



Introduction

This report is the second annual sustainability report, covering the key areas of health, safety, environment and community for the Port Kembla Coal Terminal (PKCT). The report has been written in accordance with PKCT's Sustainability Policy and reflects PKCT's desire to publicly report on our progress. This report covers the period from **1 July 2007 to 30 June 2008**.

Company Information

Port Kembla Coal Terminal operates an export coal terminal at the Port of Port Kembla, located 72 km south of Sydney. PKCT is a private company owned by a consortium of five coal producers with equal shareholdings in the company – BHP Billiton, Centennial Coal, Peabody Energy Australia, Tahmoor Coal and X-Strata. PKCT leases the facility from the NSW Government and it is managed under contract by BHP Billiton – Illawarra Coal.

PKCT currently services twelve mines located in the Southern and Western Coalfields of NSW. These geographical areas principally cover the Illawarra and Southern Highlands regions, as well as mines in and around Lithgow. Coal is delivered to PKCT via both road and rail infrastructure. Coal is stored in a stockyard on site until the cargo is assembled, reclaimed and taken by conveyor to a waiting ship. During the year, 226 ships were loaded, 198 ships with coal and the balance with coke.

PKCT operates two berths, with Coal Berth 102 throughput of 12.567 million tonnes of coal and the Bulk Products Berth 101, throughput of 491,000 tonnes of coke, during the financial year 2008.

Health, Safety, Environment & Community (HSEC)

→ Policy and Management Systems

PKCT has a Sustainability policy which is available on the website www.pkct.com.au/communityenvironment.htm along with other policies such as the Environment and Safety policies. These policies have been communicated to all employees and contractors on site.

Environmental management is in accordance with PKCT's Environmental Protection Licence (EPL 1625) which is administered by the Department of Environment and Climate Change and was issued under the NSW Environment Protection Act, 1999. PKCT is Quality Certified by Lloyds and operates to ISO 9001 and ISO 14001.

PKCT's systems are assessed against the requirements of the BHP Billiton HSEC fifteen Management Standards and Fatal Risk Control Protocols. PKCT was self assessed during the year, and received a score of 4.0 out of a potential 5 for HSEC standards. During 2009, the target is to achieve a score of ≥ 4.0 out of 5.

During the year, the following audits of PKCT were conducted:

- ISO 14001/9001: - External - two audits in September 2007 and April 2008
- BHP Billiton HSEC standards – Internal – one audit in May 2008
- ISO 14001/9001 - Internal - two audits

HSEC Awareness

All employees and contractors have HSEC responsibilities, and are made aware of these as a part of the recruitment and/or induction processes. Employees and contractors are provided with up-to-date information, education and training on an ongoing basis to ensure that HSEC responsibilities and awareness is kept "front of mind" for employees and contractors.

HSEC Performance

Health

During the past year, PKCT has put a number of strategies in place, including:

- A program of free medicals through Coal Services Health, 23% of employees took up the offer with positive feedback on the training supplied
- Development of a plan to reduce our noise exposure by 6% on site
- Training program for fatigue delivered to the shift teams as well as an information session on healthy diet and exercise
- A continuing occupational hygiene program of personal monitoring looking at potential noise and dust exposure.

Safety

PKCT is proud to report that it is continuing to make a significant improvement in safety. During FY08 PKCT achieved a year of Zero (0) Recordable injuries and a reduction in All Injury rates. We continued to make progress on our safety culture and renewal programs through coaching in processes, data feedback and continuing focus on the ownership of safety. During 2008 the PATH (**P**reventing **A**ccidents **T**hrough **H**abits) program was commencing with positive feedback in the field from both contractors and PKCT employees.

Total Recordable Injury Frequency Rate at PKCT (which represents the number of medical treatment and lost time injuries, multiplied by a million hours, divided by the actual exposure hours) is the core safety measure, and results are as follows:

Financial Year 2006	50
Financial Year 2007	27.4
Financial Year 2008	0
Financial Year 2009	Target <10

As a part of our safety focus at PKCT, several activities are undertaken and reported widely on site. These activities provide valuable lead and lag indications of our performance, including:

- Safety contacts, Critical Task Observations
- Hazard and Near Hit Reports
- PATH Behavioural Safety Observations
- Risk Management
- Significant Incident Reviews.

This year (FY09) we are working on additional processes to improve our focus on safety. Our Safety Responsibility Matrix has been introduced to give additional structure to what each person can do to support our safety goals and the FY09 Business Plan.

Environment

PKCT is committed to preventing pollution by operating in an environmentally responsible manner, and is sensitive to community and customer expectations.

PKCT complies with ISO 14001 Environmental Standards and was the first Australian coal terminal to be awarded the minerals industry's prestigious Environmental Excellence Award. PKCT has a proactive approach to meeting on-going NSW Department of Environment and Conservation licence compliance requirements and strives for the highest possible environmental standards through continuous improvement.

PKCT has assessed the environmental impacts of our operation and has an Environmental Aspects and Impacts Register in place. Currently, our primary environmental focus areas are; dust suppression, reducing the impact of coal transport on the environment, controlling the water quality of our storm water and process water discharges into Port Kembla Harbour and surrounding waterways and reducing our fresh water usage.

The Terminal is located just 2km south of the City of Wollongong, which means our environmental performance is under close community scrutiny. PKCT is confident that the processes we have in place will continue to meet the community's expectations.

Air Quality

Dust is sampled and tested on a monthly basis in accordance with PKCT's Department of Environment and Climate Change Licence. Sampling and testing is completed to Australian Standard 3580.10.1-1991. Dust gauges are located at various sites around the coal terminal and in the local area.

