

INQUIRY INTO COAL MINING INDUSTRY SAFETY

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Submission to Inquiry into Coal Mining Industry Safety

Peabody Energy Australia Pty Ltd (**Peabody**) welcomes the opportunity to provide this submission to the Inquiry to share our company's commitment and actions to protect the safety of every individual that works across our mining operations and in our corporate office.

Peabody's Operations

Peabody is a leading global producer of metallurgical and thermal coal providing essential products for the production of affordable, reliable energy and steel. Peabody has 17 active coal mining operations in the United States and Australia, a global workforce of almost 5,000 employees and approximately 1,700 employees in our Australian operations.

In Queensland, Peabody operates Coppabella Mine, Moorvale/Moorvale South Mine, North Goonyella Mine and Burton Mine. Peabody also has a 50% interest in Middlemount Mine with Yancoal. Middlemount, Coppabella, Moorvale/Moorvale South and Burton are all surface mines. North Goonyella is an underground mine which is currently in care and maintenance. Burton Mine is currently under rehabilitation.

Peabody's Commitment to Safety

At Peabody, safety is our number one value and a commitment to excellence in safety, health, environmental stewardship and respect for cultural heritage is expected at every level of our business.

Peabody's Australian mines have regularly out-performed their industry peers with respect to recordable injury frequency rates and a more recent focus on safety interactions (a critical lead indicator for safety) has seen an encouraging reduction in serious incidents at our mines.

Peabody's Health and Safety efforts are led by our Global Executive Leadership Team (ELT), with oversight at a board level by the Health, Safety, Security and Environmental Committee.

All Peabody leaders are expected to support and cultivate a strong values-based culture by setting clear and consistent expectations for safety and health across the business, holding themselves and others accountable for their performance.

Our 'Safety and Sustainability' management system incorporates a comprehensive suite of health, safety and environmental risk standards which set clear expectations for all Peabody's operations, its leadership and its workforce. Performance audits against these

standards are conducted annually and directly impact the bonuses of Peabody's site and head office salaried staff.

As part of the onboarding process and prior to working at site, operations personnel, including contractors, receive comprehensive health, safety, and environmental training that meets internal standards and external regulatory requirements.

Peabody offers employees health and safety training and development opportunities throughout the year to improve technical knowledge, foster skill development, and cultivate risk awareness for all of our workforce, including contractors.

Current Peabody employees participated in an estimated 86,280 hours of health and safety training in 2021, or approximately 24 hours per operations employee in Australia.

In addition to Peabody's existing safety and health strategies, the company has implemented a number of actions in response to the recommendations of the Queensland Coal Mining Board of Inquiry (BOI).

Examples of key safety actions and initiatives are discussed below.

Issue: Mechanisms to raise safety concerns

The fundamental safety principle underpinning all Peabody operations is that every worker at every site has the absolute right to raise safety concerns and stop the job without fear of retribution. From a safety perspective, Peabody does not treat any individual differently.

Peabody site management actively encourages coal mine workers - employees, labour hire and contractors - to raise safety concerns in forums such as pre-start meetings, safety committee meetings and toolbox talks. In addition to these regular forums, Peabody also has an anonymous confidential reporting mechanism, *Tell Peabody*, through which all coal mine workers (and third parties) can raise safety concerns to ensure they are reported and investigated.

Once a Tell Peabody complaint is raised, it is allocated to a senior executive to investigate and report. The Tell Peabody Investigation Reports are reviewed regularly to ensure matters have been thoroughly addressed and any necessary actions taken. A detailed report is also provided to Peabody's global board of directors on a quarterly basis.

Actions:

- *Peabody has reviewed and updated induction procedures at our Queensland mines to ensure workers' rights and obligations under sections 274, 275, 275AA and 275AB of the Act, and workers' rights under Part 7 of the Act to have safety and health representation are effectively communicated.*
- *Peabody is currently reviewing the company's contractor management plans and management structures to embed a safety issues-resolution process and ensure contractors have multiple mechanisms through which to raise concerns.*

Issue: Systems and procedures to protect entire workforce

Peabody has a strong permanent work force which is supplemented by labour hire workers on a short to medium term basis to fulfil operational requirements. Peabody also engages contractors who offer specialist expertise, primarily in our underground operations (for example, contractors who specialise in gas drilling). These contractors will often provide specialist equipment for the work they are undertaking at our sites.

Each Peabody site has specific procedures that apply as part of its contractor management regime to ensure that contractors are inducted to site, familiar with the site's safety and health management system and that any specialist work a contractor undertakes is provided for under the site's Safety and Health Management System. This includes requiring specialist contractors to undertake a risk-based approach to tasks undertaken by them.

Contractors and labour hire coal mine workers are trained and inducted at our sites in the same way as Peabody employees. All site 'toolbox talks' and safety-related training and briefings include *all* coal mine workers - whether employee, labour hire or contractor. From Peabody's perspective, once an individual worker is on site, they are all treated in the same way.

