

## Schedule 4 Proposal Guideline

**EOI Name:** Operations of Image Flat Quarry and Dulong Quarry

**EOI Number:** EOI2225

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## Objectives

Sunshine Coast Regional Council (**SCC or Council**) is seeking Expressions of Interest (**EOI**) from suitably qualified entities to operate (**operator**) Image Flat Quarry (**IFQ**) and Dulong Quarry (**DQ**).

As part of the contractual arrangements, SCC may seek to establish a supply agreement with the successful respondent.

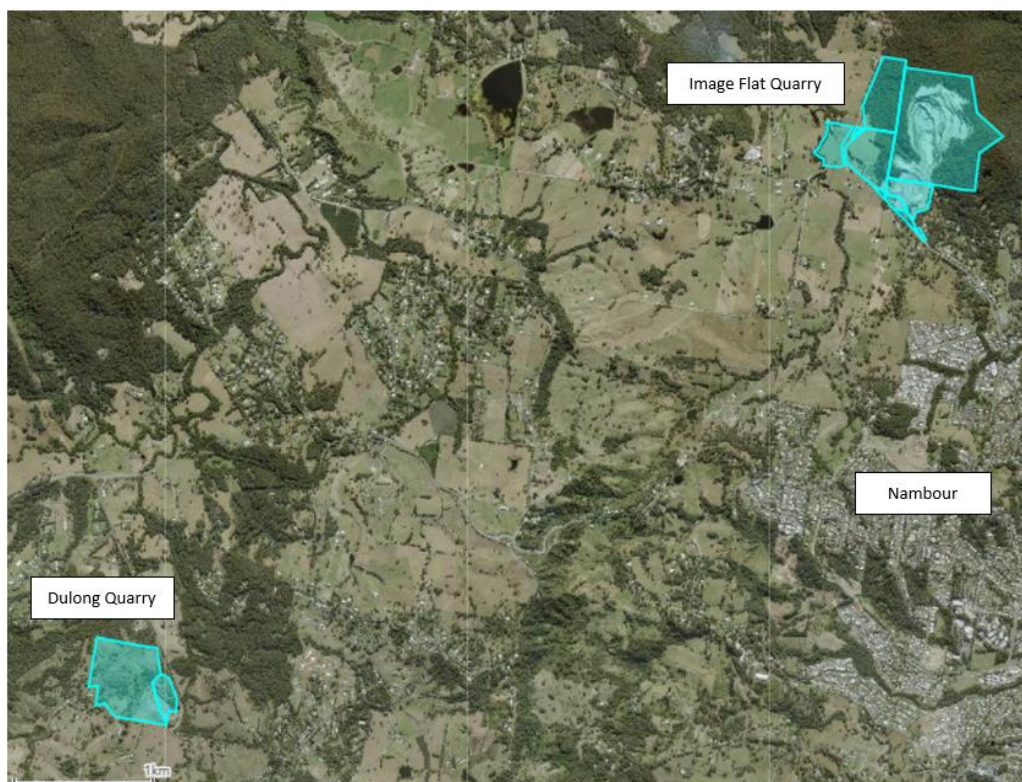
## Background

SCC is located in south-east Queensland, about 100 kilometres north of Brisbane. The SCC area is bounded by Noosa & Gympie in the north and the Moreton Bay region in the south. The Sunshine Coast is a diverse region with picturesque hinterland towns, coastal urban centres, waterways, national parks, state forests, bushland, rural areas and scenic mountains.

Quarry operations are carried out on two separate sites: Image Flat (**IFQ**) and Dulong (**DQ**). IFQ has been operating since circa 1959 as a source of construction rock (rhyolite). DQ has been operating since circa 1969 for the extraction of high-quality basalt rock.

Most operational activities occur at IFQ including crushing and screening, the production of cement treated base (CTB) and stockpiling of processed quarry products. Fixed and mobile assets including all plant and equipment, sales and administration offices, the weighbridge and storage facilities are also based at IFQ. Appendix A provides the Asset Register. Activities at the DQ site are limited to bi-annual blasting and the extraction and cartage of basalt rock to IFQ.

Image 1. Shows the location of Image Flat Quarry and Dulong Quarry in relation the Nambour.

