

**SINOSTEEL MIDWEST CORPORATION LIMITED
LEVEL OF ASSESSMENT EXPLANATION**

Proposal: Blue Hills Mungada East Expansion

Proponent: Sinosteel Midwest Corporation Limited

The Environmental Protection Authority (EPA) has considered the proposal in accordance with the requirements of the *Environmental Protection Act 1986* (EP Act) and the *Environmental Impact Assessment Administrative Procedures 2012* (Administrative Procedures).

Section 39A of the EP Act provides that that Authority must decide whether to assess referred proposals. The EPA makes this decision based on the potential impact(s) of the proposal on the environment, with reference to the information submitted in or with the referral or under section 38A, or derived from the Authority's own investigations and inquiries. This includes any public comments on the referral information, further information obtained from relevant decision - making authorities or other government agencies, and any other person.

In determining whether this proposal is likely to have a significant effect on the environment, whether the proposal would meet the EPA's objectives for environmental factors and consequently whether or not a referred proposal should be assessed, the EPA has had regard to the:

- (a) values, sensitivity and quality of the environment which is likely to be impacted;
- (b) extent (intensity, duration, magnitude and geographic footprint) of the likely impacts;
- (c) consequence of the likely impacts (or change);
- (d) resilience of the environment to cope with the impacts or change;
- (e) cumulative impact with other projects;
- (f) level of confidence in the prediction of impacts and the success of proposed mitigation;
- (g) objects of the EP Act, policies, guidelines, procedures and standards against which a proposal can be assessed;
- (h) presence of a strategic planning policy framework;
- (i) presence of other statutory decision-making processes which regulate the mitigation of the potential effects on the environment to meet the EPA's objectives and principles for environmental impact assessment; and
- (j) public concern about the likely effect of the proposal, if implemented, on the environment.

Background

Current mining operations

Sinosteel Midwest Corporation Limited (SMC) current mining developments in the Blue Hills area were assessed as part of EPA Report 1328, released in June 2009. The Blue Hills component of SMC's approved project involved mining from two pits; one located on the Mungada Ridge known as Mungada East, and the other located immediately west in the central Blue Hills, but referred to as Mungada West.

In its report to the then Minister for Environment, the EPA recommended against development of the Mungada East pit as it would impact significant landscape and biodiversity values of the Mungada Ridge. Following the appeals process and the consultation with decision making authorities, mining of the Mungada East pit was approved.

The EPA has also reported on other proposals in the Blue Hills area; EPA Reports 1321 and 1322.

Banded Iron Formation (BIF) landform units in the Blue Hills area are currently subject to mining; with hematite extraction occurring in the central Blue Hills and the western extremities of the Mungada Ridge, and extensive mining for magnetite extraction is underway at Mt Karara.

Referral of expansion proposal

On 2 September 2013, SMC submitted a section 38 referral titled the *Blue Hills Iron Ore Expansion Project* to the EPA for increased mining and infrastructure at its existing Mungada West and Mungada East mining areas. The referral was advertised on the EPA Consultation Hub from 16 – 22 September 2013. One comment was received, requesting the proposal be assessed at an Assessment on Proponent Information (API) Category B (environmentally unacceptable) level of assessment.

The EPA sought further information on the proposal and a meeting was also held between SMC and the Office of the Environmental Protection Authority (OEPA) representatives to discuss the proposal further.

The EPA considered the proposal at EPA Meeting 1062 on 20 March 2014. The preliminary key environmental factors identified for the proposal were:

- (a) Landforms;
- (b) Flora and Vegetation, and Terrestrial Fauna; and
- (c) Rehabilitation and Closure.

During this meeting, SMC provided a presentation to the EPA about its proposal.

Notification of EPA's preliminary view; proposal environmentally unacceptable

The EPA notified SMC of its preliminary view that the Blue Hills Iron Ore Expansion Project, in its current form, is environmentally unacceptable on 10 April 2014. The notification included the EPA's Statement of Reasons for its preliminary view, which identified the preliminary key environmental factors for the proposal.

This approach is consistent with the Administrative Procedures where the EPA must notify the proponent of its preliminary view, including its reasons and any new information that is relevant to this view, and provide an opportunity for the proponent to respond.

A meeting was held between SMC, the OEPA and the EPA Chairman on 9 May 2014 to discuss the EPA's preliminary view and options for progression of the assessment. A follow up meeting between OEPA and SMC was also held on 21 May 2014.

Proponent response

On 17 June 2014, SMC advised the EPA of its intention to modify the referred Blue Hills Iron Ore Expansion Project to exclude the proposed Mungada West expansion area. SMC also advised that it intended to provide further information to the EPA in relation to the Mungada East expansion area.

