Hon Andrew Cripps MP
Minister for Natural Resources and Mines
Meeting Request Protocol Form

Please completer this form. Once completed, please submit to the office of the Minister for Natural Resources and Mines for consideration.

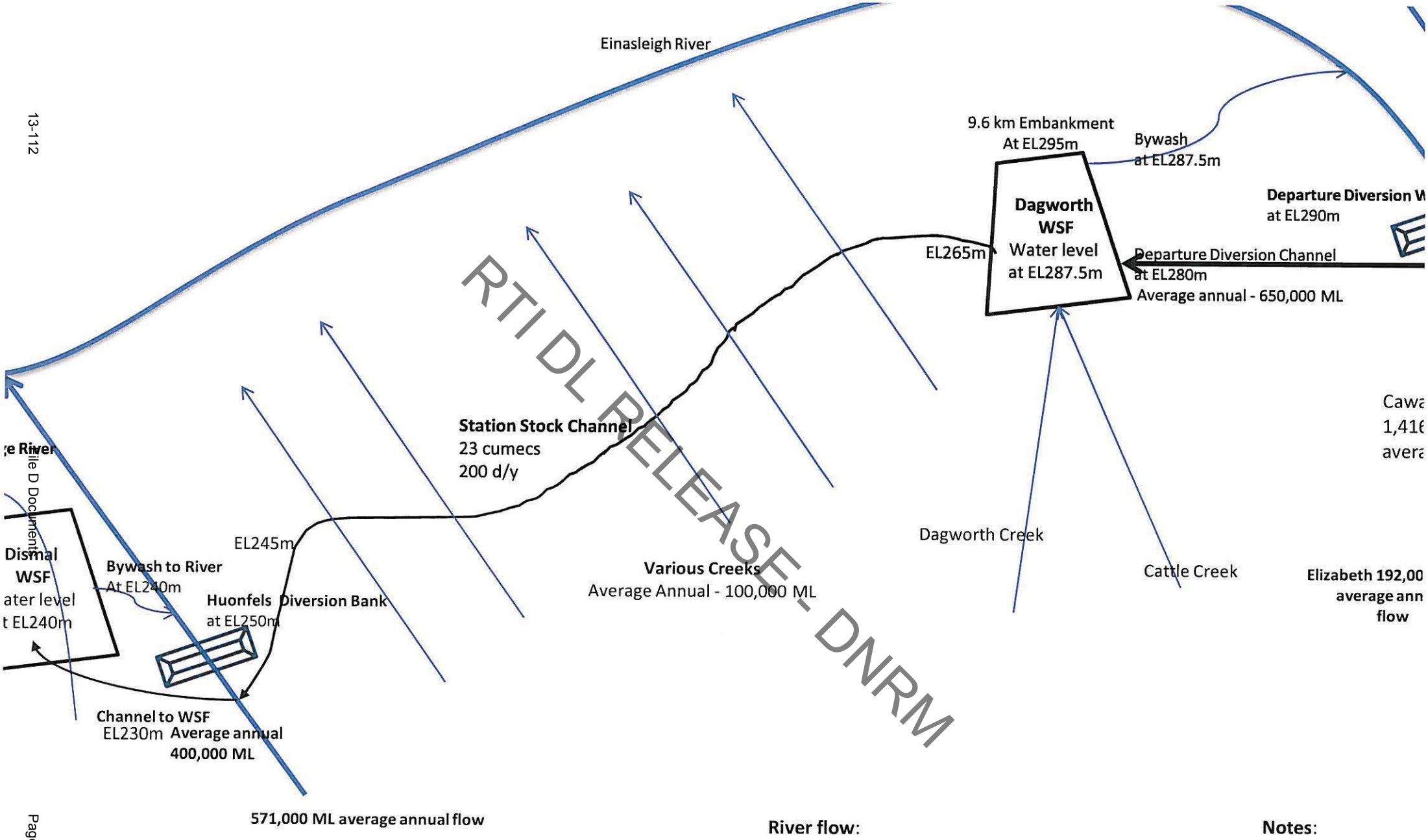
1. Contact Details	
Name:	Stewart Peters
Job Title:	General Manager
Phone:	s.49
Email:	Stewart.peters@i-fed.com.au
Date:	9 May 2013

2. Meeting Details	
Purpose of meeting:	Review status of the Etheridge Tropical Bio-processing Project and discuss matters related to: • Process for allocation of project water • Land tenure laws • Vegetation clearing • Proposed resource developments
Have you met with Minister Cripps previously?	Yes
Is a Lobbyist attending the meeting?	No
If yes, are they a registered Lobbyist?	
Attendees:	Stewart Peters, David Hassum, Brent Finlay

In requesting a meeting with the Minister, I note that as part of the Queensland Government's commitment to openness and accountability, details of Ministers' meetings are proactively released to the public on a monthly basis. I understand that some information about meetings which may include attendees, meeting topics, timing and location may be disclosed in accordance with this policy and I have the authority to make this consent on behalf of any individuals I am arranging this meeting for.

Please note that Minister Cripps will have an advisor with him at all times. If you require anything further, please contact Amy Ladner on:

T: 07 3225 1797
E: amy.ladner@ministerial.qld.gov.au
A: PO Box 15216, CITY EAST QLD 4002



River flow:

1. Natural river flow up to 500ML/d is passed through the river plugs (3 of), in priority
2. Water above 500ML/d, up to 150,000 ML/d, is diverted to off-river storage

Notes:

1. Evaporative los
year over a 70%
2. Evaporative los
estimated
3. WSF and Chanr
estimated – ass

CTS 10335/13

To: Minister Cripps
Minister for Natural Resources and Mines

Copy: Dan Hunt
Director-General
Natural Resources and Mines

Endorsed: Sue Ryan, DDG Service Delivery
Lyall Hinrichsen, Executive Director, Water Policy, Policy and Program Support
Andrew Buckley, Executive Director, North Region, Service Delivery

Chief of Staff	OK
Senior Policy Advisor	OK

Approved Not Approved Noted
Further information required

Minister.....