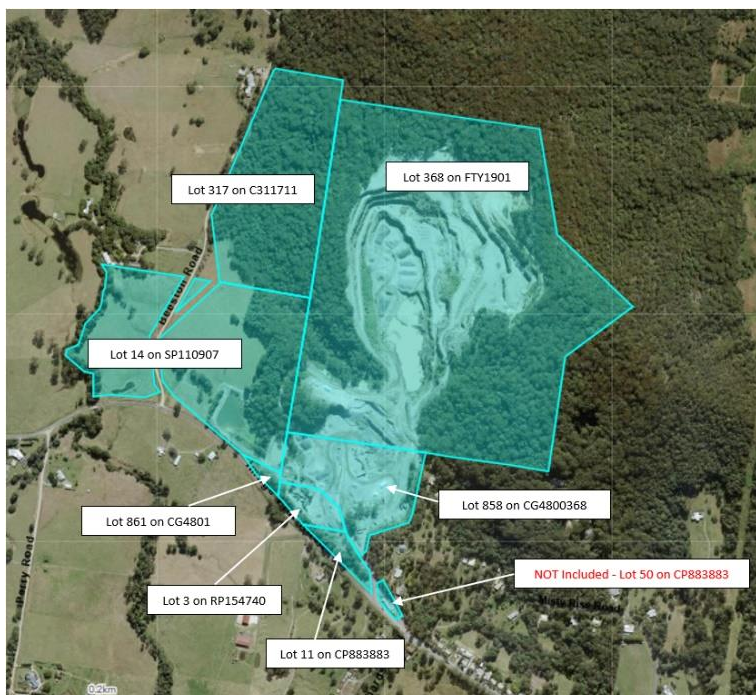


## Site Details

### Image Flat Quarry

IFQ is a hard rock quarry operation located approximately 16km northwest of Maroochydore and 2km north of Nambour. All lots forming IFQ are owned by SCC in freehold except for Lot 368 FTY1901 (**Lot 368**) which is part of Wappa State Forest under the control of the State of Queensland (represented by Department of Environment and Science).

The site produces various types of hard rock construction materials such as drainage aggregates, low grade road bases and general fill. The raw materials are contract crushed and screened. The site also crushes, and screens basalt materials imported from the nearby DQ, also owned, and operated by SCC.



IFQ commenced operations around 1959 as a source of construction rock (rhyolite) for the Wappa Dam project which was completed in 1963. The quarry is an established pit with two principal types of material extracted, being overburden (used as a land-fill material) and rhyolite hard rock (crushed into fine and coarse aggregates and road base for use in construction and landscaping).

The quarry first commenced extraction in the northern pit of Lot 368. The site is currently working the northwest corner of the northern pit and the southern area of Lot 368. The quarry processing area is also located within the southern area of Lot 368. Crushing and screening of both rhyolite and basalt rock is currently conducted by an external contractor.

Some of the IFQ lots are recognised as a Key Resource Area (KRA 53) – Image Flat is included in the State Planning Policy (**SPP**). This ensures that the State’s interests (such as agriculture, tourism and extractive industries) are considered and integrated into regional plans, local government planning schemes and development assessment.

Historically, Council also operated an asphalt plant for materials used in the local government-controlled network. Council has authority to operate an asphalt plant at IFQ, however in January 2020 the IFQ asphalt plant temporarily suspended operations.

Interested parties may wish to explore the viability of recommencing operations of an asphalt plant. However, the recommencement of asphalt production will require appropriate site inspection and approvals from the regulator (Department of Environment and Science (**DES**)). Development of any asphalt production capability, including plant, equipment and labour and any associated compliance costs (including operator licenses / permits) shall be at the expense of the successful respondent. Council provides no statement or makes no warranty or representation as to the condition of the existing asphalt and other infrastructure. Respondents must accept the existing infrastructure in an ‘as is where is’ condition in its

existing state of repair and after the respondents have conducted their own investigations about the existing infrastructure and all matters relating to them.

### Dulong Quarry

DQ is a hard rock quarry located approximately 7km southwest of the township of Nambour. All lots forming DQ are owned by SCC in freehold except for Lot 1023 CG3239 (Lot 1023), which is reserve land with Council as trustee.

The site produces the raw material for a range of products, mainly high quality road base and rail ballast, along with concrete, asphalt and sealing aggregates.

DQ commenced operations around 1970 as a source of high-quality basalt rock used in asphalt and sealing aggregates for road surfacing. The site is dormant for large parts of the year with blasting conducted a maximum of twice a year on a campaign basis. In accordance with conditions contained in the current environmental authority, the quarry is restricted to 2 blasts per year. DQ is not authorised for crushing and screening of the basalt on site. The site currently carts materials to IFQ for crushing and screening purposes.



