

ENVIRONMENTAL IMPACT STATEMENT

RED HILL
MINING LEASE

Appendix U
Addendum to the EIS – Economic and Social
Assessment

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Section 1 Introduction

1.1 Project Background

BHP Billiton Mitsubishi Alliance (BMA), through its joint venture manager, BM Alliance Coal Operations Pty Ltd, proposes to convert the existing Red Hill Mining Lease Application (MLA) 70421 to enable the continuation of existing mining operations associated with the Goonyella Riverside Broadmeadow (GRB) mine complex. Specifically, the mining lease conversion will allow for:

- An extension of three longwall panels (14, 15 and 16) of the existing Broadmeadow underground mine (BRM).
- A future incremental expansion option of the existing Goonyella Riverside Mine (GRM).
- A future Red Hill Mine (RHM) underground expansion option located to the east of the GRM complex.

The three project elements described above are collectively referred to as the Red Hill Mining Lease Project (the project).

The Red Hill Mining Lease Project is a coordinated project under section 26 of the *State Development and Public Works Organisation Act 1971* (SDPWO Act) which required BMA to prepare an environmental impact statement (EIS). The impact assessment process, under which this EIS has been prepared, is managed by the Office of the Coordinator-General on behalf of the Queensland Coordinator-General.

The project is also a controlled action under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). It will, therefore, also require approval from the Commonwealth Minister for the Department of the Environment (DOTE).

BMA prepared an EIS for the project. The purpose of the EIS was to satisfy the requirements of both the SDPWO Act and the EPBC Act and to inform a decision on whether the project should proceed, and if so, under what conditions. The EIS was submitted to the Office of the Coordinator-General in December 2013 and released for public review and comment from 14 December 2013 to 13 February 2014. The Office of the Coordinator-General received 56 submissions relating to the EIS from local, state and federal government, and private submitters.

1.2 Purpose of this Document

Following evaluation of the project and the receipt of submissions from the public, the Coordinator-General has requested additional information to the EIS to address a number of issues. The Addendum to the EIS provides the corrections, clarification and further information as required by the Coordinator-General. This document, Appendix U, addresses submissions related to the economic and social assessment of the project. Submissions relating to environmental matters are addressed in a separate addendum, Appendix T.

No additional studies were required by the Coordinator-General. Since the publication of the EIS, there have been no material changes or refinements to the project that require further assessment.

Section 2 Public Review

2.1 Submitters

Comments and recommendations on social and economic impacts were raised in submissions on the EIS from the following:

- Private submitters;
- Queensland Treasury and Trade;
- Queensland Ambulance Service (QAS);
- Department of Natural Resources and Mines;
- Isaac Regional Council (IRC);
- Department of Aboriginal and Torres Strait Islander and Multicultural Affairs;
- Department of Education, Training and Employment;
- Regional Service Group, DSDIP;
- Mackay Regional Council.

Most of the 34 submissions from private individuals addressing social and economic assessment and impact issues largely contained the same focus, format and text.

2.2 Submission overview

A substantial focus within the above-mentioned submissions was related to RHM workforce accommodation arrangements and local housing impacts.

The comments and recommendations included that:

- Mining companies should give workforces the choice for local subsidised rental accommodation or camp accommodation.
- Many locally based people and organisations are not supportive or are opposed to workforce arrangements involving 100 per cent of the workforce flying in and flying out of the region on a regular basis.
- The proposed project would be improved by changing the proposed workforce arrangements and/or allowing greater flexibility in the place of residence for the workforce and/or by restricting the proportion of workers who fly in and fly out of the region on a regular basis.
- Local applicants, for roles on the Red Hill Project, should be given preference over applicants that would fly in and fly out of the region on a regular basis.
- Locally based people should be given preferential treatment in relation to training.
- Mining companies should be given tax incentives for housing staff locally and mining companies should be taxed for building camps and operating on a fly-in fly-out basis.
- The information within the EIS does not justify the development of a 3,000 person capacity accommodation village and there is a need to demonstrate genuine and reasonable need at local and state level.