Dated ...../...../.....

10 May 2013

CC: John Skinner
Deputy Director-General, PPS

Etheridge Tropical Bio-Processing Project – Gilbert River Catchment
Attendees for this meeting are: Minister Cripps, Susan McDonald, Andrew Freeman, Dan Hunt, and David Hassum and Stewart Peters from Integrated Food and Energy Developments Pty Ltd

Recommendation

1. The suggested approach the Minister should take for this meeting is
   - **note** that Integrated Food and Energy Developments Pty Ltd (IFED) is liaising with various State Government departments regarding its proposed Etheridge Tropical Bio-Processing Project in the Gilbert River Catchment;
   - **raise the issue of** long term water availability being an area requiring further consideration by both government and the proponent particularly given the climatic variability of the catchment; and
   - **note** that the scale and location of the proposal has the potential to compromise development opportunities for other proponents, in particular development aspirations on the Einasleigh River.

Timing

2. Consideration of this brief is recommended prior to the Minister's meeting with IFED currently scheduled for 21 May 2013.

Background

3. IFED has requested this meeting as a follow up meeting to discussions held with the Minister in 2012. IFED met with Andrew Freeman and Sue Ryan along with other departmental officers on 10 April and 6 May 2013 with discussions predominantly focussed on water availability matters.
4. IFED's Etheridge Tropical Bio-Processing Project aims to integrate farming and processing to deliver products across the region including sugarcane, guar bean, raw sugar, ethanol, guar gum, stock feed, electricity and meat. IFED estimates construction costs of s.49 - Business Affa(to be privately funded) with over 1100 job opportunities proposed to be generated.
5. There have been iterations of the proposal, with the most recent change leading up to the 6 May meeting with the department. This change included a significant up-scaling of the project.
6. **Attachment 1** provides a schematic of the current proposed development, which includes:
   - two water storages with a total capacity of 3 800 000 megalitres (ML) (more than twice the storage capacity of Burdekin Falls Dam; and 7.5 times the capacity at Cubbie Station);
   - an irrigation area totalling 100 000 hectares (ha) adjacent to the Gilbert River; and
   - an average annual take of 1 150 000 ML per annum (ML/a) based on three water sources in the Einasleigh River subcatchment of the Gilbert River Catchment – the Einasleigh River (650 000 ML/a), the Etheridge River (400 000 ML/a) and various tributary flows and overland flows (100 000 ML/a).

Water Availability Matters

7. The water resources in the Gilbert River Catchment, including the Einasleigh River are allocated and managed under the *Water Resource (Gulf) Plan 2007* (Gulf WRP). The Gulf WRP sets aside 15 000 ML of unallocated water held in general reserve for the Gilbert River Catchment, which is currently the subject of a competitive tender process.

8. A project of the scale of IFED's proposal is not provided for under the current Gulf WRP and Gulf Resource Operations Plan (Gulf ROP). Amendments to both the Gulf WRP and Gulf ROP, particularly in terms of unallocated water volumes, would be required to provide for such a project.
9. The Minister has committed to consider a review of the Gulf WRP prior to its expiration in 2018 if there is a strong uptake of the unallocated water tender process and if CSIRO's North Queensland Irrigated Agriculture Strategy (NQIAS) research, due in December 2013, shows that more water can be sustainably allocated.
10. Based on the Gulf WRP model flows, the IFED proposal to take 1 150 000 ML from the Einasleigh River subcatchment would equate to nearly 50 per cent of flows at Minnies Dip, which is the most downstream flow gauging station on the Einasleigh River.
11. There are significant challenges with making this proportion of the average annual flow available in the context of protecting the rights of existing water users (including any new water licences granted through the unallocated water release process), providing future development opportunities for other parties and meeting environmental water needs.
12. Other development aspirations that would need to be considered at the catchment scale include:
    - There are aspirations for large scale irrigation at Strathmore Station (Harris family) on the Einasleigh River at Minnies Dip.
    - There are aspirations for large scale irrigation at Miranda Downs Station (Stanbroke Company) at the junction of the Gilbert River and the Einasleigh River just downstream of Minnies Dip.
    - Etheridge Shire Council is preparing a proposal for a new dam on a tributary of the Etheridge River for town water supply needs just upstream of the IFED proposed take of water from the Etheridge River (**CTS 04007/13**).
    - Local governments, Gulf Savannah Development and irrigation proponents have previously held aspirations for the construction of Green Hills Dam on the Gilbert River.
13. With potentially competing demands for water, it would be prudent for government to convey the message that the appropriate mechanism for addressing emerging water needs beyond that already provided for under the Gulf WRP is through a review of the Gulf WRP underpinned by community consultation and transparent science, including the outcomes of the NQIAS research.
14. IFED's proposal is based on gauged information over an 18-year period (1971 to 1988), which was a significantly wet period for the catchment. This is consistent with the Gulf WRP hydrologic model, which is calibrated against these same recorded flows. However, the Gulf WRP model spans the period from 1890 to 2003 taking into account a much wider variability in climatic conditions. This model shows the longer-term average annual flow at Minnies Dip to be 2 346 000 ML, which is more reflective of the long-term prevailing catchment conditions.
15. **Attachment 2** shows the location of various features mentioned in the above points.

