Agreement to undertake a strategic assessment of the impacts of a Plan for mining iron ore in the Pilbara region, Western Australia.

between

THE MINISTER FOR SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES

and

BHP Billiton Iron Ore Pty Ltd
ACN 008 700 981
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1 PARTIES

The Parties to this agreement are:

The Minister for Sustainability, Environment, Water, Population and Communities

and

BHP Billiton Iron Ore Pty Ltd ABN 46 008 700 981

2 COMMENCEMENT OF AGREEMENT

2.1 This agreement will commence on the date on which the agreement is signed by both parties.

3 DEFINITIONS

3.1 Unless stated otherwise in this Agreement, the definitions, meanings and terms in the Environment Protection and Biodiversity Conservation Act 1999 (Cth) apply to this Agreement and its attachments.

3.2 In this Agreement:

Agreement means this strategic assessment agreement entered into between the Minister for Sustainability, Environment, Water, Population and Communities and BHP Billiton Iron Ore Pty Ltd on the date the last Party executes this agreement.

BHP Billiton Iron Ore means BHP Billiton iron Ore Pty Ltd ACN 008 700 981

day means a business day as measured in Canberra, Australian Capital Territory.

Department means the Australian Government department administering the Environment Protection and Biodiversity Conservation Act 1999 (Cth).

endorsement criteria means the endorsement criteria detailed in Clause 9 of this Agreement.

EPBC Act means the Environment Protection and Biodiversity Conservation Act 1999 (Cth).

Impact Assessment Report means the report prepared in accordance with the Terms of Reference assessing the likely impacts, including cumulative impacts, on MNES from implementing the Plan.

Minister means the Minister responsible for administering the EPBC Act or the Minister's authorised delegate.

MNES means matters of national environmental significance protected under Part 3 of the EPBC Act.
**MNES Plan** means the Plan by BHP Billiton Iron Ore Pty Ltd for the protection of matters of national environmental significance within the boundary defined in Attachment A for which BHP Billiton Iron Ore Pty Ltd has responsibility.

**Parties** mean the Minister and BHP Billiton Iron Ore Pty Ltd together, each a **Party**.

**Plan** is the ‘policy, plan or program’ (section 146 of the EPBC Act) of the BHP Billiton Iron Ore Pty Ltd management arrangements that will apply to those parts of the strategic assessment area as described in the MNES Plan and for which endorsement by the Minister is sought.

**strategic assessment** means the strategic assessment to which this Agreement relates, namely the strategic assessment of the impacts, including cumulative impacts, of actions on the environment of the strategic assessment area, relevant MNES and the BHP Billiton Iron Ore Pty Ltd management arrangements to deal with such impacts.

**strategic assessment area** is the geographic extent of the assessment as described in Attachment A.

**Terms of Reference** means the terms of reference for the preparation of the Impact Assessment Report.

**WA** means the State of Western Australia.
4 PREAMBLE

4.1 The Parties agree that:
(a) the Pilbara region of WA has significant environmental, social and economic values and that;
(b) new mines and expansion of existing mines and associated infrastructure located within the Pilbara must be undertaken in a manner that protects and enhances these values.

4.2 Recognising the environmental values, the Parties commit to:
(a) undertake a strategic assessment of the impacts of actions under the MNES Plan on matters of national environmental significance protected by Part 3 of the EPBC Act,
(b) share information, including but not limited to mapping and spatial data, and
(c) work collaboratively to undertake the activities within this Agreement through taking reasonably practicable measures.

4.3 The parties recognise that the MNES Plan, and any associated approved actions and classes of actions would be implemented as part of BHP Billiton’s Charter. This would occur through the development and application of environmental managements systems and environmental standards including (but not limited to):
(a) company charter, Code of Business Conduct and standards;
(b) planning, implementation and operation;
(c) monitoring and reporting; and
(d) compliance and review.

4.4 The strategic assessment does not affect the application of the EPBC Act in the strategic assessment area in relation to actions or activities already approved under Parts 7, 8 and 9 of the EPBC Act.

