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To: Mrs Jo-Ann Miller MP
Chair, Coal Workers' Pneumoconiosis Select Committee
Parliament House, George Street, Brisbane Qld 4000

Email: cwpsc@parliament.qld.gov.au

Dear Mrs Miller

**Reference: Submission from Peabody Energy to Coal Workers'
Pneumoconiosis Select Committee**

Peabody Energy welcomes the opportunity to make a submission to the Coal Workers' Pneumoconiosis Select Committee.

At the outset, Peabody wishes to re-affirm our commitment to ensuring our coal mines are a safe place to work. Protecting our workforce's safety and health is critical.

We are deeply concerned about the re-identification of Coal Workers' Pneumoconiosis (CWP) and for those who have been diagnosed. The re-identification of CWP is a disappointing and serious matter for workers and the coal industry that requires a joint response from all stakeholders including operators, employers, government, unions and the health sector to ensure that improvements are made to protect coal mine workers from this disease.

Peabody has had input to and supports the submission to the Inquiry prepared by the Queensland Resources Council on behalf of the coal industry.

About Peabody Energy

Peabody Energy is the world's largest private-sector coal company and a global leader in sustainable mining, energy access and clean coal solutions. The company has, through its subsidiaries, majority interests in 26 coal operations located throughout all major U.S. coal-producing regions and in Australia.. The company serves metallurgical and thermal coal customers in 25 countries on six continents.

Peabody's vision is to operate safe and healthy workplaces that are incident free. Safety is Peabody's first value that is integrated into all areas of our business. Our goal is to eliminate all workplace incidents, including injuries, occupational illnesses and property damage.

In Australia, Peabody operates coal mines in Queensland and New South Wales, producing approximately 35.8 million tonnes of coal for export to steel producers in Asia, Europe and South America, as well as providing thermal coal to electricity generators in Australia and Asia.

In Queensland, Peabody operates five open-cut mines, namely Burton, Coppabella, Middlemount, Millennium and Moorvale. In addition, Peabody operates the North Goonyella Mine, which is an underground mine in Queensland.

EXECUTIVE SUMMARY

In our submission we outline the following key points:

- Peabody, along with all employees and stakeholders, is disappointed that the current screening system has not worked as it was intended.
- Since reports of the early CWP cases, we have offered our workforce additional screenings.
- We also have continued with improvements in dust mitigation at our underground mine. We are communicating with employees and investigating our open cut systems.
- In response to the re-identification of CWP in the industry, Peabody has taken a leadership role in our industry through representation on:
 - The Minister's review committee facilitated by Professor Malcolm Sim
 - The Coal Mine Safety and Health Advisory Committee
 - QRC working group, including assisting to facilitate a dust control workshop for industry participants.
- We will continue to work with our employees to provide information and support.
- We support the system changes already implemented by Government and the regulatory changes which will become effective on 1 January 2017.
- We remain committed to working closely with all stakeholders to further improve the CWP screening and management systems. We support the improvements as outlined in the QRC submission to ensure that the system is more robust, reliable and achieves our common goal of protecting our workforce.
- We manage dust from our operations as part of the safety management systems for each of our mines, through monitoring, corrective actions, training, utilisation of appropriate technologies, and adoption of improved practices. Our commitment to continuous improvement remains strong.
- We support making necessary changes to the current workers compensation scheme to ensure that all workers, including retired coal mine workers, are protected and receive compensation.

1. PEABODY'S RESPONSE TO THE RE-IDENTIFICATION OF CWP

The re-identification of CWP since late 2015 is of great concern to us. It is clear that the screening system which was developed jointly by the regulator, union and industry has not worked as intended. A workable and effective response is needed.

Peabody has responded actively by taking immediate steps while reviews have been conducted by the key stakeholders and in taking an active role in the government reviews.

These are explained below.

Communications with our Workforce and Offering Additional Screenings

In response to hearing of the first cases of CWP, Peabody undertook a program to review chest X-rays of its workforce and provide information. This program included:

- Communication in November 2015 with all our Queensland underground employees on the re-identification of Coal Workers Pneumoconiosis.
- Follow-up communications with all underground workers from 3 December 2015 about the re-identification of CWP at pre-start meetings. A presentation was delivered and also provided as handouts to advise on pneumoconiosis, prevention, dust control strategies, advice on the DNRM review and an invitation for concerned employees to speak with their manager.
- A letter in December 2015 to our underground employees encouraging concerned employees to undertake a scan over and above that performed under the Coal Mine Workers Health Scheme at our cost.
- Approximately 25 employees took up the offer. The scans were performed by Queensland X-Ray and read by a highly experienced radiologist.
- All of these scans were interpreted as negative for CWP.
- In April 2016 we provided a further presentation to the underground workforce that included an update on the independent review progress and the measures that we implemented across our operations as we waited for the results of the review.
- We are identifying those past employees who may have left the industry or retired, with a view to providing appropriate information and offering X ray screening and respiratory function testing.

