



9 August 2018

Committee Secretary
Standing Committee on Industry, Innovation, Science and Resources
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Sir / Madam

Please find enclosed Whitehaven Coal's submission to the Standing Committee on Industry, Innovation, Science and Resources to inquire into and report on how the mining sector supports businesses in regional economies.

We appreciate the opportunity to shine a light on the important contribution that mining companies like Whitehaven make to the local communities in which we operate.

Should you require any further information or clarification, please do not hesitate to contact me at any time.

Yours sincerely

Michael van Maanen
Executive General Manager
Corporate and External Affairs



WHITEHAVEN COAL



WHITEHAVEN COAL | SUBMISSION

Standing Committee on Industry, Innovation, Science and Resources

Introduction

Whitehaven Coal (Whitehaven) welcomes the opportunity to provide a submission to the Standing Committee on Industry, Innovation, Science and Resources to inquire into and report on how the mining sector supports businesses in regional economies.

We appreciate the opportunity to shine a light on the important contribution that mining companies like Whitehaven make to the local communities in which we operate.

About Whitehaven Coal: A story of regional Australia

Whitehaven is Australia's largest independent coal producer and the leading coal producer in North West New South Wales.

Whitehaven owns five open cut mines (Maules Creek, Werris Creek, Tarrawonga, Sunnyside and Rocglen), one large underground mine (Narrabri) and operates a Coal Handling and Processing Plant at Gunnedah.

These sites produce thermal and metallurgical coal bound primarily for export markets in North and South Asia.

We are proudly Australian owned and operated, which means our profits and the returns we generate for most of our 5,500 shareholders remain in Australia.

Whitehaven's overall workforce is more than 1,500 strong, with more than 75 per cent of our employees living in the local communities surrounding our operations.

Since 1999 Whitehaven has had its roots firmly in North West NSW. Our story is truly one of regional Australia. Our overall workforce is more than 1,500 strong, with more than 75 per cent of our employees living in the local communities surrounding our operations. As we have grown to become the largest private employer in the area, the region has grown with us.

Whether protecting the local environment, employing and training local people, supporting local organisations or helping fund new community infrastructure, Whitehaven has a strong record of achievement.

Our most recent annual community research has found the local community supports our approach. Research in the local community undertaken by Newgate Research revealed that 66% of people in Gunnedah support mining and Whitehaven has the strongest reputation in the region among mining companies who have coal mines in the Gunnedah Basin. This hard-won trust is something we take very seriously and proactively build on.

We understand that protecting our hard earned reputation in the community will require long-term investment and resources. Respect and care for our neighbours is the best way of showing mining can and does co-exist with other industries.

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Whitehaven Coal: Powering the Region

Whitehaven is powering the local economy and exporting high quality coal to the region.

Powering South East Asia

The coal Whitehaven produces is particularly high quality and drives cleaner power production in North and South Asia. Our coal, used in highly efficient power stations, is helping many countries reduce their emissions and meet their Paris obligations.

We believe the increased demand for high quality coal like ours represents an opportunity for Australian enterprise. Whitehaven has sought to realise the potential of that opportunity for our organisation and for the local economies in which we operate.

Powering North West NSW

We take seriously our obligation to ensure that, as we continue to grow and prosper, the local community does too. That is why, wherever possible, Whitehaven uses local businesses to support our operations. Investing in our local community this means that the regional economies in which we operate shares in the opportunity derived from the resources we extract. This approach means we can meet our long-term goal of ensuring the communities in which we operate are the disproportionate beneficiaries of our presence.



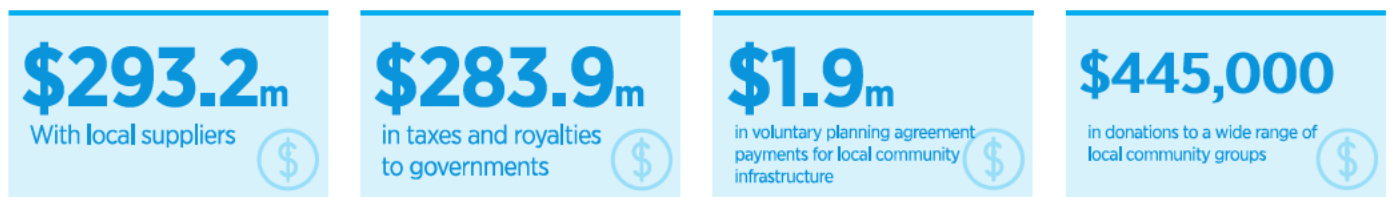
We are always focused on growing and supporting local jobs and building local capacity and capability in our regional economies (see news article at the Appendix).

This includes jobs outside of our sites that are vital to our ongoing operations. We do this because we see the clear operational benefits from having strong and reliable partners in the local area – a stronger local economy supports us to continue to grow and develop. It assures the sustainability of our operations. As parts of Australia face skills shortages, we continue to see the dividends of investing in our local partners, partners who underpin our operations and share in our success.

