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Qld Flood Commission of Inquiry
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15th September 2011

RE: Responses to Further Questions Raised by the Queensland Flood Commission of Inquiry

Dear Sir/Madam

Please find below responses to questions raised by the Queensland Flood Commission of Inquiry (QFCOI) following Anglo American Metallurgical Coal Pty Ltd's (AAMC) original responses dated the 6th September 2011.

1. Flood preparedness activities undertaken in advance of the 2010/2011 wet season.

Throughout 2010, the Queensland Resources Council (QRC) facilitated a number of meetings between the industry and the Department of Environment and Resource Management (DERM). The industry insisted that in the event of large to extreme rainfall, the new release conditions would force coal mines to accumulate large volumes of water. Industry predictions and warnings proved accurate.

When the Bureau of Meteorology issued a wet season forecast in late August indicating that the conditions were predicted to be worse than had been observed since 1974, the Capcoal environmental team undertook a pre-wet season review which identified some risks and required infrastructure upgrades (these could not be installed on time). Most actions arising from the review were implemented but they focused on addressing the risk of non-compliance with release conditions. A water management committee was also created to compile, communicate and address other potential water-related issues arising from high rainfall. They purchased two additional pumps (MF385HP multi-flow diesel pumps). They also re-assigned the tasks of the water management contractor.

The early start to the wet season in 2010 (August/September) and the 3 month prediction window for the Southern Oscillation Index meant that there was not sufficient time for engineering solutions to water issues relating to an extreme wet season to be implemented. The 2010/11 wet season exceeded all conservative design parameters for water management structures (it was a 1:>100 year wet season).

2. Particular issues regarding the environmental authority at those mines, including concerns about its negotiation and drafting, inability to comply or risks to safety or the environment.

The predictions for the 2010/11 very clearly indicated that it was going to be well above average. AAMC participated in QRC forums requesting that their EA's be reviewed prior to the wet season.

Member of the Anglo American plc group

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3. Particular issues regarding any transitional environmental program or emergency direction granted or considered during the period 1 October 2010 to 30 July 2011, including:

a. Reason for the TEP or ED, and whether it was effective in resolving the problem.

Moranbah North requested and received an Emergency Direction (ED) on 20 December 2010. Significant amounts of rain had been received in prior weeks and overnight an additional >80mm fell creating a situation with the potential for dam failures and uncontrolled releases unless additional ability to discharge water was provided. The limitation was a flow of 39m³/sec in the river which only provided an additional maximum discharge capacity of 100l/sec to 39,000l/sec of flow to dilute. A TEP superseding the ED allowing additional discharge points was granted on 24 December. The response in granting these authorities in an emergency situation was rapid and appreciated.

A total of 13 TEP's were granted across four sites (Callide, Capcoal, Dawson and Foxleigh). A total of approximately 4,000 ML of water was released (excluding passive overflow from Bundoora Dam at Capcoal) but more than 50,000 ML still remains on site and a further 25,290 ML needs to be released prior to the next wet season to ensure sufficient capacity to contain water from another above average wet season. Therefore, while the TEP's assisted in releasing some water, they were not successful in releasing sufficient water to ensure that mines have sufficient storage capacity by the 1st November for another above average wet season.

b. Concerns arising from the terms of the TEP or ED, including inability to comply or risks to safety or the environment.

This question has been answered in our initial and subsequent submission (particularly the answer to question 6).

c. Any adverse effects downstream of any discharges, including to the environment, drinking water or public health.

Monitoring and observations undertaken by AAMC staff across our operations would indicate no environmental harm to existing values as a result of the release of water through TEP's. In fact, our estimates indicate that significantly more water could have been released during high flow conditions with no potential to cause environmental harm.

4. Concerns about the process of obtaining a TEP or ED including as to transparency, speed, considerations taken into account, reasons given or consultation.

This question has been answered in our initial and subsequent submission (see answer to question 7).

5. To Anglo American's knowledge, effects on the environment, drinking water or public health of discharges from the mine site during the period 1 October 2010 to 30 July 2011.

This question has been answered above in question 3c.

6. Details of the process of negotiating the new Fitzroy Model Conditions with DERM in 2011, and any concerns arising.

The process of developing the new Fitzroy Model Conditions has involved two workshops attended by DERM and industry and significant consultation. AAMC acknowledge the effort that DERM has gone to with this collaborative project. While some issues still remain with the water model conditions, they are an enormous improvement on the existing conditions and, if implemented appropriately over the next few months, will allow mines to release significantly more water under their Environmental Authorities (EA's) than they were able to do in 2010/11. It should be noted that the regulated dam conditions are still being reviewed and these will have a significant interaction with model water EA conditions. The regulated dams review process has not been particularly collaborative to date but recent indications from DERM are that they will endeavor to compromise to obtain mutually acceptable outcomes.

7. Whether the new terms are advantageous or disadvantageous to Anglo American in its management of water at those mines.

As outlined above (see response to question 6), the new model water conditions are a significant improvement over the existing conditions and will allow more release of water if appropriately implemented prior to the 1st November. It should still be noted, however, that AAMC still has some issues that were not resolved to our satisfaction (e.g. requirements within Water Management Plans and Receiving Environment Monitoring Programs).

Please do not hesitate to contact our Regional Environment Manager, Carl Grant, on [REDACTED] if you have any further queries.

Yours sincerely

Mark Heaton
General Manager – Open Cut Operations

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