Land Tenure

16. IFED have indicated they wish to have freehold tenure or their proposal. To do this requires the following processes/actions:
    - Existing legislation requires rural leasehold land such as term leases for pastoral purposes to be converted to perpetual leases prior to freehold tenure. Any offer for a new lease will be subject to conditions, including requirement for a land management agreement, and may include providing a plan of survey and addressing native title.
    - The lessee is responsible for addressing native title, most likely through negotiation of an Indigenous Land Use Agreement (ILUA) with registered native title parties or traditional owners, or through a successful non-claimant application. Addressing native title through negotiation of an ILUA can take more than two years depending on the availability and willingness of participants.
    - A lessee can apply for conversion to a perpetual lease after 80 percent of the term of the lease has expired, unless special circumstances exist. An application for conversion to freehold tenure can be made once the perpetual lease has issued. Any offer for freehold tenure will also be subject to requirements including payment of a purchase price.
    - The State Valuation Service determines the purchase price based on the unimproved value of the land as if it was freehold land at the date of application. The price will include the market value of any commercial timber on the land that is the property of the State.
    - Decision making on land tenure applications considers all public interest and planning requirements, and the attributes and condition of the land. All tenures are subject to statutory requirements, including duty of care to maintain the land in good condition, protection of cultural heritage, management of weeds, maintenance of vegetation without clearing (except where a tree-clearing permit has been issued), and payment of rents and or rates.

17. There are alternative options such as subleasing or conversion of existing leases, whereby the lessees apply to purchase unallocated state land for the areas of the leases that are required for the irrigation development. The State could sell the land as freehold to the lessees in priority to other persons or entities. Any offer to sell the land would be subject to conditions including surrender of part of the lease, addressing native title, and payment of a purchase price.

Vegetation Management

18. Implementation of the proposal would likely require the clearing of significant areas of remnant vegetation, which is currently prohibited under the *Vegetation Management Act 1999* (refer to **Attachment 3**).
19. In March 2013, the *Vegetation Management Framework Amendment Bill 2013* (the Bill) was introduced to parliament. The Bill proposes the introduction of additional clearing purposes including 'irrigated high value agriculture clearing', which may provide an avenue to facilitate vegetation clearing associated with this proposal.
20. Irrigated high value agriculture clearing means clearing carried out to grow horticultural or broadacre crops and pasture using water that will be supplied by artificial means.
21. Applicants will be required to provide evidence of land suitability, a business plan showing the economic viability of the development, and evidence of authorised access to water resources.
22. Additionally initial soil surveys throughout the Gulf catchments indicate that soil suitability for irrigated agriculture is generally confined to alluvial areas.
23. It is also proposed that applications for irrigated high value agriculture clearing will still be assessed against the requirements of Regional Vegetation Management Code.
24. The code will likely regulate clearing in and around watercourses and wetlands, areas with habitat and connectivity values, and in areas subject to land degradation risks such as salinity. As such it is uncertain whether the size and configuration of areas that could be approved for clearing would meet the requirements of the IFED proposal.

Attachments

25. Attachment 1: IFED's Etheridge Tropical Bio-Processing Project Proposal
    Attachment 2: Gilbert River Catchment – Key Features
    Attachment 3: Vegetation map

Clearance

26. Does this have a budget or financial impact? **NO**
    Does this have an impact for Service Delivery or any other area in DNRM? **YES** The water matters outlined in the brief have been cleared by Water Policy, Policy and Program Support.

Next steps

27. The department will continue to liaise with IFED to build their understanding of long term water availability issues in the Einasleigh River, including through continuing to encourage IFED to seek access to the Gulf WRP hydrologic model to inform the design of their proposal taking into account the highly variable climatic conditions of the Gilbert River Catchment.
28. A separate brief is in development outlining possible timeframes for a WRP review.

Sue Ryan

Action Officer: Andrew Buckley
Telephone: 4222 5561

Minister for Natural Resources and Mines

Comments:

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To: Minister Cripps
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Sue Ryan

Action Officer: Andrew Buckley
Telephone: 4222 5561

Minister for Natural Resources and Mines

Comments:

INTEGRATED FOOD & ENERGY DEVELOPMENTS

Introducing

The Etheridge Tropical Bio-Processing Project

by

Integrated Food and Energy Developments Pty Ltd (IFED)

The greenfields development of a privately funded, world-class, large scale, integrated and sustainable agricultural precinct.