In response to hearing of the first case of CWP detected in an open cut coal mine worker we have also offered scans to our open cut employees.

All scans will be conducted using the two reader process using an experienced physician from the United States for the second reader.

Active role in improvements

Peabody was an industry representative on the Minister's Tripartite Review Committee into the Coal Mine Workers Health Scheme, involving government, the unions and industry, facilitated by Professor Malcolm Sim. We believe this constructive approach has delivered improved outcomes.

Peabody is a member of the Coal Mine Safety and Health Advisory Committee and has had considerable input into the development of the recognised Advisory Standards.

Peabody worked closely with the QRC and other member companies to facilitate a dust control workshop in October 2016 to ensure all industry participants shared different types of mitigation and control measures available for different scenarios. All participants are keen to share this type of information and recognise that safety is not an area of competitive advantage.

Review of our Safety and Health Management System

The *Coal Mining Safety and Health Act 1999* requires that a mine establish and maintain an effective Safety and Health Management System (SHMS). Since the re-identification of CWP, Peabody has undertaken a review of the SHMS at our Queensland underground mine. In addition to the existing dust control procedures and processes, the steps taken have included:

- The formation of a dust review committee that includes representation from our workforce.
- The development of Trigger Action Management Plans that guide remedial actions if there are elevated dust levels detected or where dust control measures are less effective.
- Inspection and maintenance schedules developed and implemented for dust control devices such as dust extraction systems, water pumps and sprays.
- We are also investigating to check if there are any potential issues in our open cut operations, and if so a review of open cut SHMS will be triggered.

2. DUST MONITORING AND CONTROL

Peabody is demonstrating our commitment to continuous improvements in dust management at North Goonyella Mine and has worked with our workforce to implement a range of steps including:

- Frequency of monitoring increased from monthly to fortnightly.
- Dust generation modeling was performed by CSIRO as part of a review of our dust generation sources and controls to identify opportunities for improvement.
- Studies on dust control measures were conducted by an external consultant to assist in establishing the most effective methods to control dust at generation points and the effects of operator positioning.

- Following dust sampling and validation of the effects of positioning personnel to reduce dust exposure, toolbox talks and education sessions were held with each crew and communicated to the operators.
- Based on respirable dust monitoring results, activities associated with the longwall operation were defined and modified (including No Go Zones) to reduce operator exposure to dust.
- Modifications to dust scrubber units installed in the coal crusher on the longwall have been carried out to improve cleaning ability and efficiency as well as to reduce dust release into the airstream.
- Flexible covers were made and fitted to cover the joints between sections of the covered chain conveyor (which houses an inline crusher) to reduce dust leakage.
- Installing additional dust suppression water sprays in areas prone to dust generation.
- Installing a water booster pump to increase dust suppression spray effectiveness.
- A trial of water additives to sprays which improve dust suppression at the longwall resulted in a more effective outcome at capturing dust.
- Wind deflectors were put in place to separate high velocity intake air from major dust generation points, which in turn enables sprays to be more effective at capturing dust.
- Work orders raised to ensure scrubbers are cleaned and maintained.
- P2 dust masks are mandatory during cutting.
- Implementation of Airstream (3M) and Cleanspace positively ventilated longwall Respiratory Protection Equipment (RPE) – being used by shearer and shield operators - the use of this RPE is highly effective at reducing exposure and early results show reduced exposure for the individual workers to between 0.1 - 0.3 mg/m³.
- Systematic cleaning of mining equipment is occurring on-shift to remove 'background' dust being picked up with the airflow.

Our dust monitoring and analysis is performed by a number of external providers for both our open cut and underground operations, including SIMTARS.

3. THE CURRENT HEALTH ASSESSMENT SCHEME

Protecting our workforce's safety and health is critical to our company and our industry. It has become clear that the screening system designed by the regulator, unions and the industry has not worked. The various reasons for this shortfall of the assessment scheme have been documented in the Monash UIC Review and we accept the findings of that review.

Peabody has had involvement in the development of the industry submission from the Queensland Resources Council regarding the operation of the current Health Assessment Scheme. We endorse the views outlined in the QRC submission.

