



bhpbilliton
resourcing the future

Coal

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29 May 2015

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Infrastructure, Planning and Natural Resources Committee
Parliament House
George Street
Brisbane Qld 4000

Via email: ipnrc@parliament.qld.gov.au

QUEENSLAND PARLIAMENTARY INQUIRY INTO FLY IN FLY OUT AND OTHER LONG DISTANCE COMMUTING PRACTICES IN REGIONAL QUEENSLAND

BHP Billiton welcomes the opportunity to submit to the Infrastructure, Planning and Natural Resources Committee to assist this inquiry.

We consider this a valuable opportunity to provide the Committee with an overview of our coal operations in Queensland, and specifically, our two mines operated with a predominantly fly in, fly out (FIFO) workforce. BHP Billiton has a proud, 40-year history of operating in the Bowen Basin and providing opportunities for local communities and greater Queensland.

Our fly-in-fly-out operations

It should be noted that less than 10% of our total 10,000 strong workforce in the Bowen Basin are on FIFO commute arrangements. This 10% comprises our 950 employees at Caval Ridge and Daunia mines. This provides essential diversification for our ten mining operations and other infrastructure including Hay Point Coal Terminal, uniquely concentrated in the Central Queensland region. We will provide further evidence in this submission of the reasons for our decision to operate Daunia and Caval Ridge Mines with FIFO operational workforces and our other operations with residential workforces, rather than distribute varied employment modes across all of our sites.

The term *100% FIFO* has been widely used in relation to this inquiry – however it is misleading in that what this refers to is only the operational proportion of the total employment at the site. Our records show that during February 2015 around 1000 visits to Caval Ridge and Daunia Mines were made by locally based employees of our contractors - providing essential ongoing local employment.

These mines are an important part of the local regional economy of Central Queensland with over \$46 million in goods and services provided to our mines by local companies in the region, including Mackay, in the last three years.

Our first priority is the health and safety of our workforce. This is underscored by BHP Billiton's Charter Values that inform all decisions made by our business – including workforce arrangements. This submission specifically addresses the workforce arrangements in place for our FIFO employees including commuting, fatigue management and employee assistance programs.

We place great importance in our working relationship with the communities in which we operate. We provide infrastructure, support local health, child-care facilities, education, and training activities. This submission also outlines in detail our recent social investment in the Bowen Basin. Across the Bowen Basin we own around 1600 homes, which we provide to our employees at a nominal rate of \$60 per week.

We provide critical infrastructure to many of the towns where we operate – our commitment to these communities cannot be questioned and for decades we have delivered on our commitments in the region.

As the following submission outlines BHP Billiton made the decision to adopt a FIFO operational workforce in line with Queensland Government approved project conditions.

Our decision was made not only in response to the overheating of the local employment market during a period of peak resources activity – it is an essential long-term strategy for managing resource cycles and to enable our mines to operate efficiently. As we detail, the productivity uplift we have achieved at Caval Ridge and Daunia, has proven this strategy as effective, and has the added benefit of helping us to keep these mines viable at a time when many mines in the region are not.

Some commentary has suggested that BHP Billiton should simply open up these mines to 'choice'. It is not that simple - this would have significant operational and efficiency impacts and would erode valuable progress we have made through achieving our deliberate diversity targets at these mines.

We are proud that at Caval Ridge and Daunia mines 25% of our workforce is female and half are new entrants to the coal mining industry, whom we've trained to be coal mining operators.

Retrospective action by Government that changes approvals obtained in 2011 would have retrograde impacts on these mines over time by reducing diversity, productivity and cost gains.

We submit that any measures that make coal mining in Queensland less productive would only decrease the State's competitiveness, and therefore market share, relative to international competitors.

In closing, both our residentially based and FIFO workforces make an important contribution to our Company and to the State. We will continue to work closely with all of our stakeholders in improving the competitiveness of our mines to ensure a sustainable coal mining business for Queensland.

We look forward to the Committee's consideration of the evidence provided to it by all stakeholders and we provide an open invitation to the Committee to visit our sites as part of this work, acknowledging that not all members may have had an opportunity to visit mine sites, Bowen Basin towns, or workforce accommodation.

We anticipate the Committee would like to hear directly from BHP Billiton Coal during its public hearings and will be in contact with the Committee to arrange a time to appear at the regional hearings in June.

BHP Billiton has also participated in the Independent Review of existing FIFO operated mines being conducted by a Panel appointed by the Minister for State Development, Natural Resources and Mines, which we understand will be reporting to Government by 31 July.

If further information is required by the Committee or its secretariat we encourage you to contact [REDACTED] – Senior Manager Government Relations and Public Policy via [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read "Victoria Somlyay".

