

# **Bowen Basin Coal Growth Project— Caval Ridge Mine:**

## **Coordinator-General's change report no. 9— housing and accommodation condition changes**

**September 2013**

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## Synopsis

The *Bowen Basin Coal Growth Project: Caval Ridge Mine – Coordinator-General's evaluation report for an environmental impact statement* (Coordinator-General's report) was released on 9 August 2010. The report evaluated information presented in the environmental impact statement (EIS), issues raised in submissions on the EIS and supplementary EIS, advice from advisory agencies and other entities, as well as technical reports. The Coordinator-General's report considered the potential environmental, social and economic impacts and associated mitigation measures of the proposed Caval Ridge Mine (CRM).

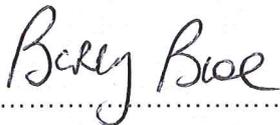
Subsequent to publication of the Coordinator-General's report, the proponent has submitted eight applications for project change (APC) requests, all of which have been granted approval.

On 16 August 2013, BHP Mitsubishi Alliance Coal Operations Pty Ltd (BMA), the proponent for the project, applied to the Coordinator-General for a further change to the project. APC number 9 seeks the amendment of conditions 14 and 18 imposed on the project via the Coordinator-General's report and Coordinator-General's change report number 4.

Under the most recent APC, BMA has requested the consolidation and rewording of two existing conditions to provide greater flexibility in delivering the intended outcomes, and increasing the opportunity for innovation.

BMA also contends that the proposed changes to the conditions are designed to reduce the administrative burden on the CRM project whilst not materially affecting implementation of the project or various plans that have been approved since the original conditions were set.

I have assessed the proponent's application for project change, and approve consolidating and rewording two conditions. Revised conditions are shown in Appendix 1.



Barry Broe  
Coordinator-General

27 September 2013

# 1. Introduction

## 1.1. The proponent

The proponent for the Caval Ridge Mine (CRM) project is BHP Mitsubishi Alliance Coal Operations Pty Ltd (BMA) (the proponent).

## 1.2. The project

The CRM is part of the proposed Bowen Basin Coal Growth (BBCG) project, involving two new coal mines—Daunia and Caval Ridge; an expansion of the Goonyella Riverside Mine; and the relocation of the Moranbah Airport. The Coordinator-General's report for the CRM was released on 9 August 2010.

The CRM is located approximately six kilometres south of Moranbah in Central Queensland and includes the following key elements:

- open-cut production of approximately 5.5 million tonnes per annum (Mtpa) of coal products using dragline and truck and shovel extraction methods
- development of associated infrastructure including a new 8 Mtpa coal handling and preparation plant (CHPP) with the capability of processing an additional 2.5 Mtpa sourced from the existing and adjacent Peak Downs Mine
- construction of an overland conveyor from the Peak Downs Mine to the CRM CHPP
- elevation of the Peak Downs Highway over a new mine haul road and infrastructure corridor
- construction of a new rail spur and loop from the main Blair Athol line to the train load-out facility
- a construction workforce of approximately 1200 people with an estimated operating workforce of 495 people
- a capital expenditure of approximately \$4 billion over 25 months and operational expenditure of approximately \$475 million per year over a mine life of approximately 30 years.

## 1.3. Prior applications for project change

The proponent requested changes to accommodation-related conditions in 2011. Change Request 4—100 per cent Fly-in/Fly-out Operations Workforce, sought to amend conditions to allow an increase in the proportion of CRM's non-resident operational workforce from 70 per cent to up to 100 per cent. The Coordinator-General did not approve the request in its entirety. A condition requiring BMA to facilitate the provision of permanent residential-style accommodation at the minimum rate of eight dwellings for every ten new operational workers in the CRM was imposed. Based on the figures provided by BMA, the minimum requirement was 400 dwellings. BMA was also required to provide appropriate accommodation for the remaining non-residential workforce. The change report was released on 2 September 2011.

## 1.4. Legislative provision for change report

On 16 August 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, I have evaluated the environmental effects of the proposed change, its effects on the project and any other related matters, and prepared this change report.

## 2. Public notification

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

The proponent has applied for amendments to two existing project conditions to allow it greater flexibility in delivering conditioned outcomes. I note that the scope of changes sought are substantially administrative and do not materially affect the proponent's obligations.

Furthermore, I considered that the level of community consultation the proponent undertook to inform project management plans prior to lodgement of its APC was sufficient to not warrant public notification. Accordingly, I decided that the APC did not require public notification prior to evaluation.

