



Mr John Hann
Chair
Independent Planning Commission Panel
For the Vickery Extension Project
GPO Box 3415
Sydney NSW 2001

9 July 2020

Dear Mr Hann,

Aurizon appreciates the opportunity to provide a further submission in relation to Whitehaven Coal's proposed Vickery Extension Project (Vickery).

Our company is pleased to support Whitehaven's Vickery application in view of the significant and sustainable benefits the project would generate, particularly for the communities of the Gunnedah and Narrabri regions. The economic benefits include the creation of skilled, well-paid jobs, the supply of goods and services by local businesses and the revenue generated from the additional exports of high-quality coal that Vickery would enable.

The wider benefits include the responsible and sustainable management of mining assets and supply chain operations, including the contributions and linkages to the local communities in which we operate. The significance of these benefits is outlined in this submission.

Consistent with recognising the important economic and community benefits the project would deliver, Aurizon notes the assessment of the New South Wales Department of Planning, Industry and Environment which, having considered the wider impacts of the proposed project, concluded that the project is 'in the public interest subject to the recommended conditions of consent'¹.

Exports of high-quality coal

As Australia's second most valuable export product², coal is an integral part of the nation's prosperity with an export value of \$64 billion in 2019³. Coal royalty payments to the state governments of Queensland and New South Wales contributed \$6.3 billion⁴ in FY2019, and

¹ NSW Department of Planning, Industry and Environment, *Vickery Extension Project, Stage Significant Development Assessment SSD 7480*, May 2020, p. xvi

² Largest (by value) export product in 2019 (calendar year). Source: Australian Bureau of Statistics, Customised Report

³ Australian Bureau of Statistics, Customised Report

⁴ Queensland Government: Mid-Year Fiscal and Economic Review 2019-20, New South Wales Government: NSW Department of Planning and Environment.

are used to fund schools, roads and hospitals. The coal industry directly employs more than 38,000 Australians⁵ with a further 120,000 indirect jobs supported by the industry⁶.

We particularly note the economic contribution of coal mining in the Gunnedah and Narrabri local government regions, with more than 12 per cent of the region's workforce employed in coal mining⁷, the highest proportion of any industry. This economic contribution is mostly due to the continued investment made by Whitehaven Coal, which is biggest single employer in the region.

Coal produced by Whitehaven's current operations is amongst the highest quality coal mined in Australia for export. With a proposed product similar to the existing Maules Creek⁸ operations, development of Vickery will enable the continued supply of Semi-Soft Coking Coal and high calorific thermal coal to Australia's trading partners that rely on Australian product for energy generation and for steel production.

Aurizon's business and operations in NSW

Aurizon is an Australian company listed on the Australian Securities Exchange. In FY2019, our company's rail haulage operations carried approximately 260 million tonnes of freight in Queensland, New South Wales and Western Australia.

Aurizon commenced operating heavy haul rail services for coal producers in the Hunter Valley in 2005. The coal volumes we carry in the Hunter Valley have been growing and in 2020 are forecast to be 58 million tonnes. This represents significant growth in annual coal haulage over the last decade, with Aurizon having transported 17 million tonnes on the Hunter Valley Coal Network in 2010. The growth in coal volumes transported by Aurizon over the last 15 years are shown at attachment A. Our company also provides bulk grain operations in New South Wales.

We currently have 470 employees who live and work in the NSW Hunter Valley, Gunnedah and Narrabri regions. Our employees in NSW are a valued part of the company's total workforce of approximately 4,900 people.

Aurizon hauls about 10 million tonnes per year of coal for Whitehaven. This coal is transported to the Port of Newcastle from four loading facilities located at Maules Creek, Narrabri, Gunnedah and Werris Creek.

Whitehaven's current contract with Aurizon is for a period of 12 years. The level of certainty provided by this contract allowed Aurizon the opportunity, commencing in 2014, to expand our operations into the Gunnedah Basin and to plan our supporting infrastructure investments, including in maintenance and support services, for an extended period.

Our ability to provide efficient operations and to continue improving our haulage services also depends on investments in our rollingstock, facilities and the technology and quality maintenance operations that support them. Over more than a decade, Aurizon has invested more than \$1.1 billion in rollingstock, operations and maintenance facilities and in technology to support our NSW operations⁹.