Victoria Somlyay

Vice President Corporate Affairs

Submission 234

11.1.2

29 May 2015



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A photograph of an industrial facility, likely a mine or processing plant, at dusk. The sky is a deep blue with scattered clouds. The facility is illuminated with warm lights, and a long conveyor belt structure is visible, supported by tall metal towers. The foreground is dark and shows some vegetation.

Submission to Infrastructure, Planning and Natural Resources Committee

**INQUIRY INTO FLY IN FLY OUT AND OTHER LONG DISTANCE
COMMUTING PRACTICES IN REGIONAL QUEENSLAND**

MAY 2015

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Overview

BHP Billiton believes residential and commute workforces all have a role to play in the resources industry in generating wealth for the Queensland economy.

There are broad benefits generated through diversifying the geographic source of our workforce that are not simply about the direct cost of engaging a Fly-In-Fly-Out (FIFO) employee compared with a residentially based employee. Our most recent cost analysis shows that the cost to our business per commute worker is broadly similar to the cost of a residential worker when you include travel costs and housing costs for locally accommodated employees, which are standard in our enterprise agreements at our residentially based mines. The key benefits of FIFO relate to the ability to source our employees from a bigger pool from different areas of Queensland resulting in materially different diversity outcomes and the productivity and efficiency gains through operating on a single roster from point of departure. These aspects are discussed in this submission in further detail.

Mining projects are planned over many years and generally our multi-billion dollar investments are made anticipating a mine life of around thirty years or more. We therefore take a long-term view across mining cycles. For example, our investment in Caval Ridge and Daunia was made after two years of economic and employment studies on the basis of long term market analysis.

Diversification of our labour sources, including by utilising FIFO arrangements is also critical to avoiding the severe social and infrastructure stresses and cost escalation caused through peak investment periods in the resources industry. In fact, cost escalation over the peak period in Queensland from 2009 to 2011 is part of the reason that our coal mines lost global competitiveness. A large proportion of our cost reductions by the industry over the last three years have been to reverse this competitive decline; this has been a painful process for Companies, employees, suppliers to the industry and mining communities. It is in the State's interests for Government to take a long term perspective on these issues beyond any particular point in the resources cycle.

We strongly urge the committee not to consider making regulatory or legislative recommendations to the Government that are retrospective in nature. Companies need regulatory stability in order to make large, long term investments. Regulatory changes that reduce the productivity of the mines can fundamentally affect the economics of the mine and therefore its viability.

We submit that any measures that would make coal mining in Queensland less productive would only decrease the State's competitiveness, and therefore market share, relative to international competitors.

We strongly urge the committee to support the current regulatory and legislative framework which provides the flexibility and recognition of the commodities cycle, that in turn supports long term investments which employ thousands of Queenslanders.

BHP Billiton operations in Queensland

In recognition of the global scale of our investment in our Queensland Coal Business, BHP Billiton's global headquarters for Coal is located in Brisbane. With our Joint Venture Partners, we are largest seaborne exporter of metallurgical coal in the world. We are also Queensland's largest producer of coal.

With our more than 10,000 employees and contractors we are the largest employer in Central Queensland, with eight of our operations and our port facility and other infrastructure drawing workforces from the local community.