- Workforce accommodation villages have reduced the demand for rentals and investors are having difficulty filling units. The RHM proposals will further impact on rentals.
- BMA and/or the Government is holding back the development of land for housing in the area - More developed land will reduce the need for FIFO workforces.
- The development and use of accommodation villages is limiting the growth of local towns (e.g. Moranbah) and preventing them from growing from a town to a city.
- Moranbah is turning into a town with a large population of non-residents, limiting opportunities for a permanent population to grow.
- Adverse accumulative community impacts are arising due to the increase in fly-in fly-out workers in the region.
- Contributions of further social infrastructure will boost the incentives for people to choose to live and work within Moranbah and the Isaac region.

These comments and recommendations are addressed further below in the following categories:

- general suitability of (social and economic) impact mitigation strategies;
- housing and work force accommodation;
- BMA's approach to land development and increased rental vacancy rates;
- training opportunities;
- potential growth of Moranbah and sense of community;
- opportunities for local businesses; and
- local health and emergency services.

Section 3 General Suitability of Impact Mitigation Strategies

After reviewing the submissions, BMA remains of the view that it has proposed a suitable fit-for-purpose framework within the EIS to avoid, manage and mitigate social impacts and to address social impact issues that have been raised and may continue to be raised over time.

Relevant mitigation strategies are detailed in EIS Sections 18.12 to 18.19. Opportunities to link with local and State initiatives are identified in respect to maximising positive social outcomes. This includes how BMA will work with communities, councils, the Queensland Government and industry stakeholders to maximise social outcomes.

Commitment number 253 (EIS Appendix S, amended from commitment 210) provides that BMA will provide a report updating the status of social conditions, as outlined in Section 18 of the EIS. The report will be developed six months prior to commencement of operations at GRM incremental expansion and Red Hill Mine, or alternate time agreed with the Coordinator General. Section 18.11 of the EIS includes the following:

As the Social Impact Assessment is based on a project scenario which assumes...the commencement of operations in 2022, it is anticipated that some current policies, initiatives and strategies will change over time. The status of local, State and BMA initiatives, and of the

social baseline, will need to be reviewed...in order to adapt mitigation strategies to current circumstances.”

The future report identified in EIS commitment number 253 will describe:

- the status of social conditions outlined in EIS Section 18;
- actions and adaptable management strategies to avoid, manage or mitigate project-related impacts on social conditions and indicators;
- actions to avoid or mitigate direct local housing market impacts attributable to the project based on the optimal workforce arrangements as identified by the proponent;
- actions to enhance local employment, training and community and economic development opportunities;
- actions to avoid, manage or mitigate project-related impacts on local community services, social infrastructure and community safety and wellbeing; and
- actions to inform the community about project impacts and show that community concerns about project impacts have been taken into account when reaching decisions.

In addition, BMA has added an undertaking into the text of an updated EIS commitment number 212 (revised commitment number 254) to incorporate relevant Government programs into BMA's Community Development Program. BMA has a strong record of supporting the Moranbah community and it remains committed to ongoing support as part of the Community Development Strategy, which is detailed in the EIS (Section 18.11.5). BMA has a comprehensive community and stakeholder engagement program, ranging from regular formal meetings with the IRC, to the Moranbah BMA Community Network (BCN), and a range of interactions between BMA Community Liaison officers, individuals, and groups. The purpose of these networks is to understand community requirements and how BMA can support the community. This support helps make the community attractive to those who choose a residential work lifestyle.

In addition, BMA has committed to the Queensland Resource and Energy Sector Code of Practice for Local Content 2013, administered by the Queensland Resources Council.

BMA's Community Development Program (reviewed annually) includes a Community Partnership Program (CPP) that supports regional community programs, with current priorities including youth development, economic development, community development and welfare, community safety, sport, wellbeing and recreation, and cultural development.

Section 4 Housing and Workforce Accommodation

The social and economic assessments, inclusive of housing issues, within the EIS were based on:

- The extension of BRM (i.e. proposed first stage of work within the Red Hill Mining Lease) not causing adverse impacts on local housing arrangements as the existing locally-based BRM workforce is proposed to complete all work associated with the extension.
- Accommodating up to 100 per cent of the construction and operation workforces for RHM at an accommodation village within the proposed mining lease.

As evidenced by the different approach to two different project elements, BMA provides its workforce choice through different work force strategies at the various operations in the Bowen Basin.