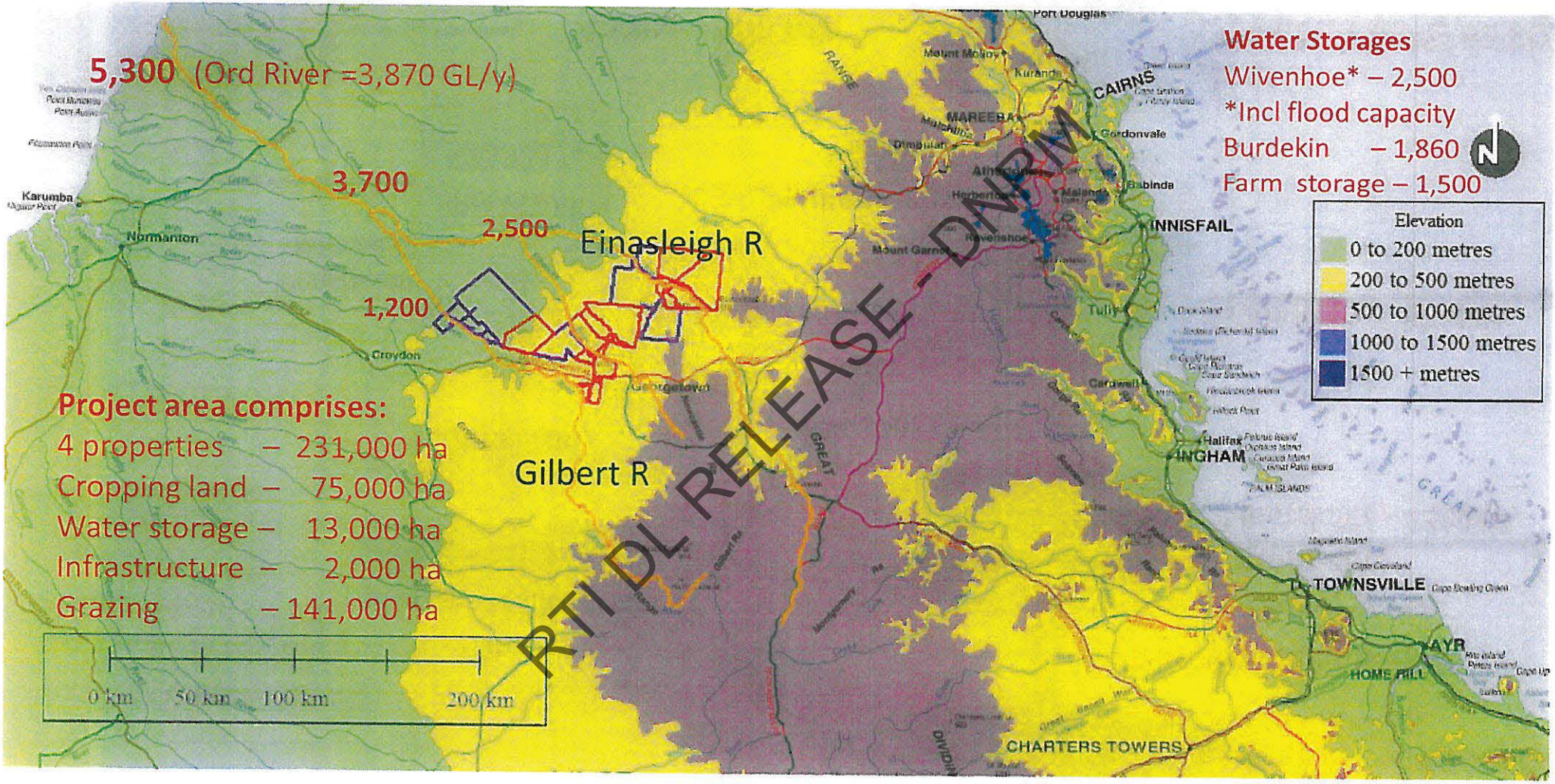
About IFED – The Team

IFED is a Queensland based Pty Ltd company established to realise the vision of the Etheridge Tropical Bio-processing project

Team Members & Shareholders	Title	Expertise	Background
Keith DeLacy AM	Non Executive Chairman	Corporate Governance, Investor, Government and Community Relations. Strategy and Agricultural management	Former Queensland Treasurer State President – AICD Director: Cubbie Station & Cofco Born & raised in the region Strong agricultural background
Brent Finlay	Non Executive Director	Government and Community relations, Agriculture and rural policy and regulations.	Retired state President of Agforce Director – National Farmers' Federation Grazier and farmer
Stewart Peters	Executive Director	Technical design, Project Management – processing facilities	Chemical engineer: mining & agriculture Founder: Casstech – Burdekin cassava project
David Hassum	Executive Director	Governance, compliance, corporate finance, capital raisings and structuring	Chartered Accountant Company Director Director: InterFinancial Former Partner: BDO Kendalls
John Grabbe	Non Executive Director	Design – water storage and distribution systems	Principal Designer – Cubbie Station
Vin Sorbello	Consultant	Farm design and management	Successful cane farmer: Burdekin region