Following a further meeting with of the OEPA and SMC, the EPA wrote to SMC on 8 July 2014 acknowledging the proposed modification to the proposal and SMC's intention to provide further information.

Final proponent information for the proposed mine expansion, and further information addressing the EPA's rationale for its preliminary view, was provided to the EPA on 30 September 2014. This information described the expansion project to consist of one new pit (and associated infrastructure) to be located on the Mungada Ridge adjacent to the existing Mungada East pit; referred to as the Mungada East Expansion (MEE). The final information also included details of rehabilitation programs being undertaken and an independent opinion on the 2007 *Strategic Review of the Conservation and Resource Values of Banded Iron Formation of the Yilgarn Craton*.

It is the expansion proposal, called the *Blue Hills Mungada East Expansion*, provided to the EPA by SMC on 30 September 2014 that is the subject of the EPA's referral and assessment.

After review of SMC's further information, it was identified that the preliminary key environmental factors: (b) Flora and Vegetation, and Terrestrial Fauna and (c) Rehabilitation and Closure, could potentially be addressed through additional studies and investigations supporting a level of assessment of Public Environmental Review. However, for the preliminary key environmental factor (a) Landforms, the EPA's objective for this factor could not be met.

Process for Decision on API Category B

The EPA is of the view that the proposal, if implemented, will have a significant effect on the environment and the EPA's decision is to assess the proposal.

The EPA is of the opinion that there is sufficient, publicly available information on the significance of the Mungada Ridge landform, and the aggregation of values supported by that landform to gain an informed understanding of the significant impacts on the environment if this proposal is implemented.

The key environmental factor identified for the proposal which has been assessed is:

(a) Landforms

The EPA's objective for Landforms is *to maintain the variety, integrity, ecological functions and environmental values of landforms and soils.*

The EPA has evaluated the proposal and its potential impacts against criteria for levels of assessment in accordance with Section 10 of the Administrative Procedures.

For an API B (environmentally unacceptable) level of assessment, any one of the first three criteria, in combination with the fourth criteria, must be met.

Consideration of the Criteria for API Category B level of assessment

1. The proposal is inconsistent with established environmental policies, guidelines and standards.

Meets: No

- The proposal is located on the former Karara Pastoral Lease purchased by the Department of Parks and Wildlife for conservation; however much of the area is held under granted mining leases.
- Existing Government policy framework does not preclude mining; proposals need to be considered on their merits.

2. The proposal is likely to have a significant detrimental impact on an environmental value.

Meets: Yes

- The proposal area is located on the Mungada Ridge landform of the Blue Hills area; identified as possessing the greatest landscape and biodiversity values in this area.
- Mungada Ridge is the last large, substantively intact landform remaining in the Blue Hills area.
- The proposal would result in the loss of landform structure and its associated environmental values.

3. The proposal raises one or more key factors or issues that do not meet the EPA's environmental objectives, having regard to the object and principles of the EP Act.

Meets: Yes

- One key environmental factor identified: Landforms, this factor is complex in nature.
 - Any further mining of the Mungada Ridge would result in serious and irreversible impacts to the integrity of this landform and the environmental values it supports.
 - The proposal does not meet the EPA's objective for Landform.
4. The proposal could not be reasonably modified or mitigated so as to ameliorate the issues raised in criteria 1, 2 or 3 (above).

Meets: Yes

- Proponent has stated that the proposal has been designed to have the lowest impact possible.
- The co-occurrence of the mineral resources and the Mungada Ridge landform means that mining of the resource results in permanent, irreversible loss of the physical structure of landform features, and direct impact to the aggregation of environmental values that the landform supports.
- The proposal cannot be reasonably modified or mitigated to ameliorate the impacts on the Mungada Ridge.

Conclusion

It is the EPA's opinion that the proposal cannot be managed to meet the EPA's objective for Landforms, and the proposal is environmentally unacceptable and should not be implemented.

The EPA has therefore decided to assess the proposal and the level of assessment is API B (environmentally unacceptable).

The Mungada Ridge is the last large, substantively intact landform remaining in the Blue Hills area and has been identified as possessing the greatest landscape and biodiversity values in this area. Proposal impacts cannot be avoided, and landforms cannot be restored to have the same aggregation of environmental values as pre-mined areas. The proposal would result in serious and irreversible impact to the integrity of Mungada Ridge

The EPA has released its Report and recommendations for the Blue Hills Mungada East Expansion proposal (EPA Report No. 1532).