

BHP BILLITON IRON ORE PTY LTD — SAFETY MEASURES

Statement by Minister for Mines and Petroleum

HON NORMAN MOORE (Mining and Pastoral — Minister for Mines and Petroleum) [4.09 pm]: I begin by saying that safety in the mining and petroleum industry is my number one priority, and poor safety performance in the mining industry by companies and their contractors is totally unacceptable and will not be tolerated. It was with great concern that I heard about the two most recent fatalities at BHP Billiton Iron Ore sites—one in February and one in March. These two deaths came after three fatalities had occurred on BHP Billiton sites in July, August and September of 2008—five fatalities in about eight months. Two of the five fatalities were employees of BHP Billiton and three were employees of contractors engaged by BHP Billiton and working on BHP Billiton sites.

As a result of the most recent fatality, which occurred on 19 March, I organised an urgent meeting with BHP Billiton senior executives and I demanded an explanation from the company about these deaths. At the first meeting the company sought to explain the situation regarding these fatalities and to explain what I believe is a poor safety record. I might add that the company executives were as distressed about the deaths as I was. We went on to discuss a number of issues surrounding the fatalities and the inexplicable nature of most of them. The initial discussion led to a decision to meet again and for me to consult the Department of Mines and Petroleum's resource safety section, and for BHP Billiton to consider a range of programs and activities in which it would engage. We agreed to meet a week later to discuss the outcomes of those talks. The second meeting was held last Friday and we—that is, BHP Billiton and me—agreed on a course of action.

I want to go through what is now going to happen in respect of this company and its safety regime. The State Mining Engineer initiated what is called a section 45 review after the September 2008 fatality. This section 45 requisition is sent to the company, which is required to carry out an exceedingly in-depth and thorough analysis of the safety programs conducted at all its sites. This particular requirement is being undertaken by independent engineers engaged by BHP Billiton and agreed to by the State Mining Engineer. This review and the terms of reference provided by the State Mining Engineer to the company will give us a very thorough and detailed understanding of the way in which BHP Billiton conducts safety activities on its sites. It is probably the most in-depth report ever undertaken for a section 45 requisition. The report is expected at the end of April. I will await the outcome of the report before I consider any further inquiries into BHP Billiton's activities. However, let me emphasise that the review is very thorough, highly complex and highly detailed. It will assess the way in which BHP Billiton conducts safety activities on all its sites in Western Australia. I look forward with great interest to what comes out of that particular report. Once it is made available to the state government, we will then know whether further action is necessary by the State Mining Engineer or through legislation. That is the first thing that is happening with respect to this matter.

Secondly, all the fatalities are being investigated by the resources safety division of the Department of Mines and Petroleum in addition to and separate from the section 45 review. Following these investigations a decision will be made about what legal action, if any, should flow from their findings. I await advice in due course.

The third action that is underway—this is the first time this has happened in Western Australia—is the exercising of a provision under section 17 of the Mines Safety and Inspection Act that allows the State Mining Engineer to issue a directive to mines inspectors to impose prohibition notices in the event that they come across an unsafe work environment at a BHP Billiton workplace. Normally, when a mines inspector goes to a mining site and comes across a hazardous situation, he or she issues an improvement notice to the company. This means the company has to improve the situation to remedy the problem, but that operations can continue while it carries out the necessary work. For the first time ever, the State Mining Engineer has directed his inspectors to bypass this step and go straight to issuing a prohibition notice, or a stop-work notice, for any breach, no matter how minor, until the problem is remedied. As I said, this is extraordinary. It is the first time the State Mining Engineer has taken such action and demonstrates the seriousness with which the State Mining Engineer views the activities on BHP Billiton sites. The state government, through the State Mining Engineer, is sending a very clear message to BHP Billiton, its contractors and its employees that its poor safety record to date will not be tolerated and that it is time for this very serious problem to be fixed.

In addition to these three courses of action, BHP Billiton has come to us with a range of measures. The company will very shortly be conducting a workshop with all the CEOs of the contractors who work on BHP Billiton sites. The intention is to work with them to make sure that the contractors have the same attitude towards safety as BHP Billiton believes is appropriate. The idea is to make sure that these contractors understand what is required of them on a BHP Billiton site. All BHP Billiton Iron Ore operations will cease their usual work for half a day on a rolling basis for the company to bring its employees together to discuss how important it is to have safety of

the highest magnitude on all BHP Billiton sites. The company will suspend all non-essential nightshift work across its Pilbara sites. Members may be aware that the last fatality occurred at 3.00 am. The intention now is that the company will suspend all non-essential operations during the nightshift.

The company has also agreed in principle to move its rail operations to the jurisdiction of the Rail Safety Act. At present the operations of BHP Billiton railways come under the Mines Safety and Inspection Act. It is the only railway in the state in that category. There is now a Rail Safety Act that applies to railways across the state. BHP Billiton will come under that jurisdiction, which is believed to be more appropriate. The company will institute a number of programs aimed at improving safety leadership across its entire operation, which will lead to better supervision of individual workplaces. It will work very hard to instil a safety culture into all its managers and employees.

The measures that I have outlined will go some way towards improving the safety performance of BHP Billiton Iron Ore Pty Ltd. I emphasise that these issues are fundamentally to do with BHP Billiton Iron Ore sites, as opposed to the other BHP Billiton sites in the state. I am very confident, having met with the company's senior executives on two occasions now, that the company shares my determination that we do something about these issues and I am sure that it now understands and shares the concerns I have expressed on behalf of government.

Consideration of the statement made an order of the day for the next sitting, on motion by **Hon Matt Benson-Lidholm.**"