4.5 The Department agrees to assist BHP Billiton Iron Ore to address the requirements of the strategic assessment.

5 BACKGROUND

5.1 Subsection 146(1) of the EPBC Act allows the Minister to agree in writing with a person responsible for the implementation of a policy, plan or program to assess the impacts of actions taken under that policy, plan or program on MNES.

5.2 This Agreement is intended to be an agreement for the purposes of subsection 146(1) of the EPBC Act to assess the impacts of actions taken under the MNES Plan.

5.3 The MNES Plan is to be developed by BHP Billiton Iron Ore. The MNES Plan, if endorsed, will allow the Minister to approve actions or classes of actions taken in accordance with the MNES Plan, within the boundaries of the strategic assessment area. Key issues that must be addressed in the MNES Plan are included (but not limited to) those at Attachment B.
5.4 For the purposes of the Agreement, the policy, plan or program is the MNES Plan. An Impact Assessment Report will also be prepared to assess the impacts of implementing the MNES Plan on MNES.

5.5 A draft Impact Assessment Report and draft MNES Plan will be made available for public comment for a minimum of at least 28 days. Following the public comment period, a revised final Impact Assessment Report and a final MNES Plan will be submitted to the Minister.

5.6 After considering the final Impact Assessment Report and final MNES Plan, the Minister may make recommendations about the MNES Plan (including recommendations for modification of the MNES Plan).

5.7 The Minister may decide to endorse the MNES Plan if satisfied that:
   (a) the Impact Assessment Report and MNES Plan adequately address the impacts and endorsement criteria to which this Agreement relates; and
   (b) the recommended modifications (if any) to the MNES Plan made by the Minister, or modifications having the same effect, have been made.

5.8 The Parties acknowledge that the endorsement of the MNES Plan itself does not constitute any approval for the taking of actions under the EPBC Act.

5.9 If the Minister decides to endorse the MNES Plan, the Minister may then approve the taking of an action, or a class of actions, in accordance with the MNES Plan and the EPBC Act. The effect of this approval decision is that any actions or class of actions approved under section 146B would not need further approval by the Minister under the EPBC Act if taken in accordance with the endorsed MNES Plan.

5.10 The Parties acknowledge that, where proponents propose to take an action in accordance with the MNES Plan that is not the subject of an approval under section 146B, they are able to seek approval for that action through the assessment and approval process established under Parts 7, 8 and 9 of the EPBC Act. Where relevant, information in the Impact Assessment Report must be taken into account when deciding:
   (a) the level of assessment for an action referred under Part 7; and
   (b) whether or not to approve an action under Part 9 (paragraphs 87(3)(e) and 136(2)(e)).

6 TERMS OF REFERENCE FOR THE IMPACT ASSESSMENT REPORT

6.1 After commencement of the Agreement, BHP Billiton Iron Ore will as soon as practicable seek public comment on the draft Terms of Reference (Attachment C). BHP Billiton Iron Ore must provide the draft Terms of Reference for public comment by notice including:
   (a) posting on BHP Billiton Iron Ore’s website;
   (b) publishing in a major newspaper circulating in Western Australia; and
The notice must advise:
(a) that the draft Terms of Reference are available for public comment;
(b) how copies may be obtained;
(c) the contact details for obtaining further information; and
(d) that public comments are invited for a period of at least 28 days as specified by the Minister.

6.3 Following the public comment period for the draft Terms of Reference in accordance with clause 6.2(d), BHP Billiton Iron Ore will submit to the Minister:
(a) proposed final Terms of Reference;
(b) public responses relating to the draft Terms of Reference; and
(c) a report on how the public responses have been taken into account.

6.4 Following receipt of the proposed Terms of Reference, the Minister will notify BHP Billiton Iron Ore that the proposed Terms of Reference:
(a) are approved, or
(b) are not approved, in which case the Minister will notify BHP Billiton Iron Ore of any comments and invite BHP Billiton Iron Ore to provide revised Terms of Reference which take those comments into account.