Project Location and Size

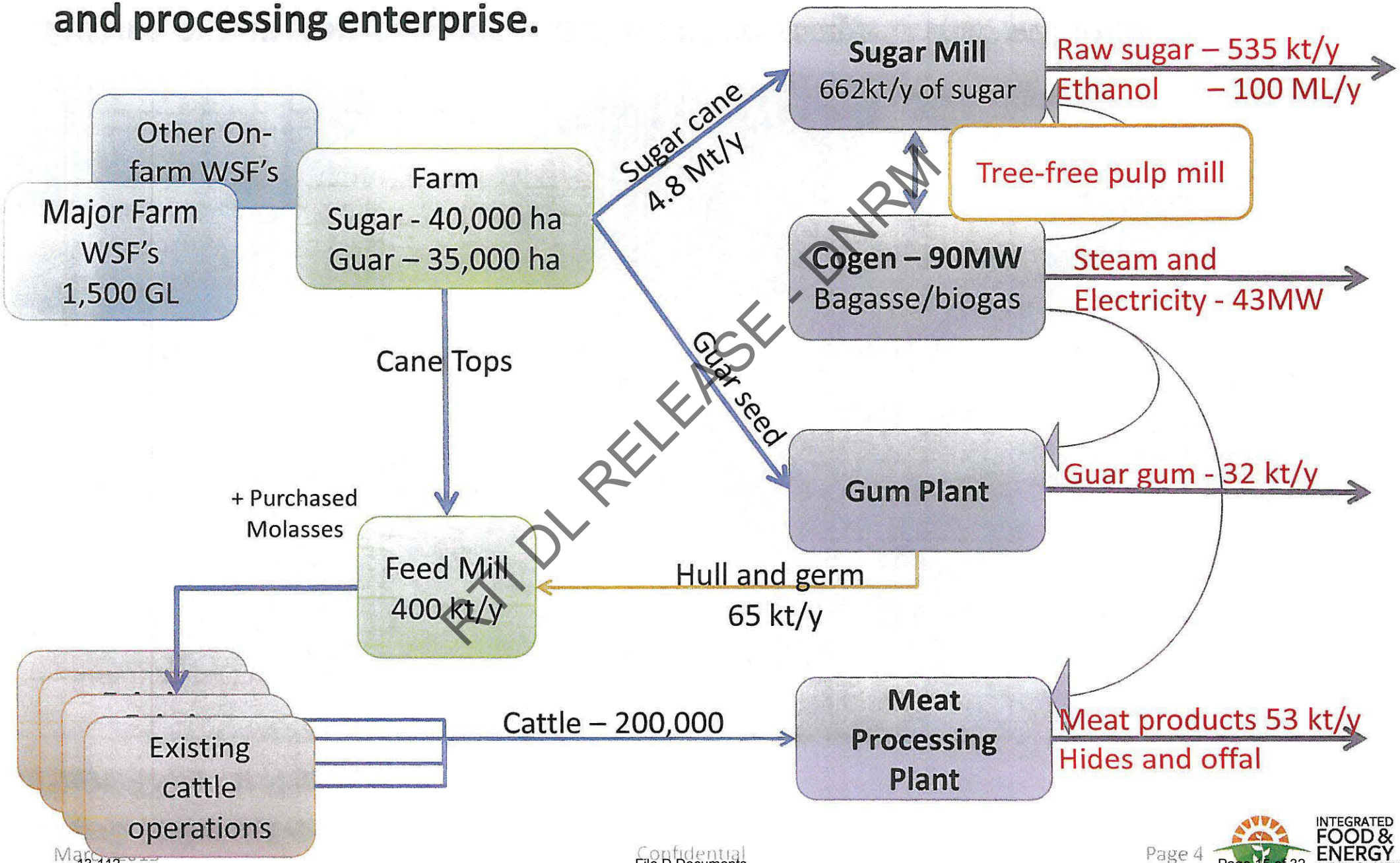
Stage 1 is based on 75,000 hectares of cropping land located adjacent to the Gilbert River in North Queensland…



…Future expansion can occur adjacent to stage 1 and will leverage the same bio-processing precinct and infrastructure.

The Project Vision

Stage 1: A sustainable, world class, large scale, integrated farming and processing enterprise.



Jobs, Jobs, Jobs

Significant direct employment opportunities across a diverse range of occupations… - over 1,100 direct jobs.

Area	Operations	Management
Farm Operations	534	99
Process plants	76	31
Meat processing	300	
Freight	103	
Corporate		25
Total	**1,012**	**155**

Census: Aboriginal and Islander Population

Area	Population
Etheridge Shire	31
Croydon Shire	78
Carpentaria Shire	758
Tablelands Shire	715
Total	**1,582**

- The Gulf communities are classified as "**very remote and disadvantaged**"
- Unemployment rate 16.2% (2012 Mar)
- **We will set Targets** for local and aboriginal employment. Successful mining employment programs demonstrate a pathway to indigenous employment.
- Project enables accumulation of skills and capital and further investment
- Increased income for cattle stations of around **$770 per 1,000 cattle per day** by dry season feeding and fattening cattle
  - Increased capability to employ support staff

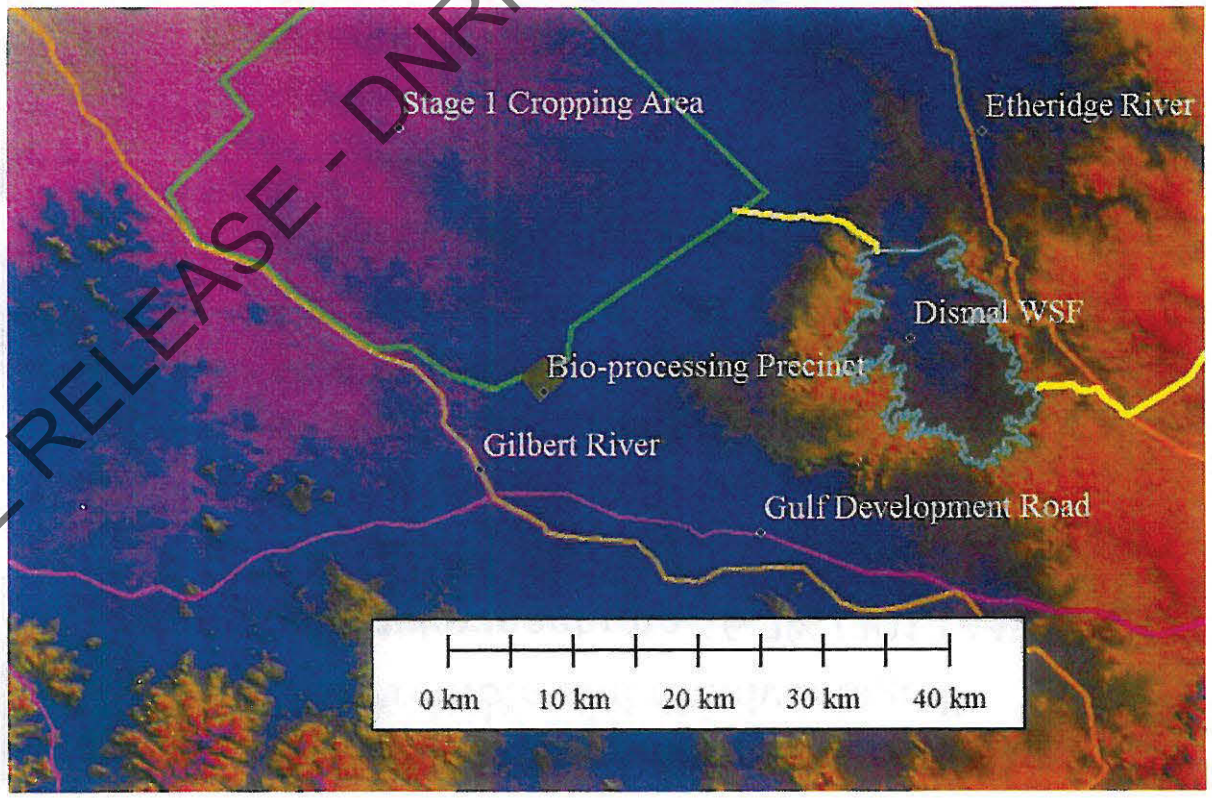
… Quality of life improvement from investment in community sports and recreation – enhances the local grazing industry.