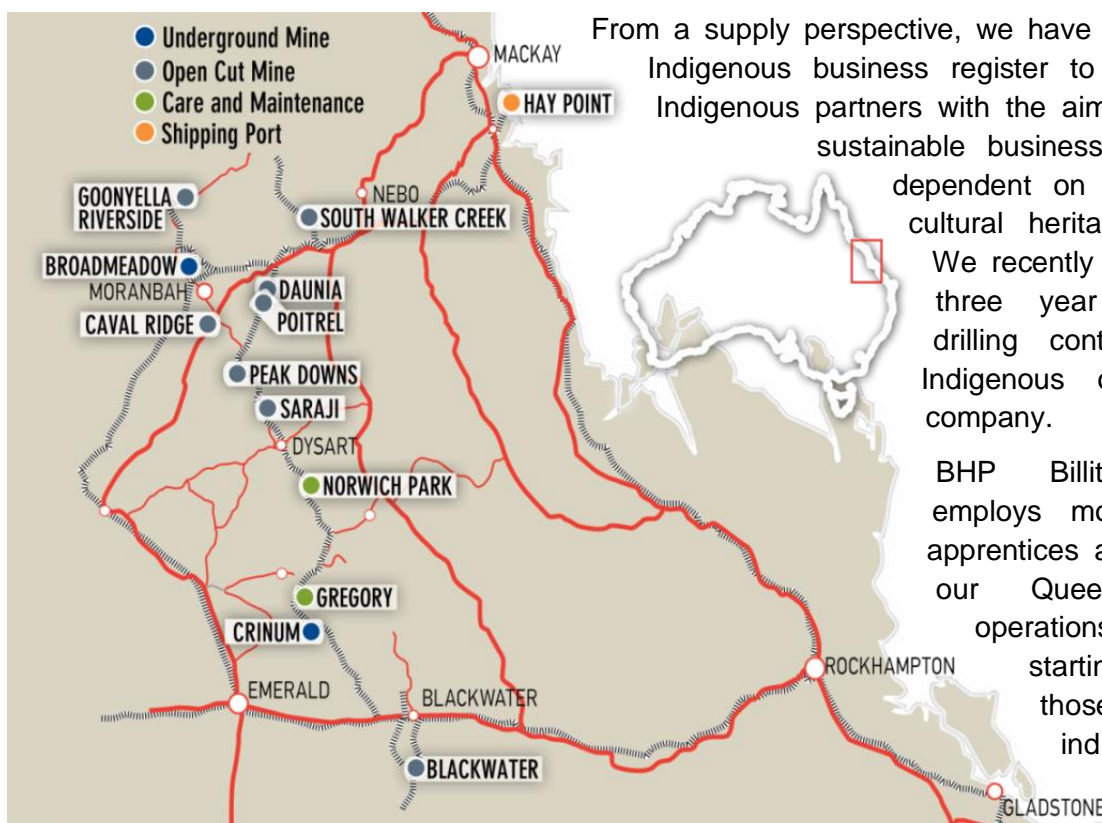
The BHP Billiton Mitsubishi Alliance (BMA) owns and operates eight Bowen Basin mines – Goonyella Riverside, Broadmeadow, Caval Ridge, Daunia, Peak Downs, Saraji, Crinum and Blackwater – as well as the Hay Point Coal Terminal near Mackay. BHP Billiton owns 50 per cent of BMA.

BHP Billiton Mitsui Coal (BMC) operates two mines in the Bowen Basin: South Walker Creek Mine and Poitrel Mine. BHP Billiton owns 80 per cent of BMC.

Our contribution to the State's economy is significant and in the last financial year, the total royalties and taxes paid to the Queensland Government by BMA and BMC was \$796 million.

BHP Billiton is committed to achieving on indigenous participation and in close consultation with the Department of Aboriginal and Torres Strait Islander Partnerships and traditional owner groups we operate a successful traineeship program.

To broaden the candidate pool and to provide the candidates with the best prospect of success, Colin Saltmer's Myuma program is integrated into the recruitment strategy and to date; three programs have been completed resulting in the employment of 36 Indigenous personnel. To ensure a positive experience all supervisors undertake cultural awareness training and are mentored by senior staff from the Myuma Program. In turn, trainees are mentored by senior site staff and managers.



From a supply perspective, we have established an Indigenous business register to attract strong Indigenous partners with the aim of supporting sustainable business that are not

dependent on native title or cultural heritage processes.

We recently entered into a three year \$17 million drilling contract with an Indigenous owned drilling company.

BHP Billiton currently employs more than 300 apprentices and trainees in our Queensland Coal operations, to provide a starting point for those entering the industry.

Current market conditions

It is important that the Committee has a thorough understanding of the current challenging circumstances for the coal industry and that we are undertaking an extensive transformation to reset our cost base and improve productivity. This is vital to keep each of our mines viable.

Today the premium hard coking coal price is about US\$81 per tonne. When our last major coal mining project in Queensland was approved in 2011, the price was about \$181, and prior to that it traded above \$300 per tonne. The price has deteriorated by 22% since January this year and we do not expect a recovery in the medium term.

The stark reality is that we must continue to improve the viability of our each of our operations through a continuation of our drive to reduce the cost of production.

There have been claims made about increasing unemployment in central Queensland mining towns like Moranbah. While we acknowledge that a number of mine operators have closed or suspended operations at some sites due to the current market conditions, the most recent State Government labour force and unemployment figures do not support this – unemployment in Moranbah at December quarter 2014 is 1.8%. Unemployment has though increased in other parts of Queensland, which we believe firmly supports our decision to diversify our workforce and employ people from Cairns and South East Queensland.

We base this on the State's own current unemployment figures below:

Town/region	2001%	2006%	2011%	Dec Qtr 2014%
Queensland	8.2	4.7	6.1	6.4
Brisbane N/S/E/W (SA4)	6.9	3.9	5.2	5.0
Bowen Basin Resource Region	4.3	2.1	2.2	3.0
Mackay (SA3)	8.9	3.9	3.8	5.3
Moranbah (SA2)	4.2	1.7	2	1.8
Cairns North and South (SA3)	8	4.3	6.1	7.3
Gold Coast (SA4)	9.4	5.2	7.4	6.0
Sunshine Coast (SA4)	11.3	5.7	7.1	7.4

Queensland Regional Profiles, Queensland Government Statisticians Office, Queensland Treasury (based on ABS data).