Whitehaven Coal's current contribution to the local economy

Whitehaven makes a significant and positive impact to the local economies it operates in. Over the past five years, Whitehaven has spent more than \$1.5 billion in the North West through wages, supporting local businesses and contributing to community and charitable causes.

In FY2018, Whitehaven and its Joint Venture partners made significant contributions to the New South Wales (NSW) economy and to local economies in North West NSW including:



The flow on benefits of Whitehaven's presence for the local economy are significant and underpin economic activity, particularly for small and family owned businesses.

This strong track record demonstrates the positive impact Whitehaven makes to the local economy in the North West.

Our Future Contribution to the Local Economy

With demand for our high-quality export coal expected to grow strongly over the next decade, we are confident that our best years are still ahead of us. For example, Whitehaven will shortly submit its Environmental Impact Statement for the Vickery Extension Project.

This will entail the construction of a new open cut mine and associated on-site infrastructure (new coal processing plant and rail spur) about 25 kilometres to the north of Gunnedah, directly between two of our existing mines at Tarrawonga and Rocglen.

Vickery represents the largest and single most important economic investment underway in the local area and will create approximately 500 jobs during its construction phase and 450 jobs during operations.

In addition to this, we estimate the Vickery Extension Project will generate approximately 170 new jobs in locally-based businesses that will provide contracting and mine-support services to Whitehaven.

As with other Whitehaven projects, there will be substantial direct economic benefits locally, including \$230 million in incremental disposable incomes that will help stimulate and support the local economy and businesses.

Over its 20-year life, Vickery will contribute more than \$1 billion in royalties to the NSW Government – money that will help fund schools, hospitals, roads and other state government priorities

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Our Contribution to the Local Community

Our contribution goes beyond wages, grants and support for local business. At Whitehaven, we also support a wide range of community organisations, with a particular focus on Indigenous groups.

Over the past year, Whitehaven has supported the Narrabri Education Foundation, Winanga-Li Aboriginal Child and Family Centre in Narrabri, Girls Academy, Narrabri and Gunnedah Education Fund, Boggabri Multi-Purpose Centre, the Narrabri, Gunnedah and Quirindi Shows, the North Narrabri, Boggabri Drivers Campfire, Boggabri Health, and a range of other community organisations.

Indigenous Employment

Support for our local indigenous community has been a priority for Whitehaven since the company launched its inaugural Reconciliation Action Plan (RAP) in September 2015. In the three years since then, Whitehaven has made real progress, particularly in relation to Indigenous employment. Currently:

- More than 80 Indigenous Australians are employed at our Maules Creek mine;
- 11% of employees self-identify as Aboriginal and/or Torres Strait Islander; and
- Approximately \$12m in annual salaries flow through our Indigenous workforce back into local communities.

Whitehaven's Indigenous employment program at Maules Creek was recognised by the NSW Minerals Council as 'best in class' within the industry and was included as a case study in the Prime Minister's Closing the Gap Report in 2017.

Whitehaven's approach goes beyond direct employment. We also support programs that facilitate access to education from kindergarten through to university and mature age. These include:

- The Winanga-Li Aboriginal Child and Family Centre in Gunnedah, which was the first of nine Aboriginal Child and Family Centres to open its doors in NSW;
- Our partnership with the Girls Academy, which will assist Gunnedah High School participants on a pathway to tertiary education and/or securing long-term employment; and
- Our commitment to assisting new and developing local Aboriginal and Torres Strait Islander businesses. Whitehaven is working closely with our major contracting companies and suppliers to encourage support for Aboriginal and Torres Strait Islander employment and business development within their spheres of influence.
- As part of this process, we have implemented an Aboriginal and Torres Strait Islander business procurement commitment that was highlighted in case studies for the NSW Minerals Council, Aboriginal Affairs NSW (OCHRE Report), and the NSW Small Business Commission.

Whitehaven continues to be represented on the NSW Industry Based Agreement for the Minerals Industry to actively promote Aboriginal and Torres Strait Islander business development and also participates in a Minerals Council Indigenous Relations Working Group.

To continue progress, Whitehaven launched its next RAP document – moving from an 'Innovate' to a 'Stretch' RAP – in May 2018.

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Our Payment Terms

Whitehaven recognises the challenges cashflow can cause many small and medium sized enterprises and that these challenges can be more pronounced in the mining and associated service businesses in regional communities.

Whitehaven has standard terms and conditions that apply to all businesses we receive services from. These apply to businesses located in regional and urban areas.

As per these terms and conditions, Whitehaven pays all tax invoices (as this term is defined in the GST Law) rendered to the company by the supplier at the end of the month following the month in which a tax invoice is received at the latest, with over half of our suppliers receiving payment in 30 days or less.