6.5 As soon as practicable after receipt of the revised Terms of Reference from BHP Billiton Iron Ore in accordance with clause 6.4(b), the Minister will either:
(a) notify BHP Billiton Iron Ore of the approval of the revised Terms of Reference; or
(b) provide approved Terms of Reference that meet the requirements.

7 PREPARATION OF THE IMPACT ASSESSMENT REPORT AND MNES PLAN

7.1 BHP Billiton Iron Ore will prepare as soon as practicable after the Terms of Reference are approved under clause 6.5 a draft MNES Plan and draft Impact Assessment Report in accordance with this Agreement and the Terms of Reference.

7.2 BHP Billiton Iron Ore must provide the draft MNES Plan and draft Impact Assessment Report for public comment by notice, including:
(a) posting on BHP Billiton Iron Ore’s website;
(b) publishing in a major newspaper circulating in Western Australia; and
(c) circulation to key stakeholder groups agreed between the Department and BHP Billiton Iron Ore.

7.3 The notice must advise:
(a) that the draft MNES Plan and draft Impact Assessment Report are available for public comment;
(b) how copies may be obtained;
(c) provide contact details for obtaining further information; and
(d) that public comments are invited on the draft reports for a period of at least 28 days as specified by the Minister.
7.4 BHP Billiton Iron Ore will prepare a final Impact Assessment Report and final MNES Plan, taking into account any public comments received in accordance with clause 7.3(d).

8 ENDORSEMENT OF THE PLAN

8.1 BHP Billiton Iron Ore will submit to the Minister:
(a) The final MNES Plan (incorporating any revisions in light of public comments);
(b) The final Impact Assessment Report (incorporating any revisions in light of public comments);
(c) a report explaining how relevant public responses have been taken into account and addressed in the final Impact Assessment Report and final MNES Plan;
(d) public comments received during the consultation period relating to the draft Impact Assessment Report and draft MNES Plan; and
(e) any other documents required to support the BHP Billiton Iron Ore’s submission.

8.2 If the Minister is not satisfied that the final MNES Plan and final Impact Assessment Report adequately addresses the impacts to which this agreement relates, then:
(a) the Minister can make recommendations to amend the MNES Plan;
(b) BHP Billiton Iron Ore may seek clarification from the Minister on the recommendations;
(c) BHP Billiton Iron Ore will then submit to the Minister for consideration the revised MNES Plan and a summary of how the Minister’s recommendations were given effect;
(d) the Minister will consider the revised MNES Plan, and any supporting material provided; and
(e) the Minister may request further modifications if still not satisfied that the Plan provides for adequate protection of MNES.

8.3 The Minister may endorse the MNES Plan if satisfied that the reports submitted under clause 8.1 and/or clause 8.2 adequately address the impacts to which this Agreement relates, and that any recommended modifications to the MNES Plan or modifications having the same effect have been made. In considering whether to endorse the MNES Plan the Minister will also consider the endorsement criteria at Clause 9.

9 ENDORSEMENT CRITERIA

9.1 When deciding whether to endorse the MNES Plan, the Minister must be satisfied that the Impact Assessment Report adequately addresses the impacts to which the Agreement relates, and that any recommendations by the Minister to modify the MNES Plan have been responded to appropriately.
9.2 In determining whether or not to endorse the MNES Plan, the Minister will have regard to the extent to which the MNES Plan meets the objects of the EPBC Act. In particular, that it:

(a) protects the environment, especially those aspects of the environment that are MNES;
(b) promotes ecologically sustainable development through the conservation and ecologically sustainable use of natural resources;
(c) promotes the conservation of biodiversity;
(d) provides for the protection and conservation of heritage;
(e) promotes a cooperative approach to the protection and management of the environment; and
(f) assists in the co-operative implementation of Australia’s international environmental responsibilities.

9.3 Without limiting the matters the Minister may consider when making the decision whether or not to endorse the MNES Plan, the Minister will consider the manner in which the Plan:

(a) identifies direct, indirect and cumulative impacts on MNES;
(b) avoids impacts on MNES;
(c) mitigates the impacts on MNES;
(d) offsets the impacts on MNES;
(e) contributes to the enhancement of the existing environment and management of existing threats; and
(f) demonstrates adaption to reasonable climate change scenarios.