## 3. The proposed change

BMA's APC claims that the overly prescriptive nature of the existing conditioning regime unnecessarily constrains how BMA will meet the required outcomes.

The APC seeks to alter a number of these conditions, amending them from being overly prescriptive to becoming more outcome-focused. The proponent contends that these changes will allow for greater flexibility in delivering the intended results, while minimising the administrative burden associated with verifying compliance.

### 3.1. Proponent's reasons for change

BMA's change request states:

BMA submits that this change is warranted on the basis that all necessary management arrangements are contained within the Social Impact Management Plan (SIMP) and the Housing Impacts Plan (HIP) approved by the Coordinator-General in December 2012 and May 2013 respectively. This change will reduce administrative burden over the life of the project and will enable a focus on compliance with the requirements of the SIMP and the HIP during the operational phase of the project.

In relation to the requirements for the construction of new dwellings within condition 18(a) and 18(b), BMA confirms that it has completed delivery of the 400 new dwellings across the Bowen Basin as mentioned in the conditions.

## 4. Evaluation of the change request

In evaluating this APC, I have considered the following:

- the proponent's application for project change, dated 16 August 2013
- the proponent's SIMP for the CRM, approved on 20 December 2012
- the proponent's HIP for the CRM, approved on 3 May 2013
- additional information regarding the extent of community consultation undertaken, supplied by the proponent on 30 August 2013.

### 4.1. Construction worker accommodation

Unprecedented mining activity and growth across the Bowen Basin over the past few years has resulted in significant volatility in the Moranbah housing market. The mining town remains susceptible to fluctuating mining company activity. At times, most notably during times of peak of resource sector activity, low housing affordability, limited housing stock and low vacancy rates result in low accommodation availability and associated social impacts. In August 2010, Condition 14 was imposed by the then Coordinator-General requiring the proponent to adequately address impacts that construction of the CRM project could have on accommodation availability.

In order to meet the Condition 14 compliance obligations, BMA undertook to accommodate its CRM construction workforce at the newly constructed Buffel Park Accommodation Village (BPAV). Specifically, BMA advised that on completion, BPAV would have a total capacity of 1945 rooms to accommodate its workforce. It was further noted that in the context of the broader BBCG project and as needs arose, additional rooms would also be available for construction workers at the existing accommodation village located on BMA's adjacent Peak Downs mining lease area, known as the BMA Accommodation Village, and through BMA's long-term lease commitment to the MAC Services Coppabella Accommodation Village.

The above commitments, as well as the implementation of BMA's program of upgrading and increasing its own housing stocks in Moranbah and other Bowen Basin communities, evidences BMA's compliance with the outcomes required by Condition 14. At the same time, I note that BMA continues to deliver upon commitments detailed in its long-term workforce accommodation strategy. In particular, the development of BPAV has to date proceeded in line with planned staging and has progressed in such a way as to ensure sufficient and timely housing capacity for its required workforce at each stage of CRM establishment.

With respect to these requirements, BMA asserts that as the project is now moving into the operational phase, all obligations intended to manage construction phase accommodation impacts have been met and are therefore becoming less relevant to the current stage of mine development. The proponent further believes that processes designed to mitigate and deal appropriately with any later stage mine construction impacts are now detailed within the suite of approved project management plans.

BMA therefore contends that because all necessary housing and accommodation management arrangements are contained within the SIMP and HIP, the requested change will reduce the administrative burden over the life of the project and will enable the company to focus on compliance with the strategies contained within these operational management plans.

## 4.2. Road intersection upgrades

At the time the Coordinator-General's evaluation report was published (August 2010), BMA advised that it may use Denham Village as an initial 'fly-camp' for the first 12 months of CRM construction. In the meantime, a new construction camp was to be developed off mining lease on an alternative site. The then Coordinator-General considered that, among other things, the proposed Denham Village location was less than ideal, particularly with respect to road safety aspects of the Denham Village access road and the Moranbah access road intersection.

To ensure traffic impacts associated with Denham Village could be adequately mitigated, Condition 14(f), directing BMA to fund, construct and maintain a new intersection during the first three months of the CRM construction period, was imposed.

In the current APC, BMA has indicated its preference for Condition 14(f) to be removed as part of its approach to simplifying ongoing condition management obligations. The proponent contends that such a deletion is warranted as the particular requirements were finalised in accordance with the Coordinator-General's imposed timeframe and with layout and intersection design approval from the local road authority, Isaac Regional Council (IRC). BMA submits that ongoing auditing and reporting obligations are now redundant due to the works being completed and, if required to continue, will contribute to the ongoing administrative burden on the project.