Our investments in NSW rollingstock have included more than 800 new coal wagons and 11 new locomotives acquired and deployed for coal haulage services in the Hunter Valley and Gunnedah Basin. We recognise the importance of continuing to make investments aligned with optimising service delivery. Modernising our rollingstock fleet is a key component of

⁵ Australian Bureau of Statistics, ABS Labour Account Australia, year ended 30 June 2019 (Coal mining filled Jobs)

⁶ Minerals Council of Australia, Coal: building Australia's future

⁷ Australian Bureau of Statistics, 'Gunnedah (A) (Local Government Area), 2016 Census QuickStats', viewed 2 July 2020 http://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA13550

⁸ Whitehaven Coal Investor Day Presentation, September 2019

⁹ The combined total of all past investments made in the Hunter Valley and Gunnedah Basin regions by Aurizon.

Aurizon's approach to lifting the productivity of operations and ensuring the services we provide contribute to the provision of competitive and sustainable export supply chains.

Safety

Aurizon and Whitehaven share a common set of values relating to safety. Both companies are conducting their businesses in a way that provides and maintains safe and healthy workplaces for employees, contractors, visitors and the communities in which our operations are located.

We both share a goal of zero injuries by ensuring that safety and the prevention of injury is part of our culture. This shared approach under which both companies identify safety as the highest priority provides the basis for safe and productive workplaces extending from the operation of mines and across all parts of the land transport supply chain.

Sustainability

Aurizon has a close alignment with Whitehaven's commitment to sustainability, which is based on embedding sustainable practices into the company's day to day operations. This commitment complements the high priority that Aurizon gives to ensuring that the transport supply chain is developed and operated sustainably, and to effectively managing and reducing the impacts our operations and support services make on the natural environment.

Our 2019 Sustainability Report provides a comprehensive explanation of the priorities and actions the company has committed to achieve in order to be a business that operates according to clear and well understood values. Our values are the basis on which we are continuing to build a strong company that contributes to a sustainable future for our employees, customers, shareholders and the communities where we operate¹⁰.

The high-quality coal already produced Whitehaven, and which would be produced at the Vickery development, contributes to the reduced environmental impacts that reflect sustainable values and practices. An example of this is in the use of high-quality thermal coal produced by Whitehaven. When combined with ultra-supercritical technology, high-quality coal can reduce greenhouse gas emissions by up to 50 per cent compared to using average-quality coal from some other coal producing nations in subcritical generation technology.

Regional communities

A high priority for Aurizon is to build on the positive contribution our businesses make to the regional communities where our employees live and work and where our train and supply chain operations are located.

More than 80 per cent of Aurizon's employees are based in regional locations. With regard to our NSW operations, all of Aurizon employees who work in operational and maintenance positions in the Hunter Valley and Gunnedah Basin live in the towns and communities of those regions.

We are working to build further on our presence in regional communities. Over the last three and a half year years, the company has given a high priority to bringing more leadership and support services closer to our operations in regional locations, including in regional NSW.

Another way that Aurizon and Whitehaven contribute to regional areas is through the commitment that both companies have to supporting and working with local communities. Both businesses work with organisations and individuals in regional communities to continuously maintain safety, including the safety of the communities where we have our operations. We also engage in ongoing dialogue with community representatives and use this dialogue to

¹⁰ Aurizon 2019 Sustainability Report: Delivering for a Sustainable Future, <https://www.aurizon.com.au/sustainability/overview>

improve our performance. Similarly, we strive to understand and, where we can contribute or lend a hand, to support local community issues and priorities.

Both Whitehaven and Aurizon provide support for charitable and not for profit organisations in the regions where we operate. Aurizon provides this support through our Community Giving Fund. Since 2011, Aurizon has supported more than 370 charities and not-for-profits to support work in fields that include education, community safety, environmental improvement projects and health and well-being.

An example of local projects supported by Aurizon's Community Giving Fund is the granting of funds to the organisation Riding for the Disabled in the Gunnedah region for the purchase of a defibrillator and to undertake training in its use. Riding for the Disabled is a not for profit charity that provides children with disabilities across the region with horse riding experiences. The safety of the children, parents, volunteers and community members involved is paramount to this community program. The purchase of the defibrillator and provision of training will provide support to the program for many years.