We will be working closely with the Government and our stakeholders to ensure that our industry can continue to be viable and offer employment to thousands of Queenslanders into the future.

Social investment

Consistent with our Charter Values, our Company has a long history of strongly supporting the communities where we operate.

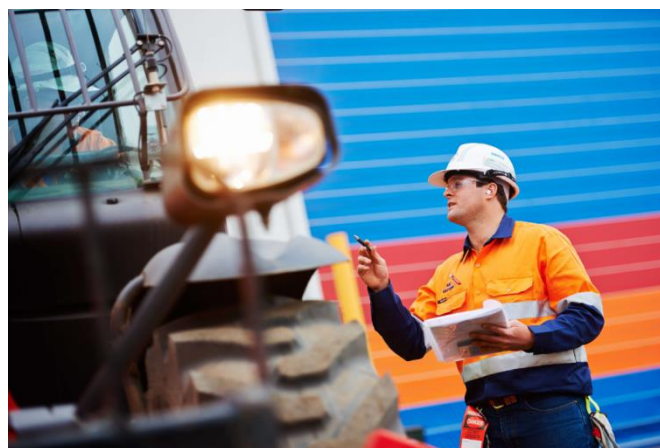
During the construction of Caval Ridge and Daunia mines specifically, we delivered a range of social investments in Moranbah - as approved by the Coordinator General in our Social Impact Management Plan (SIMP) and through our own voluntary spend. Our SIMP was developed over a 12 month period and involved extensive community consultation.

- We constructed 400 new dwellings (327 in Moranbah) and other Bowen Basin towns
 - We now own 874 of the 4000 dwellings in Moranbah
 - We now own around 1600 dwellings in the Bowen Basin
- BMA provided \$3.5 million to the Isaac Affordable Housing Trust in 2012 and will provide an additional \$1.5 million by 2016.
- \$2.5 million to Isaac Regional Council for the Greg Cruikshank Aquatic Centre Upgrade, which was completed in 2012.
- \$46.5 million to upgrade Moranbah Airport – opened in February 2013 which is a fully operational public facility
- \$5.5 million committed to a regional Youth and Community Services Centre. A project which is in development with state Department of Communities.
- BMA supplies and funds more than 80 per cent of Moranbah's water at a cost of over \$7 million per annum to BMA – though we are now in discussions with Isaac Regional Council to put this on a more sustainable footing.
- Voluntary social contributions made across the Bowen Basin by BMA in financial year 2014 totalled \$5.5 million, in addition to the items outlined above.
- Our BMA Settlement Office program in Moranbah has also helped to integrate new residents to the town, and build community connections.

In addition to our regular procurement and tender processes, in 2012 the BMA Local Buying Program was initiated in the Bowen Basin and has been enthusiastically supported by local stakeholders. This program facilitates all BMA and BMC mines (including Caval Ridge and Daunia) and Hay Point Coal Terminal to procure goods and services from Bowen Basin and Mackay based businesses.

As of 31 March 2015, 641 local businesses were approved to participate in the Program – 383 located in the Bowen Basin and 258 located in the Mackay region. A total of 4,294 work opportunities had been made available to local businesses with 3,604 approved work packages.

After consultation with our stakeholders in the region, Mackay businesses were added to the program in December 2014 to enable access to supplier opportunities from Hay Point operations.



Between June 2012 and 31st March 2015, over \$46 million has been awarded through the program with an average supplier payment time of 10.8 days.

Also as part of the program for every transaction that BMA / BMC process through the Local Buying Program, a percentage is transferred into the Local Buying Community Foundation.

The Foundation aims to enhance the economic sustainability of communities within BMA's operational footprint and the broader Bowen basin region. Through programs and initiatives that target local business training and development the Local Buying Community Foundation is assisting to build and develop local capacity.

Since program commencement in July 2012, over \$590,000 has been injected into the Foundation and 37 projects have been funded.

Daunia and Caval Ridge project approvals

When BMA made the decision to invest in Caval Ridge and Daunia mines, unemployment in the central Queensland region was around 1.3%, BMA had 750 unfilled positions across our operations, and existing housing stock in Moranbah (the closest town to these two mines) was mostly occupied with rents of around \$2000 to \$3000 per week for a modest family home. Community stakeholders regularly raised concerns about the negative impacts of the escalation of mining activity on social infrastructure.