Water Storage & Usage

The off-river Dismal Creek Water Storage Facility (WSF) can hold 1,500,000 megalitres of water…

- State of the art off-river water storage to be used
- Multiple on-river and off-river water storage sites identified in the project vicinity
- Project uses 6.5 megalitres per hectare = only 6.1% of annual river discharge!
  - 50,000 hectares irrigated
  - Annual Usage -325,000 ML

River	Median Flow, ML/y
Flinders	1,981,000
Gilbert	5,304,000
Staaten	6,800,000
Mitchell	12,023,000
Leichardt	1,784,000
Total	**27,892,000**

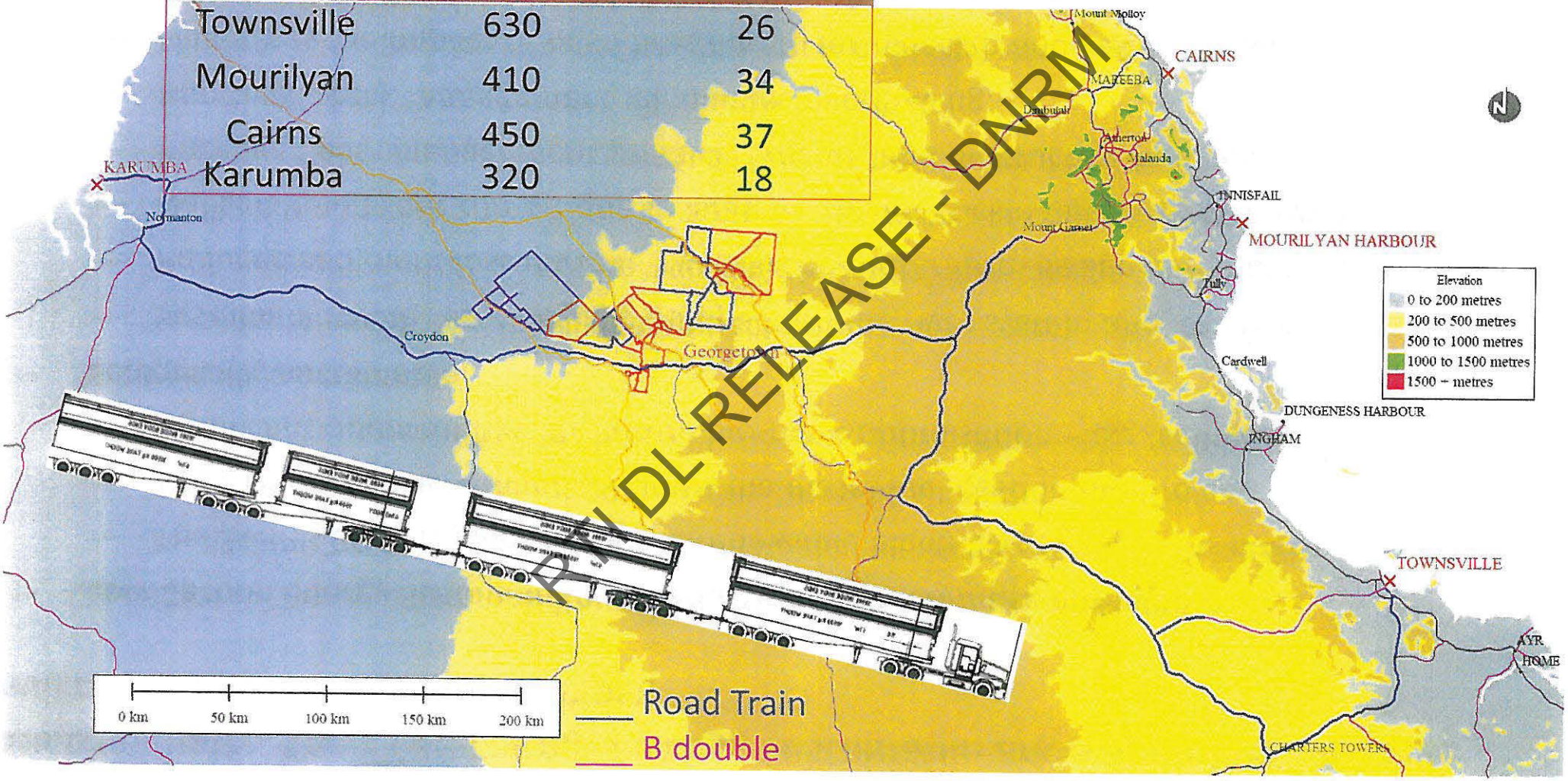


…Less than 1.5% of the flow into the Gulf in the vicinity of the Gilbert River is used.

Transport Logistics

High capacity road trains deliver raw sugar to the Port of Townsville or Karumba to minimise inland transport costs.