The social and economic assessments within the EIS are based on a scenario involving the commencement of the operational phase of the RHM commencing in 2022. The timeframe assumptions are reasonable given the program of gas drainage work that is required in advance of mining operations and because investment decisions associated with RHM have not yet been made.

In these circumstances, BMA considers that commitment numbers 211, 219, 253 and 255 (EIS Appendix S) suitably address the accommodation impact issues that have been raised.

EIS commitment 253 involves a future update to the social assessment, and related impact mitigations, as detailed in Section 18 and Appendix P of the EIS.

This commitment is key to meeting the Coordinator-General's requirement for BMA to assess direct local housing market and other potential social impacts attributable to the project based on the optimal workforce arrangements as identified by the proponent. EIS commitment 210 has been updated in Appendix S (now commitment 253) to clearly identify this requirement.

BMA notes that this revised commitment 253 aligns with the recommendation provided within the submission by Queensland Treasury and Trade, as follows:

Given that the project is still several years away and plans may change, should the proponent decide not to locate the entire workforce in on-site accommodation, further assessment of these potential impacts should be undertaken prior to project initiation.

Queensland Treasury and Trade also noted in its submission that the entire workforce could be housed on site in a purpose built accommodation village, and thus will minimise any potential impacts on the local property market in Moranbah once the project gets underway.

Commitment 211 provides that BMA will “Accommodate up to 100 per cent of construction and operation workforces at an accommodation village within the proposed mining lease”.

Commitment 219 provides that “Prior to the commencement of construction, BMA will establish targets for female and Indigenous workforce participation. BMA would also commit to undertaking training and recruitment strategies to significantly increase the number of workers who are new entrants to coal mining”.

Taken together these commitments:

- provide a suitable review mechanism to accommodate any relevant factors that may need to be considered in the future when the RHM commences operations (nominally 2022);
- confirm that BMA has an overriding intent to avoid or mitigate all potential adverse local housing market impacts of RHM (e.g. price volatility, affordability problems, excessive vacancy rates etc.);
- provide scope for BMA to develop and provide purpose-built accommodation for all its RHM workforce to, for example, ensure no adverse local property market impacts depending on the prevailing conditions at the time that the RHM proceeds into operations; and
- involve mechanisms to promote workforce diversity and therefore enhance productivity.

BMA is focussed on securing the best workforce available to meet its operational requirements for RHM. As a result, all applicants, regardless of their work or home location, will be considered during the future workforce recruitment process. A new EIS Commitment 255 has been added to Appendix S (BMA Commitments) to reflect this focus.

Section 5 BMA's Approach to Land Development and Increased Rental Vacancy Rates

BMA and various government authorities have implemented a series of initiatives to enhance housing supply in Moranbah in recent years. For example, BMA invested heavily in the construction of residential housing in the two years or so to mid-2013. Four hundred dwellings across the Bowen Basin, plus the Buffel Park Accommodation Village, were developed to provide additional accommodation capacity for the BMA workforce. These new dwellings for BMA's Bowen Basin-based employees have led to reduced waiting times to access housing and are in line with the company's commitment to deliver quality accommodation options for its workforce.

These efforts were initiated during a time when median house prices and rental costs were escalating in the IRC area as detailed in EIS section 19.2.

Going forward, BMA is seeking to avoid causing artificial spikes in demand for, or supply of, in-town accommodation and to continue to minimise adverse impacts on the local housing market (e.g. price volatility, affordability problems, excessive vacancy rates etc.) that can be caused by new projects.

The proposal to accommodate up to 100 per cent of the RHM workforce in a purpose built accommodation provides BMA with the ability to avoid adverse impacts on the demand-supply balance of the local housing market. BMA is focussed on avoiding and mitigating adverse project impacts while also securing the best workforce available and implementing the best workforce accommodation arrangements to meet its operational requirements and to ensure the sustainability of its operations.

Section 6 Training Opportunities

As noted in section 18.11.1 of the EIS, BMA's current training strategies include school and industry based training partnerships across the Bowen Basin, structured training through traineeships and apprenticeships, and strategies to increase employment opportunities for Indigenous people in BMA operations. BMA is also facilitating training and trade qualifications for local young people through its support for the Coalfields Training Excellence Centre (CTEC) in Moranbah.