With a lack of available labour and housing in the local region, a decision was taken, and agreed to by the State Government after a comprehensive approval process, that the new mines would be



operated with FIFO workforces. To accommodate our workforce at Caval Ridge, a state of the art accommodation village, Buffel Park, has been built nearby, featuring ensuite accommodation rooms, dining facilities, laundry, training room, wet mess, and recreation facilities.

These are the project fundamentals under which a multi-billion dollar investment decision was made.

BHP Billiton submits that the context which led to the decision to implement 100% FIFO arrangements is relevant to the Committee's deliberations. Some relevant contextual factors include:

- The mines are operated by BMA and around 950 people in total FIFO to these two mines.
- Operational employees are on an even time one week on / one week off roster.
- About 250 of these are from Cairns and the remainder are from South-East Queensland.
- Outside of greater Brisbane, Logan and Ipswich, about 70 FIFO from the Gold Coast and 170 FIFO from the Sunshine Coast.
- When these 950 positions were recruited, 33,000 applications were received.

The Caval Ridge and Daunia mines are components of the BHP Billiton Mitsubishi Alliance (BMA) Bowen Basin Coal Growth Project (BBCGP). The BBCGP was declared by the Coordinator-General in 2008 to be a significant project because of its economic significance.

In August 2010, the Coordinator-General's Evaluation Report acknowledged:

“ in an increasingly competitive labour market, FIFO strategies coupled with operational worker accommodation villages will become a more prominent, flexible and cost effective part of recruiting and retaining mine operational workers

- some categories of resource workers, especially amongst the single-worker demographic, prefer FIFO arrangements
- in remote locations poorly serviced with existing infrastructure and for fledgling resource development regions, a predominantly FIFO strategy may have less impact on small and rural communities
- BMA has a history of supporting the local accommodation of its mine workers in the Bowen Basin.” (p110 Bowen Basin Coal Growth Project: Caval Ridge Mine, Coordinator-General's evaluation report for an environmental impact statement August 2010)

Although the Company had originally proposed a 70% FIFO workforce, on 14 June 2011, BMA applied to the Coordinator-General for a change to conditions to allow an increase to the proportion of the Caval Ridge Mine's non-resident operational workforce, to up to 100 per cent.

The reasons for this application were:

- (a) Securing the operations workforce for Caval Ridge in a very tight labour market
- (b) A desire to secure the workforce required without drawing workers from its existing mines.
- (c) Ensuring effectiveness at the Caval Ridge mine and improved road safety outcomes
- (d) Spreading the employment and economic benefits from Caval Ridge throughout Queensland.

In granting the change, the Coordinator General noted the challenges of local recruitment:

“This is demonstrated by the unemployment rate for people in the Isaac LGA, where unemployment is very low at 1.3 per cent, when compared with the unemployment rate for the State of Queensland (5.5 per cent) (Office of Economic and Statistical Research 2010a). It is acknowledged that non-resident workforces are a key feature of the Australian mining industry, and BMA's proposal to broaden the geographical recruitment area is one option of attracting and retaining skilled workers in a very tight labour market. The concept of LDC (Long Distance Commuting) is not new, and it can work effectively in both the resource and non-resource sectors, where workers choose to work under such an arrangement.” P11 of Coordinator-General's change report on 100 per cent fly-in fly-out operations workforce Application for project change, number 4 September 2011.

The Coordinator General also noted that across its employee workforce, approximately 80 per cent of BMA's employees were residential. In 2015, this is now closer to 90%.

These extracts from Coordinator General Reports indicate that careful consideration was given to the accommodation strategy of these mines. The Coordinator General's deliberations were thorough and his decisions were made following extensive consultations through a public EIS process.

The factors which prompted the original application have not significantly changed and in these circumstances there is little to justify a reconsideration of the approval. .

Diversity and performance

Diversity is a major focus for our business and is linked back to our Charter values – we take it seriously and we continue to execute our Group-wide diversification and inclusion strategy and actively promote an inclusive work environment that embraces and more effectively leverages the diversity of our people.

When the workforce for Daunia and Caval Ridge were recruited, around 50% were new entrants to the resources sector. We provided comprehensive training for these new recruits.



At these FIFO operations we have a target of reaching 25% female and 5% indigenous participation. We are achieving our female participation target at these two mines and have reached about 3.5% indigenous participation with more work to do to strive

towards our target. The step change in diversity performance at Daunia and Caval Ridge is something we are very proud of, including these further performance measures:

- Along with positive diversity outcomes, BHP Billiton's two FIFO mines in Queensland are 26% more productive than residential sites.
- Average unplanned absence rates at residential mines is nearly 4%, while this reduces to about 1.5% at FIFO mines.
- Retention (turnover rates) at residential mines average about 1.2% compared to about 0.8% at FIFO mines.
- Employee disputes measured per person is about 47 times less at our FIFO mines.