During this reporting period, the number of gauges was reduced from 15 to 12. The dust is measured in grams per square metre per month. A level 4 or higher is widely held as a dust level which the community would find unsatisfactory.

Dust sample components are combustible matter and ash, the sum of which is insoluble solids (total solids). Combustible matter (including carbon found in coal products) is considered the most relevant measure for PKCT operations.

The dust gauges located in residential sites in our vicinity and the results for the year ending June 2008 are as follows:

Residential Site	Average	Number of Samples	Maximum	Months > 4
* P10 - Total Solids	3.8	6	8.3	3
* P10 - Combustible Matter	1.9	6	6.3	1
* P11 - Total Solids	0.9	1	0.9	0
* P11 - Combustible Matter	0.5	1	0.5	0
P12 - Total Solids	4.5	11	16.1	4
P12 - Combustible Matter	1.6	11	2.6	1

*Note * gauges P10 & P11 have been discontinued as residents are no longer permitting access, however new sites are currently being investigated.*

For combustible matter, of which coal dust is a component, average results were below 4 grams per square metre per month. There were two occasions in which the monthly combustible matter result exceeded the standard.

Both P10 & P12 sites experienced dust levels average for total dust in the vicinity of 4 grams per square metre per month. There is considerable residential development occurring near Swan and Corrimal Streets and major construction projects are taking place in the port, unrelated to PKCT. These projects are likely to be impacting on dust levels.

PKCT has recently installed two new continuous dust monitors which will provide dust deposition and wind data. This will provide a better understanding of dust sources and dust deposition patterns related to wind speed and direction leading to improved dust management. Better information will also be available for community liaison and as the data can be accessed in real time, there is a potential for the data to be used to improve operational control.

Though PKCT is one of a number of potential dust generating sources operating within the port precinct, PKCT recognises the importance of improvement and seeks to operate without adverse impact on the community. PKCT has a Dust Management Strategy in place and is investigating further improvements such as:-

- More effective control of moisture in coal to ensure reduced dustiness from pit to port
- Use of chemicals to apply veneers and reduce the dustiness of coals
- Better data through continuous dust monitoring
- Improved on-site housekeeping standards and spillage reduction initiatives.

Water

Stormwater and water collected from the coal stockpiles is treated in a settlement pond to remove coal particles and other impurities. PKCT's DECC licence limit is 50 milligrams per litre of total suspended solids.

During the reporting period, 33 overflow samples were collected and tested in accordance with licence conditions. Seven samples exceeded the licence limit and these were reported to the DECC. Such events are investigated with a view of identifying actions to improve performance.

Total suspended solids consist of very fine coal particles, which have the potential to cause turbidity in receiving waters. Impact is generally localised due to dilution and further reduced during wet weather when overflows generally occur. Receiving waters during wet weather also have suspended sediments due to storm water inflows into the harbour catchment.

PKCT has averaged 30 milligrams per litre over the reporting period with most samples well within the DECC licence limit.

PKCT is currently implementing a major initiative to reduce our consumption of fresh water, which is principally used to suppress dust lift-off from coal stockpiles on site. This will see the implementation of re-used water for dust suppression, through sourcing tertiary treated effluent water from the nearby Wollongong Sewerage Treatment Plant. It is envisaged that PKCT will save over 70% of current potable water used once this scheme is fully implemented in December 2008.

Traffic and Transport

Coal is delivered to PKCT by both rail and road transportation. On a daily basis, PKCT receives approximately eight trains and approximately 420 truck movements.

During the year an Environmental Assessment of the PKCT Existing Operations and 24 hours per day, 7 days per week (24/7) road receipt of coal was conducted. This Environmental Assessment included a "Trial" of 24/7 road receipt of coal during March and April 2008. During 24/7 conditions of the trial, there was only an average of 19 trucks per hour between 7am and 10am. Conversely, under the current 11 hours per day, 6 days per week (11/6) restriction under the Infrastructure SEPP, an average of 39 trucks per hour occurred between 7am and 10am. This equates to a decline of 20 coal trucks per hour during the morning commuter period under 24/7 conditions.

Community

PKCT has developed a Community Consultative Committee with representatives from our local neighbours/community aiming to work with us to ensure that PKCT remains sensitive to our community expectations and takes a proactive approach to environmental management. The Community Consultative Committee has four community representatives and meets on a quarterly basis.

During the year, there were no direct community complaints.

However, a Community Newsletter was distributed to 2,400 households in April 2008 along the consultation corridor, ie households in close proximity to the site or key coal transportation corridors. This newsletter was also posted on the website and can be found at www.pkct.com.au/pdf/Newsletter_April_08.pdf. Responses to the community newsletter included three telephone complaints in relation to potential noise of trucks, especially at night and truck driver behaviour.

In addition, the Illawarra Regional Information Service conducted a telephone survey of community perceptions in relation to coal truck delivery hours of 330 households along the consultation corridor during April 2008. This survey found that:

- 59% of respondents indicated a medium to high level of support for the change, most in favour were due to a reduction in congestion during peak commuter times
- 93% of residents had not noticed any change in truck movements during the 24/7 Trial period.

Feedback and Further Information:

PKCT welcomes your feedback, if you have any comments or queries, please address them to:

External Affairs Manager
Port Kembla Coal Terminal
PO Box 823
WOLLONGONG NSW 2520
Or email communitylinks@pkct.com.au
Or call PKCT Community Hotline – 1800 111 448