9.4 Commitments in the MNES Plan must be adequately resourced throughout its life. The MNES Plan must demonstrate an effective system of adaptive management that addresses uncertainty and contingency management as well as procedures for monitoring, independent auditing and public reporting on implementation.

9.5 The MNES Plan must address all of the above matters for it to be considered for endorsement by the Minister in accordance with the EPBC Act.

10 APPROVAL OF ACTIONS UNDER THE PLAN

10.1 The Minister may approve the taking of an action in accordance with the endorsed MNES Plan. In doing so, the Minister must take into consideration:

(a) matters relevant to any matter protected by provision of Part 3 of the EPBC Act that the Minister considers relevant to the approval; and
(b) economic and social matters.

10.2 In considering these matters, the Minister must take into account the principles of ecologically sustainable development.

10.3 The Minister must seek comment from other Australian Government Ministers with administrative responsibilities relating to the actions before approving the taking of an action, or class of actions, pursuant to section 146C of the EPBC Act.
10.4 If endorsed, both Parties will make publicly available electronically through their websites the endorsed MNES Plan, the Impact Assessment Report, and any approval decision and conditions.

10.5 Approvals for actions or classes of actions may occur progressively after endorsement of the MNES Plan.

11 VARIATION, CONFLICT RESOLUTION AND TERMINATION

11.1 This Agreement may only be varied by written agreement (including electronic communications) between the Parties and in accordance with the EPBC Act.

11.2 Where there is a dispute between the Parties to this Agreement on a particular matter, the Parties will consult in the spirit of mutual cooperation in relation to that matter and will use their best endeavours to negotiate a mutually acceptable resolution.

11.3 Either party may at any time terminate this Agreement by written correspondence to the other Party.

11.4 The Parties do not intend this Agreement to create contractual or other legal obligations, or that a breach of the Agreement will give rise to any cause of action, or right to take legal proceedings.

11.5 To avoid any doubt, nothing in this Agreement is intended to override the provisions of the EPBC Act.
SIGNED BY:

The Hon. Tony Burke MP
Minister for Sustainability, Environment, Water, Population and Communities

Dated

Tony Burke 18.9.12

Carl Binning
Vice President Health, Safety, Environment and Community
BHP Billiton Iron Ore Pty Ltd

Dated 28/8/2012
STRATEGIC ASSESSMENT AREA

The strategic assessment area is the boundaries of BHP Billiton assets within the central Pilbara region of Western Australia (refer Figure 1) and the surrounding area, to the extent that actions undertaken by BHP Billiton in the strategic assessment area may impact matters of national environmental significance. The strategic assessment area has been defined in part using the Interim Biogeographic Regionalisation for Australia (IBRA) sub-regional boundaries and a nominal corridor based on the existing BHP Billiton Iron Ore Newman to Port Hedland rail corridor.
BHP BILLITON IRON ORE STRATEGIC ASSESSMENT AREA

FIGURE 1.
KEY ISSUES TO BE ADDRESSED IN THE MNES PLAN

1. The MNES Plan prepared for this strategic assessment has a wide audience, including the general public and government regulators, so it must:
   a) use plain English to ensure readers who do not have background in or detailed knowledge of the MNES Plan understand its intent, where it applies, what must/must not be happening and the planning mechanisms;
   b) address anticipated community concerns; and
   c) provide clarity about legal responsibilities affected by the MNES Plan following endorsement.

2. The MNES Plan must clearly articulate outputs and outcomes to be achieved and the actions and processes to be used. These outputs, outcomes, actions and processes should address (but not be limited to):
   a) matters of national environmental significance;
   b) data management and sharing;
   c) stakeholder engagement and communication; and
   d) monitoring, auditing, evaluation and adaptive management.

3. The MNES Plan must describe how relevant matters of national environmental significance within the strategic assessment area will be addressed through avoidance, mitigation or offset measures. To be endorsed, the MNES Plan must adequately address all impacts to which the Agreement relates.

