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	Paper No.:
	Date: <i>4/6/15</i>
	Member: <i>Hon Lynham</i>
<input checked="" type="checkbox"/> Tabled	<input type="checkbox"/> Tabled, by leave
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**MEMORANDUM OF UNDERSTANDING (MOU) ON ASSESSMENT
PATHWAY**

ETHERIDGE INTEGRATED AGRICULTURE PROJECT

BACKGROUND

- A. Integrated Food and Energy Developments Pty Ltd (IFED) wishes to establish the Etheridge Integrated Agriculture Project's (EIAP). The EIAP is a privately funded, large scale, vertically integrated, irrigated cropping, grazing and primary processing enterprise in the Etheridge Shire, North Queensland.
- B. IFED proposes to take and interfere with water as follows for the EIAP:
 - (a) Two water storages on watercourses:
 - i. The proposed Dagworth Lake on Dagworth Creek with an approximate storage capacity of 1,600,000 megalitres (ML)
 - ii. The proposed Dismal Lake on Dismal Creek with an approximate storage capacity of 400,000 (ML)
 - (b) Two watercourse diversion points:
 - i. Einasleigh River near Cowana Gauging Station (not an operational station)
 - ii. Etheridge River near Huonfels Gauging Station (not an operational station)
 - (c) An average annual diversion sufficient for the requirements of the project of approximately 555,000ML.
- C. The taking of or interfering with the water to which this project applies is subject to the requirements of the *Water Act 2000*, the *Water Regulation 2002*, the *Water Resource (Gulf) Plan 2007* and the Gulf Resource Operations Plan 2010 (collectively referred to as the water allocation and management framework). As at the date of the commencement of this MOU, the project is not accommodated under the water allocation and management framework.
- D. On 23 December 2013, the proposed project was declared a Coordinated Project under the *State Development and Public Works Organisation Act 1971*. The Etheridge Integrated Agriculture Project Initial Advice Statement dated December 2013 provides detailed information on the proposed project. IFED is currently preparing a draft Environmental Impact Statement (EIS) for the EIAP for evaluation by the Coordinator-General.

OBJECTIVE

IFED has informed officers of the Department of State Development (DSD) that proceeding with the EIAP through an EIS is reliant on IFED having confidence that if the EIS demonstrates the project to be sustainable and the Coordinator-General issues an evaluation report recommending that the project proceed, appropriate water entitlements will be issued by the State.

The State (as represented by DSD) has agreed to assist IFED, as far as possible, by providing a single point of contact and acting as a facilitator should assistance be required throughout the approvals process.

This MOU documents the arrangement in place between DSD and IFED.

IFED acknowledges and agrees:

- it enters into this MOU entirely at its own risk and cost
- this MOU is not and is not intended to be legally binding
- this MOU is not intended to create any contractual or legal relationship or create a partnership, joint venture or agency relationship between the parties
- this MOU does not give any warranty or representation on behalf of the State that either the Coordinator-General will issue an evaluation report that recommends the project proceed or that the relevant approvals, permits or allocations will be issued under the water allocation and management framework
- this MOU does not give any warranty or representation on behalf of the State that the amount of 555,000ML of water required for the project is either appropriate or viable and this will be the subject of statutory and other assessments
- that it is aware that the draft Gulf Water Resource Plan is currently being finalised for a lesser amount of water
- nothing in this MOU will in any way restrict or otherwise fetter the discretion of the State to exercise its functions and powers, pursuant to legislation or otherwise, and in such manner as it thinks fit, in its absolute discretion
- the State may deal with any other person undertaking feasibility studies of proposals which may be similar to the project and acknowledges that there is no exclusivity attached to this MOU.

TERM

This MOU commences on the date the last party signs and ends when a decision is made by the relevant decision maker under the water allocation and management framework about whether or not permanent tradeable water entitlement/s are issued to IFED.

ROLES AND RESPONSIBILITIES

The Queensland Government will:

- provide a single point of contact within DSD for IFED
- assist in identifying potential issues relevant to specific aspects of the Project
- facilitate communication with IFED
- maintain communication and work with IFED and relevant stakeholders to identify and resolve, where possible, any potential barriers to decision making related to the Project.

