

18 March 2015

The Secretary
Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001

Illawarra Coal Holdings Pty Ltd
BHP Billiton Illawarra Coal Regional Operations Centre
Level 3, Enterprise 1, Innovation Campus, Squires Way
North Wollongong NSW 2500 Australia
PO Box 514
Unanderra NSW 2526 Australia
Tel +61 2 4286 3000 Fax +61 2 4286 3600
bhpbilliton.com

Dear Ms McNally

Application to modify Bulli Seam Operations Project Approval (08_0150) ('Bulli Approval')

Under the Bulli Approval and the Dendrobium Consent, including subordinate approvals granted under these approvals - such as the Dendrobium Area 3B Subsidence Management Plan Approval, Illawarra Coal is currently required to provide various biodiversity offsets to offset the impacts of these developments.

Some of these offsetting requirements are currently known but others will arise in the future as the impacts of future mining become better known as more detailed mine planning is carried out or the mining itself is carried out.

Currently the meeting of the offset requirements under the Bulli Approval and the Dendrobium Approval can only occur in respect of each requirement for an offset as it currently exists or arises.

As an example, if an offset requirement arises only in respect of impacts on swamps at Dendrobium Mine, Illawarra Coal is only required to provide an offset that meets these requirements. Often offset lands are large parcels of land which have a number of offsetting values. Where Illawarra Coal locates a parcel of land that meets the requirement of its example swamp offset, it needs to seek to subdivide the land so that it can meet its offset requirements for swamps, and retain the non-swamp offset lands to meet other future offsetting requirements. This is an artificial process, splits land arbitrarily and prevents the provision of strategic offsets that may provide greater biological benefits to the State.

To avoid the above and provide flexibility to provide better offset outcomes, Illawarra Coal wishes to apply for a modification to the Bulli Approval and Dendrobium Consents under section 75W of the *Environmental Planning and Assessment Act 1979* to include conditions in both that would permit:

- The Secretary to accept, in respect of a single offset obligation required under either approval, an offset that exceeds the offset values required to be met to meet the obligation(s).
- The Secretary to be able to rely on any residual offsetting values for the meeting of future offsetting requirements that may arise under either approval.

In respect of the above Illawarra Coal accepts that:

- The calculation of offsetting values would be as per existing requirements under both approvals.
- That additional offsets may be provided if any residual offset value does not meet offsetting liabilities as they arise.

As an example of the benefits that would arise from the provision of the above arrangements, we advise that Illawarra Coal has been in negotiations with the Minister for the Environment and the

Office of Environment and Heritage to donate the proposed offset lands at Maddens Plains and Douglas Park for inclusion into the National Parks Estate to comply with the 'in perpetuity' requirement of the relevant existing offset conditions in the Bulli Approval and Dendrobium Consent (including Commonwealth EPBC approvals for the Bulli Seam Project). Illawarra Coal considers that the biodiversity values present at both offset locations are substantially in excess of the current offset requirements specified in the abovementioned NSW and Federal Approvals.

Given the high conservation values present at the two offset sites, as well as the strategic location of the Maddens Plains site in connecting the Illawarra Escarpment State Conservation Area and the Dharawal Nature Reserve, Illawarra Coal considers that these offset are sufficient to account for the current and any prospective offset requirements within the currently approved development footprints specified in the Dendrobium Mine Development Consent and the Bulli Seam Operations Project Approval. Illawarra Coal also believes that provision of these now to the Government for inclusion in the national park reserve system would provide significant upfront benefits to the State that would not otherwise be likely to get if piecemeal offsets need to be provided for each offsetting requirement as it arises

Approving the above modifications would allow Illawarra Coal to provide these offsets now in respect of its existing offset obligations, and, if they are assessed as having residual offsetting values draw down on these to meet its future offsetting obligations under these approvals as they arise in the future.

If you have any queries please contact the undersigned.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Bruce Blunden', written in a cursive style.

Bruce Blunden
Manager Approvals (Surface)