The interest of coal mine operators in the health of its workers is indisputable. Mine operators cannot protect the health of workers in circumstances in which the system effectively keeps the operator in the dark regarding the health status of its workers. A health system that fails to communicate critical information regarding the health status of coal mine workers from the employer is not only ineffective, but ultimately dangerous and, at least in part, has contributed to the current situation.

When considering what steps might be required to address the shortcomings in the current health assessment process, Peabody urges the Committee to only use the health of coal mine workers as its touchstone. Any proposal that operates to dilute the ability of the Department, the medical profession and the employer to positively intervene and engage in matters relating to the health and safety of coal mine workers should not be supported.

4. REGULATORY OVERSIGHT

Whilst Peabody endorses any proposal to provide further training to inspectors regarding their duties, we see continuing value in a system which provides for a collaborative approach to safety and compliance, including in relation to the management of dust.

We recognise the role of the Regulator to undertake inspections and ensure compliance with the Act and Regulations. We also appreciate that the Inspectorate has considerable powers that they will exercise if required to ensure that mines achieve compliance with the legislation and to ensure that the risk to Coal Mine Workers is as low as reasonably achievable and within acceptable limits.

Over the past two years Peabody has met regularly with Inspectors to update them on dust mitigation strategies that have been implemented at our Queensland underground mine. This has been a constructive approach with the regulator being afforded the opportunity to both assist and challenge our strategies.

5. CONTRACTORS/LABOUR HIRE

The Committee would be aware that there are many thousands of contractors in the coal mining industry who undertake a range of duties, from geo-technical specialists to supplementary labour. The risk of CWP does not discriminate between employees and contractors, and this is reflected in the strict application and observance of safe work practices for every worker in a mine.

Nevertheless in reality, the level of influence a mine operator can legitimately exercise over the employees of unrelated entities is limited, and the primary responsibility for health assessments for contractors has to remain with their employer.

It is a requirement of the Coal Mining Safety and Health Regulations 2001 that all coal mine workers (other than those in low risk roles) are to have a current Coal Workers Health Scheme medical. This applies to contractors as well as employees. Where the coal mine worker is a contractor, these medicals are paid for by their employer.

Compliance with the requirement is a pre-requisite of working at a Peabody site. Contractors must supply a copy of the Health Scheme medical as part of the requirement to undergo the site induction.

6. CONTINUAL IMPROVEMENTS IN INDUSTRY

Peabody, along with others in the coal industry, is committed to continuous improvement in all areas of safety, operational and environmental performance. Controls in the mining industry have improved over the past 20 - 30 years and the industry will continue to improve through its commitment to continuous improvement and technological advances.

Peabody believes that in terms of this Inquiry, the primary focus of controls must be to reduce the generation of dust. This is most effectively done through elimination and engineering controls, as outlined earlier in this submission under "dust monitoring and control". Legislation could facilitate this by setting objectives, but allowing industry the flexibility on how they achieve those objectives to drive continuous improvement.

Peabody also recognises that the use of personal protective equipment (PPE) forms an important component of dust exposure mitigation in some circumstances. There is no suggestion that PPE should be relied on as a primary form of control; but it should be recognised that it forms an important part of an overall strategy in providing multiple layers of defence against dust exposure.

7. COMPENSATION FOR WORKERS

Peabody agrees that compensation for workers (including retired workers) who have developed CWP must be built around an established and tested framework. The *Workers' Compensation and Rehabilitation Act 2003* provides such a framework.

Peabody supports the QRC and coal industry position that any departure from the existing workers' compensation system will only serve to bring uncertainty to coal mine workers, their families and the industry more broadly. CWP is an occupational disease and there is no proper basis for departing from established processes and systems that are understood, applied consistently, and have an established legal framework already in place.

Peabody submits that a broader industry levy will not achieve better outcomes for affected workers - either from a rehabilitation or compensation perspective – than the current workers compensation system (acknowledging that some modifications to the legislation may be needed, and premiums may need to be reviewed).

We also strongly support improvements being made to the existing Workers Compensation system so as to ensure that retired coal mine workers with CWP have access to appropriate treatment, and more broadly, that the cost of testing and treatment for CWP is borne by the employer directly. We support making changes to the current workers compensation scheme to ensure that retired coal mine workers are protected and receive any appropriate compensation. We think that this will offer the fastest and most efficient way of helping this group of people who are not currently covered.

Peabody appreciates the opportunity to make this submission to the Committee. We share the common goal of eliminating the occurrence of CWP in our industry and protecting coal mine workers and we look forward to continuing to actively collaborate with key stakeholders in improving the CWP system.

Mr Peter Baker, Senior Vice President, Underground Operations, is available to assist the Committee.

Yours faithfully

Charles Meintjes

President Australia Operations