4. The MNES Plan must address (but not limited to) how:
   a) environmental impacts will be addressed;
   b) monitoring, auditing, evaluation and adaptive management process will be implemented (including addressing failure to meet environmental outcomes); and
   c) mechanisms to achieve ecologically sustainable development including actions to maintain or enhance biodiversity, having regard for species diversity and abundance, and the extent, condition, connectivity and protection of native vegetation.

5. Any state legislation, plans, procedures or guidelines relevant to the MNES Plan must be documented in the MNES Plan or referenced.

6. The MNES Plan must continue to be effective despite changes to relevant WA planning, legislative and policy provisions underpinning the plan. It is also important that such changes will not affect the ability of the MNES Plan to deliver the endorsed outcomes, actions and processes in the future. The MNES Plan must give a clear, secure basis for building confidence that the benefits and outcomes committed to at the time of endorsement will be delivered. The MNES Plan must also clearly describe how it has allowed enough flexibility to deal with unforseen changes, respond to adaptive management outcomes or to have elements added to the MNES Plan.
7. The MNES Plan must also be clear on aspects that cannot be altered without breaching the Plan. For example, minimum environmental outcomes.

8. All references cited in the MNES Plan are to be included in a bibliography.
Draft Terms of Reference
BHP Billiton Iron Ore Strategic Assessment of the impacts of a MNES Plan for mining iron ore in the Pilbara region, Western Australia.

1 Introduction
The Minister for Sustainability, Environment, Population and Communities and BHP Billiton Iron Ore Pty Ltd have agreed to undertake a strategic assessment of BHP Billiton Iron Ore’s proposed program for mining iron ore in the Pilbara region of Western Australia. This program includes:

- Expansion of existing operations;
- Upgrade to existing supporting infrastructure (such as railway lines); and
- New mines and associated infrastructure.

The purpose of this strategic assessment is to assess a plan for the management of Matters of National Environmental Significance as defined in the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) for the implementation of the proposed program (MNES Plan). The MNES Plan is to be prepared by BHP Billiton Iron Ore as part of the strategic assessment process.

In addition to the preparation of the MNES Plan, BHP Billiton Iron Ore will prepare an Impact Assessment Report (IAR). The objective of the IAR is to provide details of the potential impacts of the implementation of the MNES Plan.

These Terms of Reference (ToR) refer specifically to the contents and structure of the Impact Assessment Report.

2 Content of Impact Assessment Report

2.1 Description of the MNES Plan
The IAR must include a detailed description of the MNES Plan prepared by BHP Billiton Iron Ore, including (but not limited to):

- How the MNES Plan has been developed.
- The regional context (social and environmental) of the MNES Plan.
- The legal and administrative framework for the implementation of the MNES Plan. This should include a description of:
  - Legal standing of the MNES Plan.
  - The relationship of the MNES Plan to other relevant policies, plans, guidelines, commitments, regulations and legislation.
  - The basis of land and asset tenure.
  - The management and approval arrangements of BHP Billiton Iron Ore and the person(s) responsible for the implementation of the MNES Plan.
- Description of the actions and classes of actions that are the subject of the MNES Plan. This includes the short, medium and long term actions proposed.

2.2 Existing Environment
The IAR must provide a detailed description of the existing environment of the Pilbara region (as relevant to the strategic assessment). This should include the environment beyond the footprint of the actions and
classes of actions proposed by BHP Billiton Iron Ore where there is potential for either direct or indirect impacts.

In addition, the following should be included:

- Description of any physical processes (e.g. fire, flood, drought, past and current land uses) influencing the environmental characteristics of MNES.
- A detailed profile of each MNES potentially affected by the MNES Plan. Each profile must include:
  - Description of the MNES (including images).
  - Conservation status of the matter under both the EPBC Act and relevant West Australian legislation.
  - Maps showing the distribution and location of the MNES (both historic and current), across its range and within the strategic assessment area.
  - Where appropriate, a description of the habitat requirements of the MNES.
  - Description of key threats to the MNES and recovery and conservation management priorities.
- A profile should also be prepared for matters that are potentially eligible for listing prior to approval of actions and classes of actions.