## 4.3 Housing market analysis and impacts management plan

Project proponents are responsible for identifying and considering worker accommodation and broader housing market impacts as part of their project development and planning. It is generally expected that an analysis of these issues is presented as part of the social impact assessment of an EIS together with specific management and mitigation measures. Such strategies are commonly based on a thorough understanding of what the potential impacts of the project are likely to be, the particular local and regional circumstances and the project's expected lifecycle.

When the Coordinator-General's evaluation report on the CRM was published in August 2010, the data available to estimate the impacts of resource projects on resources communities was generally limited. These limitations stemmed from the fact that all data available from the Australian Bureau of Statistics was drawn from estimated resident populations. Service populations—for example, non-resident workers—were not accounted for in these numbers.

To gain a better understanding of the impacts of the CRM specifically and the BBCG project generally on the Isaac region's housing market, BMA was directed to engage with the state's Office of Economic and Statistical Research to collect and analyse data relevant to this issue as it applied to the Isaac region. Conditions 18(a)–(r) required BMA to undertake a BBCG Project Housing Impacts Study to determine the likely impacts of the various project components on the regional housing market and on housing demand. Key findings identified through the study were then used to guide development of a HIP, which provided more detail about BMA's accommodation impacts management and mitigation strategies.

The documents produced from these investigations and market analysis presented evidence of BMA's sound understanding of the Bowen Basin housing market and its related contexts, particularly in and around Moranbah. The process proved to be a useful tool to assist the proponent to more accurately portray likely impacts on the accommodation supply and demand equation.

Within the broader context of the project SIMP, these key housing study documents also provide greater insight into what the associated impacts of the BBCG projects are likely to be on the region's economic and social environments. These documents also give the proponent the opportunity to more readily identify these impacts at key stages in project development, as well as mitigate against these impacts and consult with key stakeholders in the most appropriate way. Based on this greater appreciation of the local market conditions, the approved HIP is as a robust management plan that demonstrates the company's awareness of and commitment to its ongoing social licence to operate within the region.

## **5. Conclusion**

On the whole, I consider that the nature of the requested project changes will not materially affect implementation of the project, nor affect implementation of the various project management plans that have already been approved and that are currently in place.

I have determined that consolidating the requirements of existing conditions will not reduce the level of rigour the proponent is required to meet to ensure that all environmental, social and economic impacts of the project are minimised. Rather, amendments to the conditioning regime will allow BMA a greater level of flexibility in determining how required outcomes can most practicably and efficiently be achieved as project development progresses in accordance with approved project management plans.

It remains that all components of the CRM project must be constructed and operated in accordance with the project conditioning regime as detailed in the original August 2010 Coordinator-General's report, plus the new and revised conditions contained in subsequent change reports, including this document.

Pursuant to section 35I of the SDPWO Act, my evaluation of the BMA application for project change, dated 16 August 2013, concludes the following:

## 5.1. Construction worker accommodation

Conditions 14(a)–(e) were imposed in response to the restricted state of the accommodation market in Moranbah and the surrounding areas impacted by the BBCG projects at that time. Specifically, it was widely recognised that the housing market across the region was characterised by a lack of availability and affordability and many low and moderate income households were having difficulty in gaining accommodation.

It is my view that when contemplating the addition of BMA's workforce requirements into this scenario, it became apparent that insufficient housing to accommodate the required construction and future operational workforces for the CRM in Moranbah was an inevitable outcome. To best manage the expected level of competition for private rental accommodation in and around the town, it was necessary to impose upon BMA the requirement to provide sufficient accommodation for its workers at each stage of mine development.

By meeting the obligations outlined in Condition 14, I am satisfied that BMA has complied with all requirements to manage and mitigate construction workforce accommodation impacts and demonstrated its commitment to minimise the impacts of the CRM on the local housing market and community. BMA identified and sought approval for the final location, capacity and staging of the BPAV development and provided new and/or refurbished permanent, residential-style accommodation in a variety of types and styles for CRM's construction workers at the required rate and within identified timeframes.

Furthermore, it is my view that the commitments and management strategies detailed in the CRM's suite of social impact management plans, demonstrates BMA's clear intention to continue abiding by the general intent of the condition's desired outcomes.