Whitehaven is committed to ensuring local economies realise the full potential of the promise of Australia's resources, part of that story is ensuring invoices are paid in full and on time.

Conclusion

Whitehaven thanks the Standing Committee on Industry, Innovation, Science and Resources for the opportunity to provide a submission to the Inquiry into how the mining sector can support businesses in regional economies.

Whitehaven's success as Australia's largest independent coal producer and the leading coal producer in North West NSW is built on the efforts of regional Australians. We know our approach of ensuring any benefits accrued locally are shared is key to ensuring the future prosperity of our region.

We see a bright future for Australian mining enterprise and are keen to ensure that future supports businesses in regional economies.

We thank the Committee for its willingness to consider this important area of policy and we look forward to reading the Inquiry's findings.

Appendix



THE COURIER

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Coal powers local jobs

\$21.8 million in contracts to three Narrabri businesses employ 42 people

The Namoi Valley coal industry is powering employment in Narrabri Shire, providing jobs which are helping support families and small businesses as the drought bites deeper into the local economy.

Whitehaven Coal has recently announced that three local

businesses have been awarded almost \$22 million worth of contracts bringing 42 jobs to Narrabri and the district. Narrabri-based family businesses WTC Earthmoving, Specialised Civil Services and Namoi WasteCorp will provide plant and personnel for Whitehaven's mines with contracts

ranging up to four years.

Specialised Civil Services has employed 18 local people, Namoi WasteCorp has put on 13 and WTC Earthmoving has employed 11.

The local companies won the contracts in a competitive environment. The benefits to the local economy

range from the inflow of money from wages, to purchases of homes, shopping at local stores, restaurants, pubs and clubs.

"We want to ensure that as Whitehaven grows and develops, local communities and businesses share in the benefits," said Whitehaven chief


executive Paul Flynn.






"The three new, long term contracts awarded to local Narrabri businesses are worth \$21.8m and will provide genuine growth opportunities for these enterprises and support many more jobs in local businesses."

Continued page 3

RIGHT: Three local businesses have secured new contracts worth almost \$30 million, creating 42 jobs, to provide services to Whitehaven Coal. From left, Chris McClure, Specialised Civil Services, Will Childs, WTC Earthmoving, Nick McClure, Specialised Civil Services and Jack Campbell, Namoi WasteCorp.



WEATHER  **Fri.** Min 6° Max 24° Mostly sunny. Winds northeast to southeasterly 15 to 20 km/h tending north to northwesterly 15 to 20 km/h in the morning.

Sat 23° 	Sun 21° 	Mon 19° 	Tue 20° 	Wed 21° 
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ABOVE: Chris McClure, Specialised Civil Services, Will Childs, WTC Earthmoving, Nick McClure, Specialised Civil Services and Jack Campbell, Namoi WasteCorp.

Booming industry fuels jobs growth

Export of coal from Whitehaven's Namoi Valley mines to Asian markets has been growing strongly and with the growth has come more employment for local people.

"With demand for the high quality export coal we produce expected to grow strongly over the next decade and beyond, our contribution to the North West economy is only going to get bigger" Whitehaven chief executive Paul Flynn said.

"The awarding of three local contracts isn't a one off thing.

"Over the last five years, Whitehaven has spent more than \$1 billion in North West NSW through wages, support for local businesses and contributions to community and charitable causes.

"Last year, we worked with more than 350 local businesses and suppliers and committed more than \$3.5 million to local infrastructure and services upgrades."

The three Narrabri contractors carry out a range of above ground earth moving and waste removal roles at Whitehaven mines.

Specialised Civil Services, which has engaged 18 local employees as a result of winning the Whitehaven contract, undertake bulk earthworks and surface civil construction at Narrabri Coal mine.

WTC Earth moving carry out earthworks at the Maules Creek open cut mine and Namoi WasteCorp operates across seven mine sites from Narrabri to Werris Creek removing

solid and liquid wastes and recyclable materials.

"We are pleased to be providing these services to Whitehaven," said Specialised Civil Services' Nick McClure.

"People were moving away from Narrabri and the district, the mine jobs are keeping families here.

"Wages earned at the mines are being spent in Narrabri's main street and money flows right through the local economy."

Will Childs commented that he was aware of two employees who were recruited and moved to the district from the Hunter Valley, one family buying a house in Wee Waa and the other in Narrabri.

The coal mines have recruited many

other workers from the district, with a high proportion of females filling roles from truck driving to administration, the kinds of jobs that just weren't available before.

"People have a comfortable income, stable jobs and are living in their home town in Narrabri Shire."

Whitehaven Coal is reportedly poised to release "a record set" of results when it unveils its full-year financials for the year in coming weeks.

The company released a June quarter production report showing that full-year coal sales, at 22.1 million tonnes, were up seven per cent on the previous year, while the Maules Creek mine hit a new quarterly production record of 2.93 million tonnes in the June quarter.

Source: The Courier, 26 July 2018.