For operations, BMA will co-ordinate direct employment of apprentices and trainees. As at the time of the EIS, BMA had 49 apprentices and 22 traineeships across the Bowen Basin, many of whom were recruited locally. Prior to commencement of the RHM, BMA will consult State agencies and IRC about current initiatives prior to finalising its training and stakeholder engagement plans for construction and operation of the project.

Section 7 Potential Growth of Moranbah and Sense of Community

BMA is only one of a number of resources companies and primary industries contributing to the growth of Moranbah. BMA's Community Development strategy is detailed in the EIS (Section 18.11.5). BMA has a strong record of supporting Moranbah and it remains committed to maintaining and further growing this community.

BMA has a comprehensive community and stakeholder engagement program, ranging from regular formal meetings with the IRC, to the Moranbah BMA Community Network (BCN), and a range of interactions between BMA Community Liaison officers, individuals, and groups. The purpose of these networks is to understand community requirements and how BMA can support the community. This support helps make the community attractive to those who choose a residential work lifestyle.

BMA will continue to support the Moranbah and other Bowen Basin Communities. BMA has committed to the Queensland Resource and Energy Sector Code of Practice for Local Content 2013, administered by the Queensland Resources Council.

BMA's Community Development Program (reviewed annually) includes a Community Partnership Program (CPP) that supports regional community programs, with current priorities including youth development, economic development, community development and welfare, community safety, sport, wellbeing and recreation, and cultural development.

The CPP can only continue if BMA can ensure the sustainability of its operations by, for example, continuing to attract the best available workforce to meet its operational requirements.

The Coordinator-General has advised BMA that project related impact mitigation strategies should be designed wherever possible to complement and extend government initiatives being implemented to support the sustainability of, and living conditions within, towns in resource industry areas.

As a result, BMA has added an undertaking reflecting this principle into the text of a revised commitment number 254 (Appendix S, amended from commitment number 212). Revised commitment 254 is as follows: *"Incorporate the project relevant Government programs (e.g. Royalties for the Regions) into BMA's Community Development Program."*

Section 8 Local Businesses

BMA has committed to the Queensland Resource and Energy Sector Code of Practice for Local Content 2013, administered by the Queensland Resources Council.

BMA's Local Buying Program (BLBP) is a targeted program providing opportunities for small businesses to competitively supply goods and services to BMA and BMC throughout the Bowen Basin.

BLBP targets businesses with less than 25 full-time employees, registered or operating as their primary place of business in the townships of Moranbah, Dysart, Blackwater, Emerald and Nebo. The BLBP provides opportunities for small businesses to competitively supply goods and services to BMA. The BLBP is discussed in detail in section 18.11.4 and Appendix P of the EIS.

As identified in section 19.3 of the EIS, it is expected that project spending within the region will include expenditure on on-site infrastructure, including village construction and operations, maintenance activities and fuel.

Section 9 Increased Pressure on Local Health and Emergency Services

Section 18 of the EIS (particularly 18.17) addresses the concerns regarding pressure on Local Health and Emergency Services, identified during the stakeholder engagement process. The EIS assessed the potential impact on these services to be of medium likelihood and consequences and could include increased demand on Queensland Police Service (QPS), QAS and Queensland Fire and Rescue Service (QFRS) in response to accommodation village call outs, traffic incidents, and wide load supervision.

BMA is currently active in a number of collaborative efforts to address cumulative impacts, including participation in the Moranbah Cumulative Impact Group, and establishing relationships and regular communication between construction and operations managers and local QPS, QAS and QFRS teams. Cumulative impacts are, and will continue to be addressed through collaboration between regional councils, State government agencies, resource companies and communities.

Mitigation and monitoring of cumulative impacts will therefore require the involvement and coordination of multiple stakeholders. This is part of a cumulative demand on police and emergency services due to non-residents workforces for a number of operations, and requires a government planning and resourcing response.

BMA's contribution to managing this potential cumulative impact at the project site will include formal management of residents at the Red Hill Accommodation Village, engagement with the various emergency services to ensure they have a good appreciation of locations and potential requirements from the village.

As indicated in Section 18.17.2 of the EIS, 12 months prior to construction of the RHM, BMA will engage with local medical providers, including Moranbah Hospital, local GPs and the QAS, to assess capacity for additional demand to be absorbed by local service provision arrangements. The capacity of health services will also require monitoring by the Queensland Government as part of its usual planning for regional population growth.