## 5.2. Road intersection upgrade

Condition 14(f) was imposed to meet road safety requirements associated with temporarily locating a construction workforce of 500 workers on the Denham Village site. By delivering the necessary road upgrades within the required timeframe and by establishing and implementing ongoing maintenance agreements with the approval and cooperation of the local roads authority (IRC), I am satisfied that BMA has delivered upon all obligations imposed under this condition.

However, as the scope of these works are not captured under any of the existing project management plans, for the purposes of preserving historical project compliance records, the deletion of Condition 14(f) is not supported. My preferred approach is to consolidate Condition 14(a)-(e) under a single Condition 14(a) and renumber sub-component 14(f) to become 14(b), thus ensuring that a record of the conditioned requirement remains.

### 5.3. Housing market analysis and impact management plan

It is my view that considered together, the SIMP and the HIP documents, which form an integral part of the project's impact management structure, detail all necessary housing and accommodation arrangements and commitments proposed by BMA to best manage and mitigate the BBCG project's impacts on the region's housing market.

I am satisfied that BMA has complied with all requirements of Condition 18 by:

- undertaking the housing impacts study
- publishing the housing impacts plan
- contributing to the development of affordable housing options for non-resource workers as well as providing permanent, residential-style accommodation in a variety of types and styles for CRM's construction workers.

I consider that the remaining obligation is for the proponent to continue implementing the management strategies as detailed in the approved SIMP and HIP and to regularly review the efficacy of measures undertaken to mitigate impacts on the local housing market. I accept BMA's contention that a single, consolidated alternative to the existing Condition 18, which seeks to align the outcomes attained so far via management arrangements contained within the project's management plans, is a valid option.

### 5.4. Revised conditions

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

I conclude that Condition 14(a)–(e) and Condition 18(a)–(r) can be consolidated and reworded to form a single condition relevant to the advanced stage of project development.

I consider that the intended outcomes of Condition 14(f), relevant to early stage development of the CRM project, have been complied with, however as the conditioned scope of works is not captured elsewhere in project documentation, it should remain and be renumbered as Condition 14(b).

I conclude that Condition 14(a)–(f) and Condition 18(a)–(r) should be amended. Revised conditions are in Appendix 1 of this change report.

### 5.5. 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/cavalridge](http://www.dsdip.qld.gov.au/cavalridge)

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, all have effect for the project. However, if the reports conflict, the Coordinator-General's change report prevails to the extent of any inconsistency.

# Appendix 1. Amended conditions

Former condition	New condition
<p><b>Condition 14(a)–(e)</b>            Conditions 14 (a)-(c) provide for the reporting of construction workforce accommodation arrangements and provision of new worker dwellings in Moranbah.            Condition 14 (d) provides for the assessment process to be followed for any new proposed accommodation village associated with Caval Ridge Mine.</p> <p><b>Condition 18(a)–(r)</b>            Condition 18 (a) provides for the reporting of the accommodation arrangements of BMA's operational workforce in the Bowen Basin.            Conditions 18 (b) to (d) provide for the provision of 400 permanent dwellings, across the Bowen Basin between June 2013 and June 2017, comprising a range of dwelling types.            Condition 18(e) provides for appropriate accommodation of the non-resident workforce.            Conditions 18 (f) to (r) provide the specifications for establishing and implementing a Housing Impact Study and Housing Impact Plan as part of a Social Impact Management Plan.</p>	<p><b>Reword Condition 14(a) (incorporating outcomes from Condition 18)</b>            The proponent must implement the CRM Housing Impacts Plan as approved by the Coordinator-General in April 2013.</p>
<p><b>Condition 14(f)</b>            Condition 14 (f) provides for the upgrade of the Denham village access road with the Moranbah Access Road.</p>	<p><b>Condition 14(b)</b>            With respect to the intersection of the 'Denham Village' access road with the Moranbah Access Road, the proponent must:</p> <ul style="list-style-type: none"> <li>(i) fund the full design, construction and maintenance costs of that intersection; and</li> <li>(ii) complete construction of that intersection upgrade within three months of commencement of the use of the Denham Village site for accommodation purposes.</li> </ul>

## Acronyms and abbreviations

APC	Application for Project Change
BBCG	Bowen Basin Coal Growth Project
BMA	BHP Mitsubishi Alliance Coal Operations Pty Ltd (the proponent)
BPAV	Buffel Park Accommodation Village
CRM	Caval Ridge Mine
EIS	environmental impact statement
HIP	Housing Impacts Plan
IRC	Isaac Regional Council
Mtpa	Million tonnes per annum
SDPWO Act	<i>State Development and Public Works Organisation Act 1971</i>
SIMP	Social Impact Management Plan

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