Port	Distance,km	Cost,$/tonne
Townsville	630	26
Mourilyan	410	34
Cairns	450	37
Karumba	320	18



Sustainability and Environmental Benefits

The ETBP is the ultimate in a low carbon, sustainable enterprise. Unlike mining which is finite, the ETBP is long-lasting, sustainable and will deliver positive environmental outcomes, such as:

- **Low Carbon Energy Sustainability – reduction in greenhouse emissions:**
  - The ETBP's COGEN plant produces renewable electricity excess to its needs;
  - The ETBP produces ethanol, 9 times the diesel fuel used in the Project;
  - Significant opportunities for future bio-mass optimisation – e.g. cellulosic ethanol.
- **Ecologically sustainable:**
  - Sustainable water use: negligible impact on the river system and the Gulf;
  - Reduced sediment loss into the river due to better farm design and management;
  - Negligible nutrient run-off due to state of the art trickle tape irrigation system;
  - Improved pest management practices (weeds and destructive feral animals);
  - Improved stock management, eliminates overgrazing;
  - Minimises the impact of bush fires due to farm design and water availability;
  - Facilitates improved management of native flora and fauna.
- **Animal Welfare- Improved conditions for livestock due to:**
  - Reduction of stock losses in dry season – increased availability of water and feed;
  - Local processing eliminates the need for long-distance transport of cattle.

Community and Economic Benefits

The Federal and State governments and the local community benefit significantly:

- **Federal:**
  - Nation building, long-life project that realises the potential for the North;
  - Consistent with Federal government policy and its National Food Plan;
  - Improved Balance of Payments through significant export earnings - >$900m;
  - Regional and aboriginal employment opportunities;
  - Helps meet Renewable Energy Targets;
  - Increased revenue through; company and incomes taxes and other government fees and charges;
  - Reduced social costs such as: disaster relief, unemployment benefits and other subsidies.
- **State**
  - Once off project related revenues: Stamp duty and conversion of title fees;
  - Significant ongoing revenues through: Payroll Tax, Port usage fees, vehicle registrations, airport fees, improved land values and other State Government fees & charges;
  - Electricity grid enhancement with renewable energy;
  - Reduction in social outlays such as bushfire relief and other subsidies.
- **Local Council and community;**
  - Larger rate base from secondary development and improved land values;
  - Improved community facilities, including water security.
- **Jobs, Jobs, Jobs = >1,100**