In addition, Aurizon supports regional communities by purchasing business inputs from local suppliers. In 2018-19 Aurizon spent \$1.2 billion with suppliers to our businesses. A large proportion of our suppliers are themselves located in regional areas, including in the Hunter Valley, Gunnedah and Narrabri regions. These businesses supply goods and services including equipment hire and office services.

Enabling the development of sustainable new projects in the region, such as Vickery, will allow Aurizon to continue to extend employment and supply contract opportunities to regional locations, as well as the allowing further community linkages and contributions that are a priority for our company.

Diversity and inclusion

Aurizon has a commitment to building greater diversity and inclusion in our workforce, with a focus on increasing the representation of women and Aboriginal and Torres Strait Islander men and women across the company, including in skilled operational roles. Aurizon appreciates that an inclusive workplace, which supports gender balance and equality, drives better performance and outcomes for our customers, shareholders and the communities where employees live and work.

The representation of women in our workforce is currently about 22 per cent, up from 12 per cent in 2012. This increased representation of women includes providing more opportunities to pursue skilled pathways through apprenticeships and training programmes at Aurizon.

Providing effective employment, training and development opportunities for Aboriginal and Torres Strait Islander Australians as part of a broader commitment to achieving greater understanding and contributing to reconciliation, has been a key priority for Aurizon.

We have made significant progress, with the percentage of Aboriginal and Torres Strait Islander employees in our workforce increasing from approximately 2.5 per cent of all employees in 2012 to more than 5 per cent today.

Our aim is to make further progress in providing opportunities for Indigenous Australians as set out in Aurizon's second Reconciliation Action Plans (RAP) which was released in July 2018, has been endorsed by Reconciliation Australia as a 'Stretch' RAP¹¹.

¹¹ Under Reconciliation Australia's RAP framework, a 'Stretch' RAP is 'best suited to organisations that have developed strategies and established a strong approach towards advancing reconciliation internally'. This type of RAP is 'focused on implementing longer-term strategies, and working towards defined measurable targets and goals' (<https://www.reconciliation.org.au/reconciliation-action-plans/#ra-stretch-rap>).

Long-term benefits

Whitehaven has demonstrated over many years its commitment to efficiently and sustainably working with its supply chain partners, including Aurizon, to deliver its product to customers.

The proposed approach to the development of Vickery would deliver substantial economic benefits for the NSW economy while recognising Whitehaven is committed to embedding sustainable practices and operating a sustainable business. Importantly, given the regional presence and the commitment of Whitehaven, a large proportion of the economic benefits would be shared with the regional communities, primarily in the Gunnedah region.

These benefits include the creation of additional skilled and well-paid jobs. The Minerals Council of Australia's 2018 publication *Miners @ Work* shows that mining has, on average, the highest wages of all major industries in Australia¹². In 2017, the average weekly earnings of minerals industry employees were \$2,678, which was 65 per cent higher than the average weekly earnings across all industries¹³. Furthermore, the gross value to the economy per mining industry employee is substantially higher than for any other major industry.

Furthermore, jobs in this sector involve the development of skills and capabilities that provide opportunities for employees to enjoy rewarding careers, with the skills and experience gained in mining being valued by many other industries. These benefits are especially important to regional communities where well-paid and highly skilled employment opportunities can be limited when compared to the opportunities available in capital and other major cities. In addition, Aurizon, Whitehaven and other employers in the mining and transport sectors value and foster diverse and inclusive workplaces.

Aurizon is proud of the partnership we have with Whitehaven. Having worked closely together over recent years, we know Whitehaven to be a company that reflects very similar values to Aurizon, including our shared commitment to safety and to the wellbeing of all employees.

Given the substantial community benefits the project would deliver over a period of 25 years or more, Aurizon is very pleased to support the proposed Vickery Extension Project.

Yours sincerely,



Ed McKeiver
Group Executive Coal

¹² Minerals Council of Australia, *Miners@Work: Australia's World-Class Mining Workforce*, May 2018, p. 4

¹³ *Ibid*

Attachment A: Aurizon coal haulage volumes in New South Wales since 2006