Since the initial development phase, the quarry has subsequently chased a basalt flow in a north westerly direction, with a pit width now extending to approximately 120m, and the quarry profile comprising two benches of approximately 15m x 5m in size.

The DQ lots are recognised as a Key Resource Area (KRA 148) – Dulong, and are included in the SPP. This ensures that the State’s interests (such as agriculture, tourism and extractive industries) are considered and integrated into regional plans, local government planning schemes and development assessment.

### Site Particulars

Image Flat Quarry		
Address	178 Image Flat Road, Nambour QLD 4560.	
Property details	<b>Included</b>	<b>Not included</b>
	Lot 368 FTY1901 Lot 858 CG4800 Lot 861 CG4801 Lot 11 CP883883 Lot 3 RP154740 (Asphalt plant)	Lot 50 CP883883 (Old weighbridge and offices). Now SCC maintenance depot.

	Lot 14 SP110907 Lot 317 C311711
Site size	56.15 hectares
Current operating hours	0600 to 1700 Monday to Saturday
Native title claim groups	Kabi Kabi First Nation Traditional Owners Native Title Claim Group – QC2018/007 (in respect of Lot 368 FTY1901)
Sales permit	860308 for Lot 368 FTY1901
Environmental authority	EPPR00777413
Improvements	See Appendix B - Site Improvements
Leases / licences	None
Blasting	Unrestricted number – limits on noise and vibration
Environmentally relevant activities approval	The ERA Permit EPPR00777413 permits 100,000 tonnes to 1,000,000 tonnes annually to be extracted from the Image Flat Quarry
Koala habitat	Yes
Asphalt plant	Lot 3 RP154740 Plant Operation Licence EPPR00777413

<b>Dulong Quarry</b>	
Address	89-145 Sherwell Road, Dulong QLD 4560
Property details	Lot 1 on RP163034 Lot 3 on RP199680 Lot 1023 CG3239
Site size	28.23 hectares
Current operating hours	0600 to 1700 Monday to Saturday
Native title claim groups	No current registered native title claims
Sales permit	Not applicable
Environmental authority	EPPR00777413
Improvements	See Appendix C - Site Improvements
Leases / licences	Agistment agreement expires – 31/03/2025. Council may terminate the agreement at any time by giving 30 days' notice Residential tenancy agreement expires – 15/12/2023

Blasting	2 blasts per year
Environmentally relevant activities approval	The ERA Permit EPPR00777413 permits 100,000 tonnes to 1,000,000 tonnes annually to be extracted from the Dulong Quarry
Koala habitat	Not applicable
Asphalt plant	Not applicable

## Operational Activities

Council may seek to establish a supply arrangement as part of the operation of the quarries. The following are details of operational activities currently being undertaken at IFQ and DQ.

### Rock and Gravel

SCC uses basalt and rhyolite in its annual road resurfacing program, construction program and road maintenance works and currently sources some of this product from IFQ and DQ. Council currently estimates that it is likely to continue to use a minimum annual product of 50,000 tonnes (this remains subject to further consideration by Council).

### Blasting

Blasting at IFQ is unrestricted in number with limits on noise and vibration. Blasting at DQ is undertaken twice per year and also has limits on noise and vibration.

### Crushing and Screening

All crushing and screening activities are undertaken at IFQ following planned blasting, crushing and screening campaigns. Basalt rock is carted from DQ for processing at IFQ.

### Concrete Treated Base (CTB)

IFQ produces concrete treated base through the existing pug mill facility.

## Regulatory and Compliance Considerations

### Environmental Authority

Both IFQ and DQ are operated subject to Environmental Authority EPPR00777413 issued by the DES on 14 December 2018. The Environmental Authority holder is Sunshine Coast Council.

### Sales Permit

Lot 368 is part of Wappa State Forest under the control of the State of Queensland (represented by Department of Environment and Science). SCC's right to quarry part of Lot 368 is granted by Sales Permit 860308 (**Sales Permit**), issued by the Department of Agriculture and Fisheries (**DAF**), and includes an obligation to make royalty payments to DAF and post extraction rehabilitation obligations. The Sales Permit authorises SCC to get quarry material from the "Supply Zone" as indicated on the map in the Sales Permit in accordance with the Forestry Act 1959 and the terms of the Sales Permit.