2.3 Nature and implication of impacts

The IAR must include an assessment of the potential impacts (including direct and indirect) on each relevant MNES, including those matters that are potentially eligible for listing during the strategic assessment duration.

As a minimum, the IAR must include the following:

- Description of the nature and extent of the potential impacts, whether:
  - Short-term, long-term or irreversible.
  - Local or regional.
  - Discrete or cumulative.
  - Direct or indirect.
- Discussion of uncertainty in the assessment of potential impacts on MNES, including reference to technical data and information relied upon in the impact assessment.
- Where appropriate, maps showing the location, amount (hectares), quality and type of habitat that may be impacted for each MNES.
- Where relevant, maps showing the location, amount (hectares), quality and type of habitat to be retained for each MNES.
- Discussion of the potential for climate change to intensify potential impacts and threats to MNES.
- Description of the assumptions made in the impact assessment.

2.4 Ecologically sustainable development

The IAR must describe how the following principles of ecologically sustainable development have been applied in the MNES Plan:

a) Decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations.

b) If there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.
c) The principle of inter-generational equity – that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

d) The conservation of biological diversity and ecological integrity should be a fundamental consideration in decision making.

e) Improved valuation, pricing and incentive mechanisms should be promoted.

2.5 Management, mitigation and offsets

The IAR must demonstrate that every effort has been made to avoid impacts to MNES. Where impacts cannot be avoided, the IAR must outline and assess mitigation measures to protect MNES from potential impacts. Environmental offsets in accordance with the *EPBC Act Environmental Offsets Policy, Consultation draft, August 2011* (offsets policy), should then be applied to compensate for impacts to MNES that are unable to be avoided or mitigated.

The IAR will include a detailed description and assessment of the effectiveness of management measures to be implemented to address the impacts of the MNES Plan, including (but not limited to):

- An assessment of the suitability of the approach taken (eg. when compared to other potential approaches) to address the impacts on MNES.
- Discussion of the predicted effectiveness of the proposed measures. Claims regarding effectiveness of measures must be substantiated.
- Details of the implementation of measures, including:
  - Method of implementation (eg. BHP Billiton policy, training, signage, etc).
  - Timelines.
  - Roles and responsibilities.

Offsets must produce an overall conservation outcome that improves or maintains the viability of the relevant MNES. Offsets must be readily able to be measured, monitored, audited and enforced in accordance with the Department’s offset policy.

The IAR must include discussion of:

- The appropriateness of the proposed offsets in the context of evolving or approved policy, including (but not limited to):
  - Commonwealth threat abatement plans, recovery plans, conservation advices and other relevant policy statements.
- Details of proposed direct and indirect offsets.
- Timing of the establishment of offsets.
- Mechanisms to ensure the security and long-term management of offset sites.

Where appropriate, information on proposed offsets must include the provision of maps to show the location, amount (hectares), quality and type of habitat for the relevant MNES.

2.6 Adaptive management and managing risk

The IAR must identify key risks associated with the management measures and the response for addressing these risks as well as adapting to changed circumstances. The IAR must provide details of:

- Key risks (eg. to timing, effectiveness of measures).
- Responses to address these risks.
- Triggers for review and modification of the mitigation measures and strategies (eg. new information, significant change to standards).
2.7 **Auditing and reporting**
The IAR must specify:
- Monitoring and public reporting process and timeframes.
- Commitment for independent, third party auditing of the implementation of the MNES Plan by a suitably qualified person(s).

2.8 **Endorsement criteria**
The IAR must include an assessment of how the MNES Plan together with any associated management arrangements meets the endorsement criteria defined in Clause 9 of the Agreement.

2.9 **General**
The IAR has a wide audience including; the general public, community groups, non-government organisations (NGOs), government agencies and industry groups. The IAR must therefore be written using plain English to ensure that all readers are able to understand the nature and extent of impacts to MNES.

Information used in the IAR must be appropriately referenced, with the following details provided:
- Source of the information;
- How recent the information is;
- How the reliability of the information has been tested; and
- Details of uncertainties in the information.