Peabody's approach to safety in the workplace ensures that all coal mine workers, whether employees, contractors or labour hire workers, pursue a shared safety goal. Indeed, our success in this regard is borne out by the fact that, of the total reportable incidents at Peabody sites since 2019, there has been no discernible trend which suggests that contractors and/or labour hire workers are involved in relatively more TRIs when compared to our employees.

Actions:

- *Induction processes have been updated at all of Peabody's Queensland mine sites to strengthen messaging and references to the legislative rights of all coal mine workers to raise safety concerns.*
- *A review of Peabody contractor induction and management systems is also underway at Peabody's Queensland mines with reviews also planned at our mines in NSW.*

Issue: Critical Control Management

A critical control management (CCM) program is in place across all Peabody operations in Australia however efforts are ongoing to improve its effectiveness, especially in light of BOI recommendations.

Most recently, a software application, *Forwood*, was evaluated to replace the current paper-based CCM system. *Forwood* utilises globally standardised, critical control checklists and verification tools allowing a fatality-risk focus across all levels of the organisation - managers, supervisors, operators and contractors.

Forwood received company funding approval earlier this year and is in the process of being implemented as a CCM monitoring and verification tool at all Peabody mines in Australia. *Forwood* bases the identification of critical controls on 'bowtie' analysis of actual historical major and catastrophic mining accidents around the world and the controls that have prevented repeats of these incidents.

When fully incorporated across our business, the *Forwood* system will provide the opportunity to develop additional lead indicators for process safety. Once these indicators have been established and calibrated, there will be the potential for them to be given greater weight in the measurement of safety performance across Peabody operations.

Actions:

- *Incorporation of the Forwood system of globally standardized Critical Control Checklists for all Major Hazards and Critical Risks into Peabody's Australian platform – both underground and open cut operations. Implementation will be managed to ensure:*
 - *the risk register is reviewed;*

- *the bowtie analysis of all risks with major or catastrophic potential consequences is reviewed;*
- *critical controls have been identified from the bowtie analysis; and*
- *tools for the verification of critical control effectiveness have been developed and implemented.*

Issue: Bonus Structures

Peabody acknowledges the BOI recommendation that industry and individual companies must continue to improve safety bonus systems to reduce reliance on lag indicators that may inadvertently discourage reporting of safety incidents and injuries.

Peabody's current bonus structure for both coal mine workers and executives does not link bonuses to reportable high potential incidents (HPIs) and, as such, does not discourage workers or executives from reporting HPIs.

Currently, the Peabody executive bonus system gives equal weight to lead and lag safety indicators with half of the safety component based on total recordable injury frequency rate (TRIFR) and half based on performance against the standards in the Safety and Sustainability management system, with additional bonuses for exemplary performance. Bonuses paid to our workforce are determined by site-based Enterprise Agreements negotiated with the workforce and union representatives.

The implementation of the CCM program using Forwood will provide additional opportunities to develop more lead indicators for process safety, give them greater weight in the measurement of safety performance and, accordingly, offer greater potential for them to be incorporated into executive bonus structures.

Actions:

- *Having considered BOI observations and recommendations regarding bonus structures, Peabody is investigating introducing additional lead indicators into the measurement of individual mine site safety and health performance. Consideration is being given to indicators:*
 - *that trigger proactive actions to prevent potential fatal or catastrophic events (look to the CCM program); and*
 - *that address occupational health.*
- *Embedding the Forwood system across Peabody's Australian platform will support the development of these additional lead indicators with the potential for them to be included in the calculation of bonuses.*

Issue: Incident Reporting

Peabody has a comprehensive incident reporting classification procedure that provides direction with regards to what are deemed *Peabody Significant Incidents* (PSIs) – namely an incident with the potential for single or multiple fatalities. PSIs require the highest level of investigation and trigger alerts that are disseminated across all our global operations, including to Peabody's global and regional presidents and Chief Operating Officer.

In line with BOI recommendations, methane concentrations of 2.5% or above in any general body are classified as PSIs and prompt notification to site General Managers and to the Australian President within 48 hours and a Peabody Significant Incident Alert (PSIA) alert to global operations.

Other elements of Peabody's incident reporting and investigation procedures have been reviewed in light of the BOI recommendations. Peabody's underground operation in

Queensland is not currently operational however Peabody is developing an action plan to ensure these matters are appropriately addressed in any resumption of operations.

Actions:

- *Peabody has reviewed its incident reporting and investigation procedures to incorporate the requirement that methane exceedances at or above 2.5% in the general body are classified as Peabody Significant Incidents (PSIs).*
- *Peabody commits to reviewing all BOI incident classification and reporting recommendations – particularly those relating to underground mines – and incorporating them as part of any possible resumption of production at North Goonyella.*

Conclusion

Peabody recognises that there are important lessons to be learned from recent mine safety incidents in Queensland to improve safety at our own operations and across the broader industry. Peabody is committed to implementing relevant learnings from the Queensland Coal Mining Board of Inquiry to ensure we protect the safety of every coal mine worker in our mining operations.

Yours sincerely,



Jamie Frankcombe
President – Australian Operations.