The Sales Permit expires on 30 June 2027 and will require an extension. The Sales Permit places reporting obligations on the permit holder to report quantities of rock processed through Lot 368 only.

### Core Koala Habitat Area

An undisturbed area of the Supply Zone under the Sales Permit is mapped as Core Koala Habitat Area by the State Government.

## Occupation Permit

Council holds an Occupation Permit (PID2314) allowing it to occupy 0.03ha area within Wappa State Forest under Section 35(1) of the Forestry Act 1959, managed by DES. The permit holder is Sunshine Coast Council.

## Native Title

The Kabi Kabi First Nation Traditional Owners Native Title Claim Group – QC2018/007 have a registered native claim overlapping parts of the SCC LGA, including Lot 368 (the land which forms part of Image Flat Quarry).

## Proposal Requirements

Proposals to operate IFQ and DQ must contribute to improved economic, social and environmental outcomes for the Sunshine Coast region. Any proposal should have regard to:

- SCC's vision to be Australia's most sustainable region – healthy, smart, creative
- Sunshine Coast Council Corporate Plan 2023 - 2027
- Council's Regional Economic Development Strategy 2013 – 2033
- Sunshine Coast Planning Scheme 2014

## Preferred Terms

EOI respondents are invited to provide feedback in their proposals on a structure or approaches for issues affecting the proposed agreement for SCC's consideration.

Through the open EOI process, SCC intends to take into account in its evaluation, amongst other factors and criteria, how respondents' proposals respond to the following indicative terms:

Quarry Agreement	
Preferred Terms	
Term	10 years
Options	2 x 2 years
Indicative Terms	
Permitted use	Undertaking quarrying and ancillary activities. Any additional use must not be undertaken without the prior approval of Council.
Compliance	The operator must obtain and comply with all relevant approvals and permits, including the environmental authority and Sales Permit.  The operator must comply with all relevant laws, including but not limited to the Mining and Quarrying Safety and Health Act 1999 and subordinate legislation.  The operator must notify Council of any non-compliances within 48 hours.
Register of Council assets	The operator must maintain a register of Council assets with pre-condition reports to be undertaken on an annual basis.



Various plans	<p>The operator must at their sole expense develop, maintain, keep current and comply with the following:</p> <ul style="list-style-type: none"> <li>▪ quarry rehabilitation plan</li> <li>▪ stormwater management plan</li> <li>▪ site based management plan</li> <li>▪ quarry management plan and geotechnical audit</li> <li>▪ annual terrain survey of quarry operations and provision of survey data to Council within 30 days of the anniversary of the commencement date</li> <li>▪ business continuity plan</li> <li>▪ environment management plan - noise management and air quality</li> <li>▪ safety management plan.</li> </ul> <p>The operator must resource efficient and environmentally sensitive operations to best align with Council's sustainable vision.</p>
Security	To be provided as a bank guarantee as security for any breach of the agreement terms (and supply agreement).
Third parties	Not to be novated to another party without the prior written consent of Council.
Insurance	<p>The operator must take out:</p> <ul style="list-style-type: none"> <li>(a) public liability risk insurance for \$20 million per occurrence;</li> <li>(b) property insurance for full insurable value; and</li> <li>(c) any other insurance required by law.</li> </ul>

### Rehabilitation Obligations

#### Indicative Terms

Rehabilitation works	The operator must prepare and undertake all rehabilitation works in accordance with its quarry rehabilitation plan on an ongoing basis at their sole expense during the term of the quarry agreement.
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### Royalty

#### Preferred Terms

Minimum sales	Minimum annual sales as tendered by successful respondent. If the minimum volume is not met, the operator will pay to Council the difference between agreed tonnage at the royalty rate minus royalties already paid in the financial year.
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Rate	'Royalty \$/t Rate' indexed annually by Consumer Price Index (All Groups) Brisbane during the preceding 12 months to 31 March, as published by the Australian Bureau of Statistics
Review	A general value review of the 'Royalty \$/t Rate' will be undertaken five years from the commencement date by an independent person experienced in quarry material sales which will consider several factors including, but not limited to, the general value of competitive grades of quarry material or equivalent products and any change in relativity between these prices and the movement in CPI.

