswellbrook. Mitchelhill (West) is accessible from the New England Highway and Muscle Creek Road. Mitchelhill (East) is accessible from Muscle Creek Road and a number of private properties over which HVO has an access agreement.

Access to the BA is restricted and all entry gates are locked.

Mitchelhill (West) is located within the Sydney Basin Bioregion, while Mitchelhill (East) is on the border of the Sydney Basin and NSW North Coast Bioregions. The BA contributes to a south to north biodiversity corridor, extending south to Lake Liddell, Plashett Reservoir and HVO's Wandewoi BA. Biodiversity corridors are connected or stepping stones of existing native vegetation that provide connectivity at a landscape scale for flora and fauna. They are important in the ongoing conservation and protection of flora and fauna, as they enable migration, improve resilience to environmental and climatic variability and support genetic diversity. The BA is situated in the Muswellbrook local government area.

Parts of the BA have been previously cleared and disturbed for agriculture and cattle grazing (predominately in the western BA). Small ephemeral drainage lines are located throughout, and there are numerous small dams scattered throughout the area.

While the major land use in the vicinity of the BA is agricultural, a large portion of the land surrounding the Mitchelhill East BA is offset land for Glencore's coal mines in the Hunter Valley. As such, the Mitchelhill BA contributes to a significant intact landholding that is being managed for biodiversity conservation.

3 Summary of Activities - 2019

Various conservation, monitoring, management and maintenance activities were undertaken throughout 2019. Monitoring activities were undertaken and active rehabilitation commenced at Mitchelhill.

Works undertaken during the reporting period at Mitchelhill that included the area subject to the enforceable undertaking are outlined below.

Table 1. Overview of activities undertaken during the reporting period within the Mitchelhill Biodiversity Area containing land applicable to the Enforceable Undertaking.

Activity
<ul style="list-style-type: none"> • Development of bushfire management plan, • cultural heritage assessment of areas to be rehabilitated, • seed collection, • propagation of tubestock, • deep ripping in preparation for rehabilitation, • condition assessment monitoring, • bird assemblage monitoring, • vertebrate pest management, • signage installation • lock replacement.
<p>Activities specific to the eastern BA:</p> <ul style="list-style-type: none"> • Installation of water tank for rehabilitation watering and fire management, • dry matter assessment, • grazing management.
<p>Activities specific to the western BA:</p> <ul style="list-style-type: none"> • Tubestock planting, • watering of rehabilitated areas, • erosion control.

4 Compliance with Undertaking

Table 2 outlines the actions undertaken by HVO to ensure compliance with the Enforceable Undertaking.

For a detailed discussion of the methods and results of monitoring events, pest management activities and other activities outlined in Table 1, please refer to the HVO 2019 EPBC 2016-7640 Compliance Report at the HVO In-site public webpage: <https://insite.hvo.com.au/document-library/compliance-reporting>

Table 2. Summary of HVO's compliance with the requirements of the Enforceable Undertaking.

Commitment	Compliance status	Evidence/Comments
Purchase from landowner of Mitchell Hill (West and East) of 180.5 ha to the value of no less than \$1 million for the establishment of an ecological offset for the CHVEF in accordance with the EPBC Act Environmental Offsets Policy	Compliant	The Mitchelhill Biodiversity Area was purchased in 2017. The two sites, East and West, total 378.77 ha. The value of the 180.5 ha required by the Undertaking equates to approximately \$1 million.
Provision of no less than \$815,000 over no less than 5 years, for conservation and management of the offset.	Compliant	<p>Management actions to conserve and develop CHVEF within the Mitchelhill BA is being undertaken according to the management plan reviewed by the DoEE. This Annual Report documents the actions undertaken during 2019.</p> <p>A summary of expenditure outlined in this report includes:</p> <ul style="list-style-type: none"> Planting preparation works: \$34,920 Revegetation works: \$39,859 Install water tank East BA: \$1,925 Cultural heritage surveys: \$10,605 Cultural heritage salvage: \$17,942 Cultural heritage compliance inspections: \$3,825 Update management plans: \$2,816 Develop Bushfire Management Plan: \$4,001 Grazing Biomass Assessment: \$3,056 Pest Management: \$6,490 Seed Collection: \$161 Routine Property Inspections: \$4400 <p>2019 Total: \$130,000 Total all years: \$166,790</p>

<p>Provision of no less than \$220,500 for the purchase cost of land, re-establishment and maintenance of 31.5 ha of Derived Native Grassland at Mitchell Hill (West and East) with species consistent with CHVEF.</p>	<p>Compliant</p>	<p>The 31.5 ha occurs within the larger 378 hectare property at Mitchelhill and equates to a purchase price of approximately \$174,000.</p> <p>The remaining \$46,500 will be allocated to re-establishment and maintenance of the 31.5 ha. Works commenced in 2018 with seed collection totalling \$7900. Additional costs expended in 2019 totalled \$90,811 and comprised:</p> <ul style="list-style-type: none"> Seed Collection: \$161 Planting preparation works: \$34,920 Revegetation works: \$39,859 Install water tank East BA: \$1,925 Grazing Biomass Assessment: \$3,056 Pest Management: \$6,490 Routine Property Inspections: \$4,400
<p>Development of a Biodiversity Offset Management Plan for the offset and reestablishment area at Mitchell Hill (West and East).</p>	<p>Compliant</p>	<p>A Biodiversity Offset Management Plan for the Mitchelhill offset and reestablishment areas have been developed and the draft Plan reviewed by the DoEE. The comments requested by the DoEE were incorporated into the final Plan that was submitted to the DoEE on 31/10/2019. As of December 2019, DoEE's approval of the Plan had not been received.</p>
<p>Provision of an annual report to the Department documenting the implementation of the undertaking from December 2018 until December 2022.</p>	<p>Compliant</p>	<p>This report documents compliance with the undertaking up to December 2019. Previous reports have been provided for 2018.</p>

5 New Environmental Risks and Potential threats to Matters of National and State Environmental Significance

There were no new environmental risks or potential threats to Matters of National and State Environmental Significance identified from the Enforceable Undertaking area or the broader Mitchelhill Biodiversity Area during the reporting period.

6 Conclusion

Hunter Valley Operations, and Coal & Allied Operations Pty Ltd, is compliant with all aspects of the Enforceable Undertaking. Additional expenditure will occur throughout 2020 with various maintenance, monitoring and rehabilitation activities. These will be reported in the subsequent annual report in 2021.