Although we operate eight other mines using residential arrangements in the immediate region, some have asked why we would not permit a role to be filled at a FIFO mine by a 'local' who might join the inbound FIFO crew at the airport or village for the duration of their time on shift.

We do not support this because the gains outlined above have been achieved through a very specific model. The interruption of this model, even if undertaken incrementally, will erode these gains over time.

This is the same reason we do not permit new or existing employees at residential mines to FIFO.

Prospective and current employees who wish to work in the coal mines operated by BHP Billiton and our partners can choose which type of employment and commute arrangement they wish to use and those that best suit their family arrangements and lifestyle.

Benefits to source communities

Our FIFO workforce at Caval Ridge and Daunia begin their commute from either Brisbane or Cairns airports. The decision to designate Cairns and Brisbane as our FIFO hubs was made after an extensive consideration of the options including in consultation with Government appointed FIFO coordinators representing particular regions. These locations were selected because they displayed available workforces commensurate with our future needs.

It is estimated that the direct benefit to the Cairns economy is in the vicinity of \$60 million per annum through providing highly paid employment to 250 people from the region.

There are also benefits to South East Queensland with around 170 employees who reside in the general Sunshine Coast area, 70 employees from the Gold Coast and around 450 employees residing in the outer north of Brisbane (Pine Rivers and Caboolture region), the Ipswich region, Logan, and Brisbane.

Commuting arrangements and accommodation

Employees who FIFO to Caval Ridge and Daunia mines are transported to Moranbah from Cairns and Brisbane by charter flights that are operated by QantasLink. FIFO employees are entitled to



retain Qantas frequent flyer points accumulated and on arrival to Moranbah are transported to their village accommodation by bus.

At villages operated by or for BHP Billiton a variety of services are provided including fitness gym and classes, activity evenings (e.g. bands, bingo/trivia nights), communal dinner facilities and an alcohol service area (with limited hours and regulated service in place).

All villages have a health coordinator that can help residents remain healthy whilst in the village. All villages are required to provide healthy options of food as well and are beginning to provide calorie counts on food served and each person has their own room with their own bathroom. These arrangements allow for full privacy for each employee and most villages feature a television in each room as well as green lawn/picnic areas for employees to rest.

Our village operators constantly survey the employees who stay there. At Buffel Park, where FIFO employees stay, monthly surveys are completed covering food standards, presentation, variety, taste, dietary options, cleanliness, staff presentation, food service, booking services, housekeeping services, security services, maintenance services, health and lifestyle services and bar services.

These surveys are used to constantly respond to changing trends within the employee group.

Rosters and fatigue management

The health and safety of our people comes first. This is core to our Charter and to every aspect of our business. All our workplaces are required to develop and implement a fatigue management plan and a risk based drug and alcohol program.

Regardless of where our operations are located we strive to create a working environment that is free from injury and illness. Our priority is to identify, understand and manage the material risks within our business, ensuring our people, suppliers, contractors and the communities in which we operate remain safe and healthy.

At the Daunia and Caval Ridge mines, operators on these sites work a seven days on seven days off roster. This is considered to be the most attractive roster for FIFO workers.

Employees are expected to reside within 90 minutes' drive or a 100km radius from the Primary Point of Origin (Cairns and Brisbane airports) due to the nature of FIFO work and the requirement to be fit for work.

All employees are required to submit a Roster Commute Plan for approval prior to commencing a formal commute roster.

General BMA Fatigue management standards include:

- rosters provide the opportunity for at least 7 hours sleep within any 24 hour period;
- maximum hours of work, including pre and post shift briefings must be not more than 14 hours in any 24 hours;
- maximum number of consecutive day shifts worked must not exceed 14 and the maximum number of consecutive night shifts must not exceed seven;
- following a roster cycle of consecutive nightshifts a person must have a break of at least half the number of night shifts worked;
- average weekly hours of work must not exceed 60 hours over any four week period.



All rosters, including those of contractors, are required to be evaluated and approved by the Site Senior Executive (Site General Manager) prior to commencing onsite. This includes completion of a BMA Fatigue Risk Assessment.

This results in most rosters being similar or the same between contract company employees and BMA employees.

At residential mines, a typical roster includes shift duration of 12 – 12.5 hours and either 5 days on 5 days off, 4 days on 5 days off or 5 days on 4 days off.

Employee Assistance Program

BMA provides an Employee Assistance Program (EAP) as part of its commitment to the promotion of a satisfying, safe and healthy working environment. It is a free, independent and confidential counselling service available to all employees and their immediate family members at site and in Cairns and Brisbane and includes town based counselling services, 24/7 on call support services and supervisor support services.