<b>Supply Agreement</b>	
<b>Indicative Terms</b>	
Purpose	A supply arrangement whereby the operator will supply quarry product to meet Council's annual operational requirements.
Annual supply requirements	The arrangement will be non-exclusive agreed selling price for the supply of a minimum of 50,000 tonnes of various aggregates including basalt and rhyolite, and potentially asphalt products as agreed between Council and the operator.
Payments	<ul style="list-style-type: none"> <li>▪ The operator will issue an invoice for material sold, payable by Council within 30 days of invoice.</li> <li>▪ Monthly reconciliation of product sales to be provided within 14 days of the end of the preceding month.</li> </ul>
Asphalt	If the operator commences asphalt supply from IFQ, the supply arrangement shall be varied to include discounted rates per tonne of asphalt products.

## Appendix A - Asset Register

Asset Type	Asset Number	Asset Location	Asset Use
Gate – Barrier	462481	Boom gate quarry entrance	BAR: Gate
Building	329565	Toilet	BUI: Building
Building	536708	Lunch Room	BUI: Building
Building	536709	Workshop	BUI: Building
Building	536710	Office	BUI: Building
Building	536671	Electrical Switchroom	BUI: Building
Building	536711	Oil Room	BUI: Building
Building	536712	Wash Bay	BUI: Building
Building	536714	Weighbridge Building	BUI: Building
Building	536715	Rubber Room	BUI: Building
Building	536716	Steel Storage Shed	BUI: Building
Building	536717	Crusher Control Room	BUI: Building
Building	536718	Tool Room	BUI: Building
Building	536719	Energex Plant Room	BUI: Building
Building	536720	Waste Oil Shed	BUI: Building
Building	536674	Compressor Shed	BUI: Building
Kerb and Channel	492194		KCH: Barrier Kerb
Kerb and Channel	512261		KCH: Barrier Kerb
Road Segment	425764	Image Flat Rd (quarry) Carpark	RDS: Off-Street Carpark
Road Segment	549957	Image Flat Quarry Road	RDS: Segment
Road Segment	549958	Image Flat Quarry Road	RDS: Segment
Road Segment	549959	Image Flat Quarry Road	RDS: Segment
Road Segment	549956	Image Flat Rd (quarry) Carpark	RDS: On-Street Carpark
Road Segment	549960	Image Flat Quarry Road	RDS: Segment
Road Segment	552458		RDS: Segment
Weighbridge	556042	Image Flat Quarry New Weighbridge	WBR: Weighbridge
Tree Stand	614101	Mixed species tube stock	TRE: Tree Stand
Major Plant	556749	Pugmill	MJPL: Blending
Major Plant	556752	Asphalt Plant	MJPL: Asphalt Hot Mix

## Appendix B – Site Improvements Image Flat Quarry

Below are images of improvements at IFQ as of November 2022:

Boom gate (Image Flat)



Weighbridge (Image Flat)



Pug mill (Image Flat)



Fill point (Image Flat)



Office and sheds (Image Flat)



Office (Image Flat)




Detached office (Image Flat)



## Appendix C – Site Improvements Dulong Quarry

Below are images of improvements at DQ as of January 2023:

<p>Access gate (Dulong)</p>	
<p>Utility shed (Dulong)</p>	
<p>Main pit with pump (Dulong)</p>	

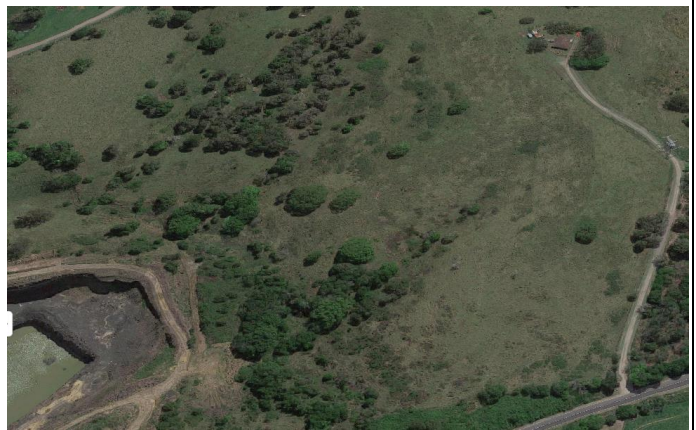
Main pit with side access road (Dulong)



Main pit with blast material (Dulong)



Property 98 Sherwell Rd DULONG (1)  
Lot 3 RP199680



Property 98 Sherwell Rd DULONG (2)  
Lot 3 RP199680

