

## **Submission to the Fly in, fly out and other long distance commuting work practices in regional Queensland – May/June 2015**

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### **PROPOSED GALILEE BASIN MINING OPERATIONS**

The development of the Galilee Basin will be one of the most significant pieces of regional and economic development our State has seen for decades and we want to make sure that it occurs in a collaborative and coordinated way.

To date, GVK Hancock has committed around \$2 billion in developing three world class coal mining projects in the Galilee Basin - the Alpha, Alpha West, and Kevin's Corner Coal Projects.

The Alpha Coal Project is our lead project, which is focussing on the development of a JORC compliant resource of 1.82 billion tonnes and reserves of around 1.2 billion tonnes of high quality, low sulphur and low ash thermal coal. The geological features of this resource comprise a large, shallow and very flat delineation of coal seams under a relatively soft overburden that lends its development to large scale mining techniques, which dramatically reduce production costs. The proposed Alpha coal mine will comprise a 32 Mtpa full open-cut coal mine with an expected mine life of 30 plus years. This project also poses the potential for the future development of significant underground reserves (Alpha West Coal Project).

The Kevin's Corner Coal Project encompasses a well delineated thermal coal deposit with a JORC compliant resource of 4.2Bt, including 473Mt in reserve category. The deposit exhibits excellent characteristics for high productivity underground long-wall mining (75%), supported by open-cut operations (25%) with a projected production of up to 30mtpa over a 30 year life of mine.

We are in the process of finalising a solution for transporting coal out of the Galilee Basin, which will be in the form of a joint venture with Aurizon, Australia's largest rail freight company. This proposed transaction with Aurizon, will provide development certainty for the rail and port projects and de-risk our coal mines from a logistical point of view. It will also create transport opportunities for third-party operations in the southern end of Galilee Basin to access export markets.

To date, GVK Hancock has invested tens of millions of dollars on a comprehensive suite of environmental and social assessments, including around 300 collaborative scientific studies, involving over 500 specialists, which have guided approvals from State and Federal Governments. The comprehensive suite of assessments incorporated a detailed assessment of social and economic impacts. The detailed assessments have also laid the foundations for well over 200 approval conditions that include a broad range of environmental and social management programs that in many cases go well beyond regulatory requirements.

## WORKFORCE REQUIREMENTS

The below table outlines the workforce requirements for our projects throughout their construction and operational phases.

	Construction workforce	Direct operational workforce
Alpha Coal Project	2,450	2,200 (over 30+ years)
Kevin's Corner Coal Project	1,500	2,000 (over 30 years)
Alpha West Coal Project	<i>[More work required to validate workforce numbers]</i>	
Rail and Port	950	90 (over 30+ years)

## UNAVOIDABLE NEED FOR LONG DISTANCE COMMUTING

The Galilee Basin is a true greenfield mining situation. At present, the region is a sparsely populated area with agriculture as its predominant workforce. The commencement of our operations will undoubtedly transform the workforce structure of the area and region. We plan to ensure that as we commence our operations we do so in a responsible way by maintaining a balance with the needs of the local community.

Our proposed mining operations are located around 50 kilometres north of the closest township of Alpha, which has a total population of around just 400 people. This represents a very small portion of our required workforce being located within a relatively safe driving distance from our operations. Therefore the use of use of long-distance commuting to fulfil our workforce requirements will be absolutely essential in the development of our operations.

In May 2012, we received approval for our Alpha Coal Project Environmental Impact Statement as well as an associated Coordinator General's Evaluation Report, which outlined in detail specific conditions pertaining to this project. Outlined within the Coordinator General's Evaluation Report was a clear indication that the "mine workforce will be predominantly FIFO", as well as incorporating bus-in/bus-out (BIBO) opportunities from key regional centres. We plan to abide by this requirement and incorporate an appropriate level of BIBO workforce commuting in order to broaden the benefits and jobs from our operations throughout the region.

In adopting the appropriate initial level of FIFO/BIBO required in the workforce we've paid careful attention to the Department of Housing and Public Works' submission to the Alpha Coal Project SEIS that outlined:

*"The Department of Housing and Public Works in its SEIS submission strongly supports consideration of impacts on long-term residents not employed in the mining industry and potential private rental market impacts during the pre-construction, construction and operational phases."*

Page 185 – Alpha Coal Project: Coordinator General's Evaluation Report on the environmental impact statement

It would clearly not be possible to commence significant operations such as ours in such a remote regional area without the use of long-distance commuting arrangements and any attempt to do so would pose various impacts to surrounding communities such as overheating the local property market.

It is of vital importance that our operations find balance with the local community in terms of local job opportunities, both when it commences, as well as over the 30+ year life of mine and commencing our operational phase with a predominantly FIFO workforce will help to reduce initial residential impacts in the area.

As an initial operational workforce structure we will be seeking to commence our direct operational workforce with around 20-30% BIBO from throughout the region. The BIBO service will extend employment benefits over 300 kilometres from Emerald to Barcaldine and beyond, incorporating additional pick-up and drop-off points along the route at towns such as Jericho and Alpha.

Throughout the course of our operational phase we will continue working cooperatively with all levels of government to ensure our projects support the needs of local communities.

In terms of the shorter term construction workforce, we have been in contact with external parties that are seeking to initiate workforce camps in the area to meet the needs of the broad range of contracting, building, engineering and servicing that will be required during the initial construction phase. The initiation of such workforce camps will be a vital part of limiting impacts to the local township as they will assist in meeting the needs of a varying construction workforce, which will inevitably pose a broad differentiation of durational stays, working hours and team sizes.

## **SAFETY IS A KEY FOCUS FOR OUR LONG DISTANCE COMMUTE STRATEGY**

Fatigue management will be a crucial element of our safety and health management system and all employees will be required to commit to personal journey management plans for any travel to and from the mustering points of Emerald, Barcaldine and the airport for the beginning and end of their shift roster as a condition of their employment.

Clearly, encapsulated within the need to incorporate long-distance commuting into our workforce planning is the inherent restriction on any ability for daily commuting. It is imperative that our rostering limits commutes to the beginning and end of each shift roster. This will naturally mean that employees will remain onsite at the accommodation camp for the duration of their shift roster.

## **EMPLOYMENT GROWTH BEYOND DIRECT OPERATIONAL WORKFORCE**

At full production, our combined projects will create over 4,000 direct operational jobs, however our projects will also create substantial regional jobs growth beyond just our direct workforce.

Independent studies show that our projects will create around 20,000 direct and indirect jobs at full production. The rationale behind this is clearly visible in the fact that the Alpha Coal Project alone will create a consistent value-add to business in the region of over \$1 billion annually for decades, which will create flow-on growth to other industries.

With the recent job losses throughout the broader Central Queensland region over the recent past, we expect the region's business and community leaders to firmly welcome such flow-on growth to the local economy and our goal is to ensure that that growth supports the development of the region in a positive way.

## RECOMMENDATIONS

It is important to understand that every mining operation is different, as is every adjoining or nearby regional community. Attempting to legislate for a one size fits all approach to long distance workforce requirements will not work, as different communities have different needs and wants. It is incumbent on all proponents and mining operations to work with the community, all levels of government and the relevant Ministers of the day to ensure their operations fit with the needs of any adjoining or local community.