

**Why does BHP need to have 100 per cent FIFO arrangements for Daunia and Caval Ridge?**

The workplace arrangements we have in place are vital to ensuring that the objective of increasing diversity across our workforce is attainable, and to protect the productivity gains that have been achieved so far.

We have reached our target of 25% female participation at these two mines, and also to expand the opportunity of a rewarding career in mining to the 95% of people in Queensland who do not live in close proximity to the Bowen Basin.

In addition these mines have achieved over 3% indigenous participation and 50% of the employees at these mines are new to the industry.

It is inaccurate though to use the term 100% FIFO. Many of the contractors performing work at Caval Ridge and Daunia Mines are locally based - our records show that during February 2015 alone around 1000 site visits were made by 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 Basin and Mackay in the last three years.

**Will this arrangement continue into the foreseeable future?**

We believe any policy change of a retrospective nature would be highly retrograde and would place at risk the diversity and productivity gains that have been achieved at these mines.

A recent survey of the workforce at these mines found over 92% of employees fully support their current arrangements and FIFO as a work practise.

If any Queenslanders wish to apply to work at any of our eight other residential mines in the Bowen Basin they are welcome to do so. FIFO arrangements are only offered at Daunia and Caval Ridge.

**Why is 100 per cent FIFO needed?**

[Answer above Q1]

**Does the crash in commodity prices and the effect that has had on Moranbah change the company's policy, as there is now a large workforce locally that could be used? (particularly after the 1000 redundancies that the town estimates have happened in the local area...)**

We have employed 950 people from Cairns and South East Queensland to operate the Daunia and Caval Ridge Mines. They are supported by hundreds of local contractors who provide goods and services on a daily basis.

The large reduction in commodity prices in recent years means we need to continually improve our productivity and cost efficiency efforts at each one of the 10 coal mines BHP Billiton has a stake in

across the Bowen Basin. The FIFO arrangements we have in place at Daunia and Caval Ridge are yielding strong productivity gains for us.

**Do these arrangements effectively ban local people from working at these BHP mines, over people from Cairns and Brisbane?**

BHP Billiton, along with our joint venture partners, operates two mines in which our direct employees are engaged on a FIFO-only basis. The other eight mines in the Bowen Basin draw their workforces overwhelmingly from nearby towns and the surrounding region.

We believe it is important to offer a rewarding career in mining to people living outside of the region, as well as to the many thousands of local employees and contractors based in the Bowen Basin and Central Queensland generally. In total we have around 9000 people employed in this way.

**Does BHP have mines in the Bowen Basin which are not exclusively 100 per cent FIFO?**

Yes. See above. We have eight other mines.

**If so is the company looking at applying to the state government to change this?**

We have no plans to alter the FIFO arrangements we currently have in place. We are focussed on making sure our existing mines are as productive and cost efficient as possible to ensure the best chance of securing their ongoing commercial viability.

**What is BHP's view of the two state government inquiries that have started looking into FIFO arrangements?**

BHP Billiton strongly believes there is no case for altering current FIFO arrangements. To do so retrospectively, for existing mines, would overtime remove the strong gains made in diversity, productivity and mine site costs, putting Queensland's global competitiveness at further 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 including a spend of \$5.5m in 2014.

Changing FIFO approvals retrospectively would also risk the significant economic benefit accruing to Queensland from current arrangements, and send a very poor message to the investment community.

**Does BHP Billiton have any safety programs in place regarding fatigue issues amongst its workforce?**

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.

In addition to this roster, BMA operates a 14 hour gate to gate rule. This means that employees on a 12 hour shift at Caval Ridge and Daunia are not away from their accommodation for more than 14 hours at a time.

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.

**Also, are your employees encouraged to report safety concerns?**

Safety is a core value for BHP Billiton across all of our businesses, which means putting health and safety first. We believe safety is the responsibility of each one of us and we actively encourage reporting of hazards and safety concerns.

We continually reiterate this to all our workers through our routine pre-start and other operational sessions and through our robust training including site inductions.

BHP Billiton also ensures it complies with the requirements of relevant Queensland legislation, under which coal mine employees are required to stop work to report safety concerns.

## Background Information

Along with our joint venture partners, BHP Billiton employs more than 10,000 employees and contractors to operate our 10 mines in Central Queensland, making us the largest local employer. Eight of our mine operations, and our port facility and other infrastructure, draw their workforces from the local community.

The 950 employees at Daunia and Caval Ridge are less than 10% of our total workforce in the Bowen Basin. At the time that these mines were sanctioned the unemployment rate in the area was 1.3% and there were not sufficient workers available.

The operator of Daunia and Caval Ridge, BMA, had 750 jobs unfilled at that time in the Bowen Basin, in addition to needing to hire over 900 more. To bring the mine into production the only way possible was by using a workforce from outside the local region.

These workplace arrangements were put in place after agreement with the then Queensland Government after a rigorous assessment process through the Co-ordinator General, who agreed with the need to hire employees from other parts of Queensland.

A retrospective change would send a very poor message to the investment community and put at risk 950 jobs for people in Cairns, the Sunshine Coast and Greater Brisbane.

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.

During construction of these two mines, we built 400 new houses in the Bowen Basin (327 of these in Moranbah). We own over 800 of the houses in Moranbah and about 1600 across the Bowen Basin.

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.