IFED will be responsible for:

- obtaining environmental approvals and associated conditions on development within the statutory assessment frameworks
- advising DSD of the achievement of project milestones
- advising DSD of any design changes during the pre-construction phase including potential impacts on water consumption
- advising DSD of changes in company ownership and funding
- advising DSD of delays to the Project progress.

TERMINATION

Either party may terminate this MOU at any time by notice in writing to the other party with reasonable cause. If this MOU is terminated, for reasonable cause, neither party will have any further claim against the other for costs, compensation or otherwise.

VARIATION

This MOU may be varied by agreement in writing signed by both parties.

SPECIAL ITEMS

Water authorisations

Concurrently with the preparation of the draft EIS by IFED, IFED will make the necessary applications under the water allocation and management framework for the water entitlements required to undertake the project.

The State will consider the applications under the water allocation and management framework and the outcome of any Independent Peer Review and consider whether the relevant water resource plan and resource operations plan are required to be amended.

The Minister will use best endeavours to move towards a final position on changes to the relevant water resource plan and resource operations plan.

Subject to:

- the Coordinator-General issuing an evaluation report on the EIS recommending the project can proceed
- the Independent Peer Review (see below) verifying the environmental sustainability of the Project's water resources and
- finalisation of any necessary changes to the water resource plan and resource operations plan,

the State will promptly advance IFED's application/s under the water allocation and management framework for water entitlement/s for the Project from the Etheridge and Einasleigh Rivers, including a water entitlement that will provide for the operation of future water infrastructure and for interfering with the flow of water during construction phase.

If within five years from an entitlement being granted the company has not started taking water for the intended irrigated agricultural purpose and if the company cannot provide a satisfactory reason for the delay, all of the entitlements must be returned to the State. IFED accepts that this will be a provision in any water resource plan and a condition on any entitlements granted.

Independent Peer Review

Given the specialist technical expertise required to comprehensively evaluate the project and the public interest, IFED accepts and supports the Minister commissioning an Independent Peer Review of the environmental sustainability of the project's water resources (as defined in the project's EIS Terms of Reference). Should the Minister decide that an Independent Peer Review is required, the State and IFED will work with the relevant Department to carry out this review as and when required.

In order to progress its approvals in a timely fashion, IFED has requested that, should an Independent Peer Review be required, that the Independent Peer Review be conducted prior to the submission of IFED's draft EIS. The State will use its best endeavours to support this request.

If the Minister commissions an Independent Peer Review, the State and IFED will agree on:

- the scope for the Independent Peer Review; and
- the appointment of a suitably qualified independent expert.

IFED acknowledges that they will meet all reasonable costs and expenses incurred for the Independent Peer Review.

Offsets

IFED commits to a package of mitigation measures and offsets for residual impacts as identified in the final EIS report.

The mitigation and offset package must result in an overall net benefit from the project, taking into account environmental, economic and social costs and benefits.

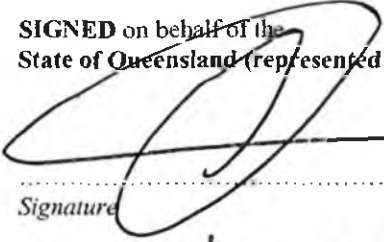
Water Pricing

If the State authorises the taking of water for the project, IFED will pay the purchase price set by the chief executive administering the *Water Act 2000* in consultation with IFED.

The purchase price for water will be the lower of \$50 per megalitre in 2014 dollars (and an ongoing annual water use charge of \$4 per ML) as proposed by DNRM or a price determined by an independent water pricing expert jointly appointed by IFED and the Department of Natural Resources and Mines. Factors for consideration in setting the purchase price include, but are not limited to the market value of the water, and recognition of the significant investment in infrastructure that IFED will be making to establish the project.

IFED acknowledges that they will meet all reasonable costs and expenses incurred for the independent assessment of the purchase price for water.

SIGNED on behalf of the
State of Queensland (represented by the Department of State Development)

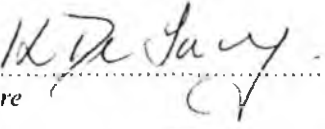

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Signature

3/6/15
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Date

DR A WYNNE
.....
Name

MINISTER
.....
Title

SIGNED on behalf of the
Integrated Food and Energy Developments Pty Ltd


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Signature

2/6/2015
.....
Date

KEITH DELACY
.....
Name

CHAIRMAN
.....
Title