

The Bowen Basin Coal Growth Project – Caval Ridge Mine

Coordinator-General's change report number
7—Local Buying Program

March 2013

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1. Introduction

The Bowen Basin Coal Growth Project: Coordinator-General's evaluation report for an environmental impact statement (Coordinator-General's report) was released in August 2010, pursuant to section 35 of the *State Development and Public Works Organisation Act 1971 (Qld)* (SDPWO Act).

The proponent for the Caval Ridge Mine (CRM) project is BHP Mitsubishi Alliance Coal Operations Pty Ltd (BMA). In March 2013, BMA applied to the Coordinator-General seeking changes to the Local Industry Participation Plan condition in the Coordinator-General's report.

1.1. Prior applications for project change

The proponent has previously requested five changes to the conditions for the CRM project, as follows:

- Change Request 1 – Accommodation Village Location and Capacity
- Change Request 2 – Granting of an Environmental Authority
- Change Request 3 – Housing Impacts Study Instigation Conditions
- Change Request 4 – 100 per cent Fly-in/Fly-out Operations Workforce

In Change Request 4, the Coordinator-General imposed a new Condition 11(g) Local Buying Program. This condition requires BMA to report on the program's activities annually, and to publish the procurement pipeline of upcoming opportunities. The change report was released on 2 September 2011.

- **Change Request 5 – Rail Alignment Changes**
- **Change Request 6 – Miscellaneous Condition Changes**

At the time of the preparing this report the Office of the Coordinator-General is processing project change number 6 for the Caval Ridge Mine. Project change 6 is complex and documentation has been prepared for this matter. For administrative efficiency this project change request on local content will be processed separately and will be referred to as project change number 7.

1.2. Legislative provision for change report

In March 2013, the proponent applied to the Coordinator-General to assess a proposed change to a project, under Division 3A, section 35B, of the *State Development and Public Works Organisation Act 1971 (SDPWO Act)*. In accordance with section 35C of the SDPWO Act, the Coordinator-General has evaluated the effects of the proposed change, its effects on the project and any other related matters, and prepared this Coordinator-General's change report.

2. Public notification

In accordance with section 35G of the SDPWO Act, the Coordinator-General must decide whether or not the proponent is required to publicly notify the proposed change application and any effects on the project.

The proposed change does neither materially affect the obligations contained in the relevant conditions nor require complex evaluation. Accordingly, it is the view of the Coordinator-General that the proposed change did not warrant public consideration and the request for project change was not publicly notified prior to evaluating the change application.

3. The proposed change

The change requests that Condition 11(g) be deleted. (This condition was imposed in *Coordinator-General's Change Report on 100 per cent fly-in fly-out operations workforce: Application for project change, number 4* (change report number 4)). BMA intends to adopt the Queensland Resources Council Resources and Energy Sector Code of Practice for Local Content.

The change seeks to maintain consistency with government policy and the practices of other proponents seeking similar changes, and make reporting arrangements more efficient. The condition reads as follows:

Condition 11

- (g) The proponent must implement the Local Buying Program and include details of the procurement pipeline of upcoming opportunities and regular reports (at least quarterly) of the program's outcomes, on its website.

4. Evaluation of the change request

4.1. Current progress on local content initiatives

BMA has developed and implemented the Local Buying Program, which is targeted at providing opportunities for small businesses with less than 25 full-time employees to competitively supply goods and services to BMA and its operations located throughout the Bowen Basin. Reports on the BMA Local Buying Program have been delivered via the BHP Billiton website at quarterly intervals since 30 November 2012.

4.2. Current Queensland Government policy and Code of Practice for Local Content

The Coordinator-General's *Terms of Reference* for future resource projects undergoing *Environmental Impact Statement* states in Section 7.2.1:

The assessment of economic impacts should outline strategies to encourage participation by local industry and the local workforce, including strategies for ensuring local suppliers of goods and services receive full, fair and reasonable opportunity to tender for work throughout the life of the project. Private sector projects are asked to commit to adopting the Queensland Resources and Energy Sector Code of Practice for Local Content 2013, administered by Queensland Resources Council (Code of Practice for Local Content).

Since May 2012, I have not conditioned project proponents under the SDPWO Act to submit a Local Industry Participation Plan. In addition, if a proponent commits to adopt the Code of Practice for Local Content, I will acknowledge the proponent's commitment and recommend that it be adopted.

BMA's current conditioning (Condition 11(g), above) is inconsistent with this current practice, and an amendment to the condition will bring it into line with current arrangements.

4.3. Current conditions and Code of Practice for Local Content requirements

Requirements under the Code of Practice for Local Content are consistent with outcomes sought under conditions set by the former Coordinator-General in May 2010. These include providing full, fair and reasonable opportunity for local industry to compete for the supply of goods and services for coordinated projects under the SDPWO Act and projects assessed under the *Environmental Protection Act 1994*, through the Department of Environment and Heritage Protection.

The Queensland Government and industry have a shared aim to see project proponents commit to engaging proactively with capable local suppliers.

The Code of Practice for Local Content asks proponents to adopt practical local content strategies to ensure there is early engagement with Queensland industry, and inclusive procurement practices and provides for guidance and support for proponents to deliver effective strategies.

5. Conclusion

Pursuant to section 35I of the SDPWO Act, my conclusions from the evaluation of the BMA application for project change, dated 22 March 2013, are below.

I have determined that the proposed change does not materially affect the obligations in Condition 11(g).

I have decided to withdraw the condition as BMA has committed to adopt the Code of Practice for Local Content, which is consistent with outcomes sought under the conditioning in September 2011.

I note the BMA's commitment to adopt the Code of Practice for Local Content and it is expected this commitment will be implemented.

5.1. Revised conditions and recommendations

Conditions and recommendations made in this report are made pursuant to section 35I(2) of the SDPWO Act.

I conclude that Condition 11(g), from change report number 4, should be withdrawn, and a new recommendation on local content be inserted in Schedule 5 of the Coordinator-General's report. The recommendation is:

'The proponent is to adopt the Queensland Resources and Energy Sector Code of Practice for Local Content 2013, administered by the Queensland Resources Council.'

5.2. Distribution of change report

Pursuant to section 35J of the SDPWO Act, a copy of this report will be given to the proponent, and a copy will be made available at: www.dsdip.qld.gov.au/coordinator-general

As per section 35K of the SDPWO Act, the Coordinator-General's report on the EIS for the project, and the Coordinator-General's change reports, both have effect for the project. However, if the reports conflict, the Coordinator-General's change report prevails to the extent of any inconsistency.



Barry Broe
Coordinator-General

27 March 2013