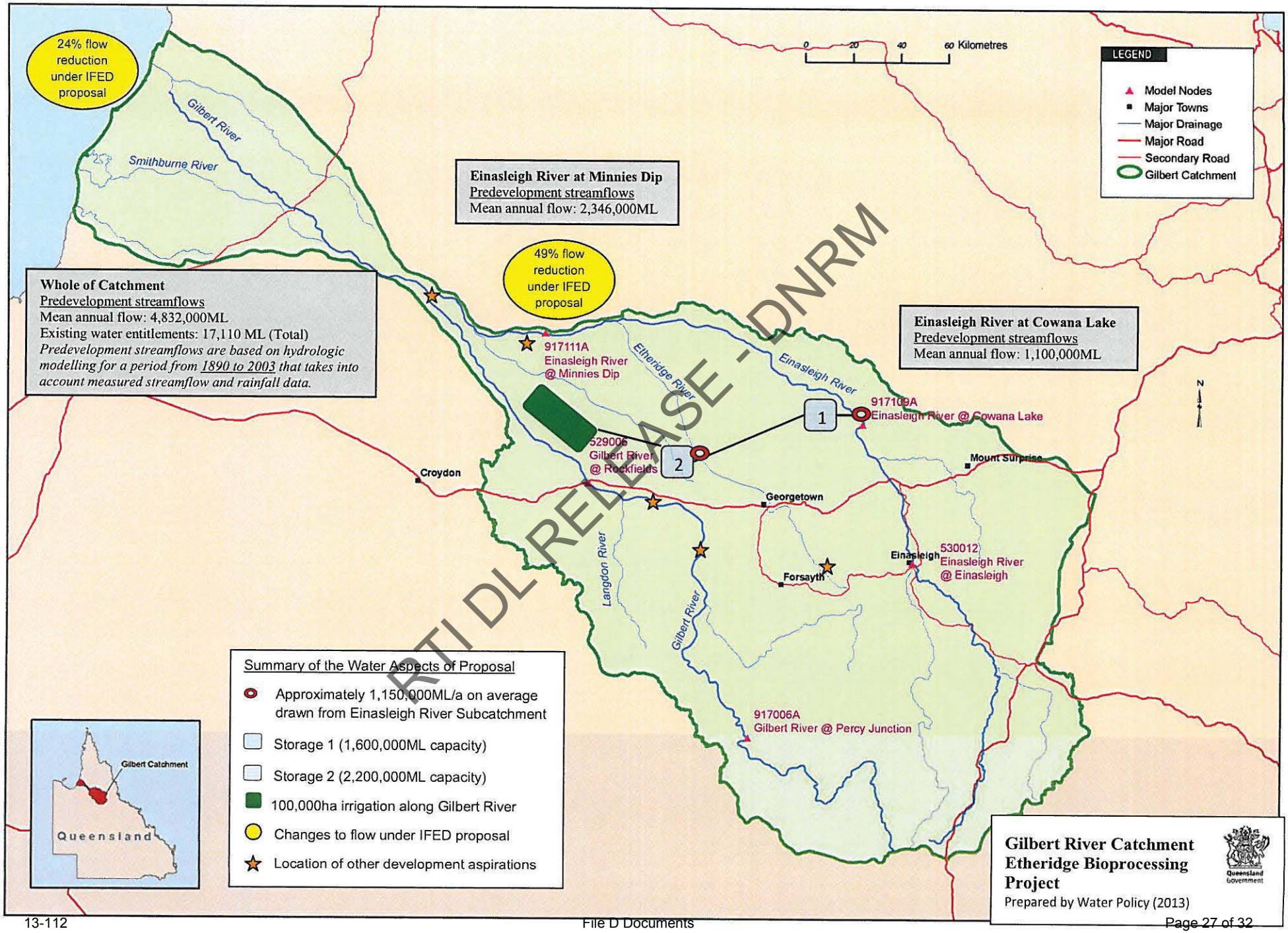
INTEGRATED FOOD & ENERGY DEVELOPMENTS

Project Status

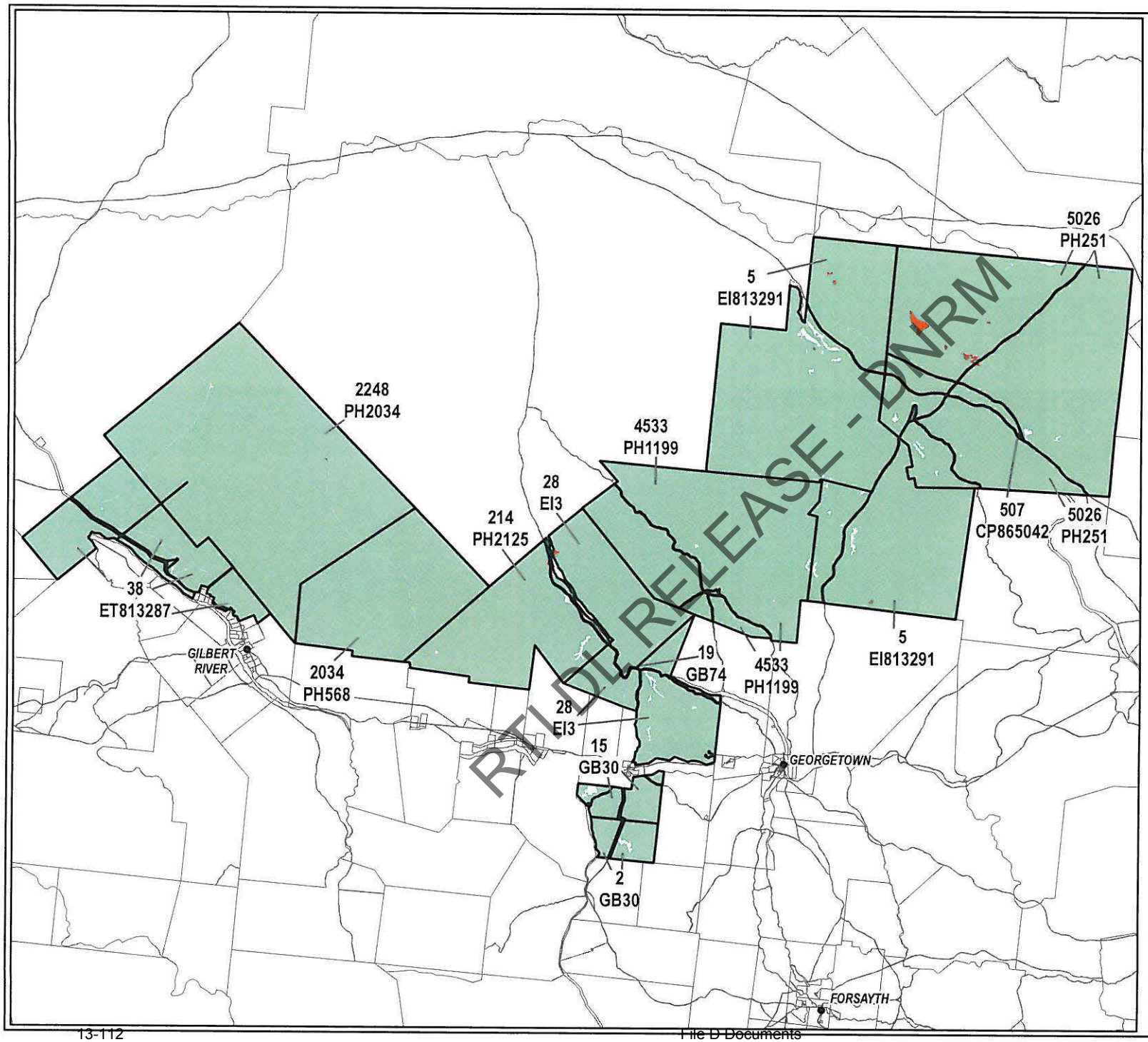
1. Established IFED – corporate vehicle and world-class team.
2. Advanced negotiations over the last six months with landowners and their advisers regarding Option Agreement for land purchase – close to completion;
3. Consultations with local Council and relevant State government bodies– strong support at Council and community level;
4. Market soundings of potential investors: one site visit from large US investor, various meetings with potential investors, visit to Korea and Japan to meet with banks and potential trade investors – strong interest from the capital markets;
5. Consultation with major suppliers and industry experts to develop CAPEX and OPEX estimates that underpin the financial model;
6. Conceptual designs for water storage facility, water distribution system, farm design and processing precinct layout;
7. Developed comprehensive financial model; and
8. Developed comprehensive Information Memorandum.

INTEGRATED FOOD & ENERGY DEVELOPMENTS

"No country in the Tropical World can offer row intensive, high yield agricultural technology except Australia"



Assessable Vegetation
IFED Project Properties



Property boundaries

Assessable Regional Ecosystems VMA Status

- Containing Endangered regional ecosystems
- Containing Of Concern regional ecosystems
- Is a Least Concern regional ecosystem
- DCDB

N

0 5 10 15 20
Kilometres

1 centimetre = 7,250 metres (when printed on A4)
Map Projection: Unprojected Geographic coordinates
Horizontal Datum: GDA94