Employees and their families are encouraged to contact the EAP (Gryphon Psychology) if they would like to discuss their personal circumstances. For contract workforces at sites operated by BHP Billiton and our joint venture partners, this program is usually provided by the contractor's employer. If a contracting partner does not have an EAP their employees can access our program.

Within our industry, all coal mine workers are required to undergo a statutory medical under the Coal Mine Workers Health Scheme. This includes a medical history check where mental health is noted and in these cases is further reviewed by an appointed medical practitioner.

In addition to the EAP, Supervisors are trained to recognise changes in behaviours that may require discussion and referral and health advisors and 24 hour paramedics are located at every

site and are available for all employees to discuss their concerns with.

We also regularly support community events that are related to health and general wellbeing and for employees returning to work following health related issues (including mental health) we offer a Workplace Rehabilitation Procedure to closely manage and assist these workers.

This service is coordinated by an appointed Rehabilitation and Return to Work Coordinator (RRTWC) who is a trained health professional.

Support to FIFO workers and families

Resources such as DVDs and booklets about FIFO are available to prospective, new and current employees; there is also the FIFO Hub, an online platform that is introduced when commencing on a FIFO site.

The platform is run via the EAP and provides the families of FIFO workers with updates of what is happening across our sites, assists in creating a FIFO community, and outlines where support is available if needed.

During the start-up of Caval Ridge and Daunia family engagement, social activities and information nights were provided to assist workers and their families new to FIFO better understand and utilise all support mechanisms available.

While in village accommodation, employees are able to use technology to remain in contact with their families. At Buffel Park and Coppabella villages, the accommodation used by Caval Ridge and Daunia employees, wi-fi is also provided for employee internet use.

An example of a further health and well-being program provided includes Caval Ridge's Be More Active @ Caval program. The program is designed to assist employees in making healthy lifestyle choices by providing health assessments, a subsidised health check and subsequent tracking of health improvements. This is a voluntary program.

In partnership with Moranbah District Support Services the BMA Settlement Office not only provides services to families settling in Moranbah but also provides information on community events, businesses and activities to employees in village accommodation to further encourage community cohesion.

Employee satisfaction – survey results

BHP Billiton recognises that to achieve success in our Business, we require talented, diverse and inclusive teams of people with exceptional skills who share our values. We regularly survey our people to measure our culture to benchmark our performance against other high-performing companies.

Recently, we conducted a broad survey of our Caval Ridge and Daunia employees. Of the 603 employees who responded 92% are satisfied with their current work arrangements. The primary reasons why employees were supportive of their current arrangements were:

FIFO gave them and/or their families choices and helped address personal circumstances.

'It gives me and my family employment options. Also, it brings diversity into the workforce which is lacking in Coal Mining and Bowen basin.'

'It gives people who don't live near a mine and can't necessarily, for a range of reasons (personally family members who need to remain close to specific medical facilities), the opportunity to seek

mining employment as opposed to needing to relocate to somewhat isolated areas just for employment.'

'I support FIFO and BMA as it creates a better lifestyle for mining. Being FIFO helps as it is easier for my partner to get a job in the city rather than in the middle of nowhere, and the even time roster means I get to have equal time with work and my family. I enjoy mining although it would just be too difficult without FIFO.'

'It offers an effective opportunity for me to work in northern Queensland BMA mine without the burden of having to relocate away from my family.'

'Having the FIFO options opens up these job opportunities to a broader workforce and removes the need for relocation and disrupting families. Having had to relocate to a mining town previously to gain employment I am now able to have the choice of where my family and I live through the introduction of BMA FIFO roles. This gives great options and flexibility to suit our personal requirements including schools, medical needs and the general overall happiness of our family which has improved since leaving a mining community.'



'High School Education. High schools in mining towns do not support advanced maths and science subjects well. Students who require these subjects to enter university have to do them by correspondence with little or no support from the local high school.'

'It is important to me because I get to live in a major regional centre and my family gets all the services and lifestyle that goes along with it. I have lived in small mining towns before and would not go back. The fishing is also better.'

'I like the opportunity to live where I chose, rather than live where I chose to work. FIFO gives me great flexibility in my personal life and allows my family to live closer to relatives.'

BMA's equal time roster (7 days on 7 days off) enhanced a FIFO employees' work/life balance and gave them quality time with family

'The most important priority to me is my home life, FIFO allows me to spend my days off living the lifestyle I enjoy in a location I love.'

'It provides me with a better family life style with more time together.'

