

The Rio Tinto logo consists of the words "RioTinto" in a white, serif font, centered within a dark red rectangular background.

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Committee Secretary  
Transport and Public Works Committee  
Parliament House  
George Street  
Brisbane Qld 4000  
Submission via email: [tpwc@parliament.qld.gov.au](mailto:tpwc@parliament.qld.gov.au)

**Re: Submission to an inquiry into a sustainable Queensland intrastate shipping industry.**

Rio Tinto welcomes the opportunity to make a submission on the sustainability of Queensland's coastal shipping industry.

Rio Tinto has been an investor and contributor to Queensland's economy for more than 60 years and coastal shipping provides the vital link in that value chain between our operations and projects across the State.

We acknowledge the efforts of the Queensland Government in exploring ways for Queensland coastal shipping to be an efficient, effective, long-term and, sustainable industry.

With a value chain spread across Queensland, a competitive coastal shipping industry is fundamental to Rio Tinto's Queensland operations, which provide significant economic benefits for the State in terms of jobs, investment and local spend.

Bauxite shipments from Rio Tinto's Weipa mining operations on Western Cape York Peninsula provide vital feedstock for the Queensland Alumina Limited (QAL) refinery in Gladstone and the Yarwun alumina refinery north-west of Gladstone. These assets produce more than 7.3 mtpa of smelter-grade alumina for Australian and international customers, in what is a competitive commoditised market.

In 2018, Rio Tinto shipped a total of 13.6m tonnes of bauxite from Weipa to the Yarwun and QAL refineries. This includes volumes from the new Amrun project near Cape York, where Rio Tinto invested A\$2.6 billion. This project employed 1243 people at peak construction and spent A\$1.5 billion on Queensland goods and services during the construction phase.

In total, as at 2017, Rio Tinto employed nearly 4,000 workers in its bauxite, alumina and aluminium operations across Queensland, spending nearly A\$930 million on wages. This includes 27% Indigenous employment at the Weipa operations on Cape York. Indirectly, Rio Tinto operations created 32,063 full time equivalent (FTE) jobs in the Queensland economy. In 2017, Rio Tinto's bauxite, alumina and aluminium operations contributed A\$3.6 billion to the Gross State Product of Queensland<sup>1</sup>.

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<sup>1</sup> The Economic Contribution of Rio Tinto to the Australian Economy. ACIL Allen Consulting. October 2018.

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A competitive coastal shipping sector is vital in maintaining the viability of these assets, ensuring the operations remain internationally competitive particularly in the alumina market, support jobs for Queenslanders across the value chain, and support an attractive investment climate. As Premier Anastacia Palaszczuk remarked during her CEDA State of the State Address on 12 September 2018:

*“The aluminium that’s made in Gladstone from Weipa’s bauxite goes into mobile phones around the world. It’s a great example of turning our traditional strengths into our future competitive advantage.”*

Rio Tinto urges the Transport and Public Works Committee to consider the full economic and competitiveness implications beyond shipping and across Queensland’s alumina and bauxite sectors when evaluating potential options. Legislation or regulations intended to boost one sector of the economy could have unforeseen impacts on Queensland’s competitiveness in the global marketplace with ultimately detrimental implications for Queensland workers, goods and services. The competitiveness challenge faced by Australian shipping and the shrinking of the Australian registered trading fleet is a long term issue. From 1996 to 2016 the shipping fleet has reduced from 75 to 14 vessels<sup>2</sup>.

Impacts to one operation have cost implications for the rest of the value chain, including Rio Tinto’s aluminium smelters, such as Boyne Smelters Limited in Gladstone, where issues such as competitive and stable energy supply are also critical. The mining sector is also facing inflationary pressures on raw materials, labour and services across the value chain and potential increases in shipping costs have implications for the international competitiveness of marginal businesses such as alumina refineries and job security longer term in those businesses. Added regulatory or compliance costs would ultimately be passed on and borne by our Queensland alumina refineries, which participate in a highly competitive global market place, including with competitors in jurisdictions with significantly lower labour costs.

For Rio Tinto to be a successful business each of the company’s operations need to be independently viable and profitable. The cyclical nature of the commodity business results in our Gladstone alumina refineries operating under tight margins for extended periods. As part of our response to this ongoing challenge, Rio Tinto has been engaging with industry stakeholders to identify productivity improvements and cost-saving initiatives to support the cost-competitiveness of the Queensland bauxite, alumina and aluminium sector.

Rio Tinto’s commitment to Queensland’s intra-state shipping industry includes operating on the state’s coastal routes for more than 50 years. To our knowledge, Rio Tinto’s operations in Queensland represent more than 80 per cent of total intra-state shipping.

Rio Tinto currently operates four Australian-crewed vessels on the Queensland coast, providing employment for approximately 130 Australian seafarers, including Indigenous seafarers from Western Cape York. Each vessel typically employs 15 crew members, as well as one trainee on board. Rio Tinto, along with other companies, have also chosen to use foreign-crewed vessels, highlighting the economic and cost pressures on businesses of using Australian-crewed vessels on coastal shipping routes.

<sup>2</sup> Bureau of Infrastructure, Transport and Regional Economics Statistical report, Australian sea freight 2015–16, Table 5.1, Department of Infrastructure, Regional Development and Cities, Canberra, Australia.

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All Rio Tinto owned, operated and chartered vessels operating in Queensland comply with Australian and international shipping standards and regulations. Wages and conditions for international seafarers are set by the International Transport Workers' Federation (ITF). Rio Tinto adheres to ITF mandated rates and the Maritime Labour Convention. We also require strict enforcement from our ship managers and contractors and full compliance with all applicable laws and regulations. Australian Maritime Safety Authority (AMSA) and the ITF conduct regular compliance inspections of vessels calling at Australian ports.

Rio Tinto goes beyond compliance and all vessels chartered are vetted by RightShip. RightShip is the world's leading maritime risk management and environmental assessment organisation. RightShip helps manage marine risk by identifying and eliminating substandard ships from the supply chain, whilst improving overall safety standards in the maritime industry.

Rio Tinto's marine operations strive to lead the industry in terms of safety and operational excellence. Safety is the company's top priority and all operational decisions and activities put the safety of people and protection of the environment above all other considerations.

Rio Tinto has an incident-free operating history around the Great Barrier Reef and is committed to continuing that record into the future. We are also supporting the future of the reef environment through our partnership with the Great Barrier Reef Foundation. Safety and protecting people and the environment underpin our day-to-day operations and ensures Rio Tinto's commitment to Queensland extends beyond the positive economic impacts of our business and operations.

Rio Tinto, consistent with its long term presence in Queensland, is committed to working with all stakeholders, including the relevant unions, the Queensland Government and the Commonwealth Government, to achieve a competitive and sustainable coastal shipping industry.

It is Rio Tinto's view is that having competitive coastal shipping is in the best interests of seafarers, the mining industry and the community. Maintaining competitiveness in Rio Tinto's integrated value chain will enable us to continue to support prosperity for Queensland and Queenslanders.

Thank you again for the opportunity to make a submission on this important subject.

Please direct any enquiries to Rio Tinto's Manager Government Relations Julia Wilkins on [REDACTED]

Yours sincerely



**Bruce Cox**  
Managing Director, Rio Tinto Aluminium – Pacific Operations