'It gives me the perfect work life balance as a single parent I share care my daughter 50/50 so I work the week I don't have her and spend my week with her without having to work. It's given me a great career opportunity as jobs are limited in the city of Cairns. The income will provide the best future for my family.'

'Family friendly roster and travel, (same day flights).

'Having good family time working 7/7.'

'FIFO works for us as a family and set rosters and routines are great in providing stability.'

'FIFO allows workers to have a degree of separation between their work and personal lives. BMA in particular offers even time rosters for FIFO employees allowing for a good work/life balance.'

FIFO improved safety outcomes

'We get to work safely. We get to live in paradise and still have a great job in the Bowen basin.'

'I don't have to drive for hours each week to and from work. Reducing the chance of a car accident and I get more rest time due to not having to drive so I perform better at work. It's pointless for my family to live in a remote community while I spend all day at work. They can live in a better society with better infrastructure, schooling and Universities. On my RnR days I can enjoy the beach and city life.'



'Not having to drive 12 hours every week to work, as I have done for the last 10 years. More time with family.'

'I drove in and out of work on a 5/4 roster and it is exhausting. There's no quality family life. People get killed driving to and from work and not everyone is able to live in western communities, no matter how many services are on offer. And so, marriage and family break ups. FIFO keeps employees safe and returns them to their happy families each week.'

FIFO opens up the industry to all

'I strongly support a Fly in Fly out workforce...Having work in mining for many years, living in mining towns and now working a fly in and out role I have experienced it from both sides. Not having a fly in and out option puts the restriction of the jobs only been available to those who wish to base themselves in a mining town mostly with limited amenities.'

'The main reasons I support BMAs FIFO practices is because it encourages diversity, challenges preceding cultures and gives employees the opportunity to choose where they reside.'

88% of our Caval Ridge and Daunia employees surveyed said that they had a high level of concern that the Government may force companies to reduce the number of FIFO work arrangements. Nearly two thirds of our employees said they are 'very concerned'.



Conclusion

BHP Billiton strongly believes that there is no case for altering current FIFO arrangements and that to do so retrospectively for existing mining operations would overtime remove the strong gains made in diversity, productivity and mine site costs – further placing Queensland's global competitiveness at risk.

FIFO arrangements at the Caval Ridge and Daunia mines were specifically approved by the Queensland Government after a full public consultation process and the careful consideration of the Coordinator General.

In addition, this deliberate decision was taken after a specific change request on the issue of 100% FIFO just four years ago, and in his evaluation report, the Coordinator General specifically addressed the challenges of local employment and the adverse impacts on local communities which can result from an overreliance on residential employment.

The Coordinator General also recognised the benefits which flow to local communities even under FIFO arrangements – and we believe we have delivered on this commitment through the Local Buy

program, conditioned social investments and voluntary social investments that have been outlined in this submission.

Changing FIFO approvals retrospectively would also risk the significant economic benefit accruing to Queensland from current arrangements.

Australia's resources sector faces enormous challenges at present. Its international competitiveness and therefore its hard earned market share, relies heavily on continuing improvements in the productivity of domestic mining operations.

As demonstrated in this submission, FIFO operations have achieved significant gains in productivity when compared with residential mines and this has been achieved with the strong support of the workforce. These productivity gains currently help to maintain the health of the Queensland economy generally and specifically underpin the \$3.5 billion in coal royalties that will be paid to the Queensland Government this year.

As well, FIFO arrangements have opened up employment opportunities in the resources sector for groups previously largely excluded: women, Indigenous Australians and residents of regional cities and the South East. Any change to existing FIFO arrangements would be negatively felt in the home communities of our existing FIFO employees, particularly Cairns which is experiencing significant economic and employment challenges.

BHP Billiton places the health and safety of our employees above all else. We recognise that the demographics of our workforce align with a cohort which is identified as at risk of mental illness and that with this comes a particular onus to be vigilant and supportive of our workers.

BHP Billiton urges the Committee to recommend no change to policy on FIFO practices and certainly no retrospective action.

BHP Billiton Coal wishes to make very clear our views to the Committee:

1. We do not support retrospective policy changes – these are the arrangements under which billions of dollars were invested. Gains in diversity and productivity should not be put at risk.
2. Current regulatory arrangements and the existing ability of the state to appropriately condition workforce commute arrangements for major projects should not be amended.
3. FIFO employees comprise less than 10% of our workforce in the Bowen Basin. We operate eight other residential mines in the region and local residents are free to apply for roles at these sites if they wish to.
4. When we made the decision to use a FIFO workforce for Caval Ridge and Daunia there was insufficient local labour and housing available in Moranbah and other towns.
5. It is flexibility and recognition of the commodities cycle in policy making that will encourage and assist the sector to make long term investments that employ thousands of Queenslanders.