

Workforce and Accommodation

Forecasts of Workforce, Timing and Demand for Accommodation

The Wiggins Island Project development plan (up to 84Mtpa) comprises three separate major stages and the respective workforce requirements are separately calculated and are likely to be separately mobilised/demobilised.

Accuracy of Forecasts

Work on the Stage 1 Project has almost reached midpoint and all reporting tools are well established and functioning correctly.

Initial earthworks almost complete, structural steel erection has commenced, dredging is in progress and wharf piling has begun.

Construction workforce levels for Stage1, WEXP1 and WEXP2 have been revised downwards since the first information was provided to the Coordinator-General

Workforce levels for Stage 1 have been calculated to a high level of accuracy with Primavera™, which was not available at the time when previous reports were prepared for the Coordinator-General.

While commencement dates for both WEXP1 and WEXP2 will not be fixed until financing is in place, the below table summarises the proposed duration of each stage as per the latest forecast. The period of overlap between each stage, as shown in the below graph, is significantly less than shown in previous information submitted to the Coordinator-General. This is due to the weaker market conditions which are driving a more cautious development and financing schedule.

	Commencement	Completion
Stage 1	In progress	Sept 2014
WEXP1*	Jul 2014	Sep 2018
WEXP2*	Nov 2016	May 2019

*Forecasts only as WEXP1 and WEXP2 are planned but not yet committed

Workforce versus Number of Workers on Site

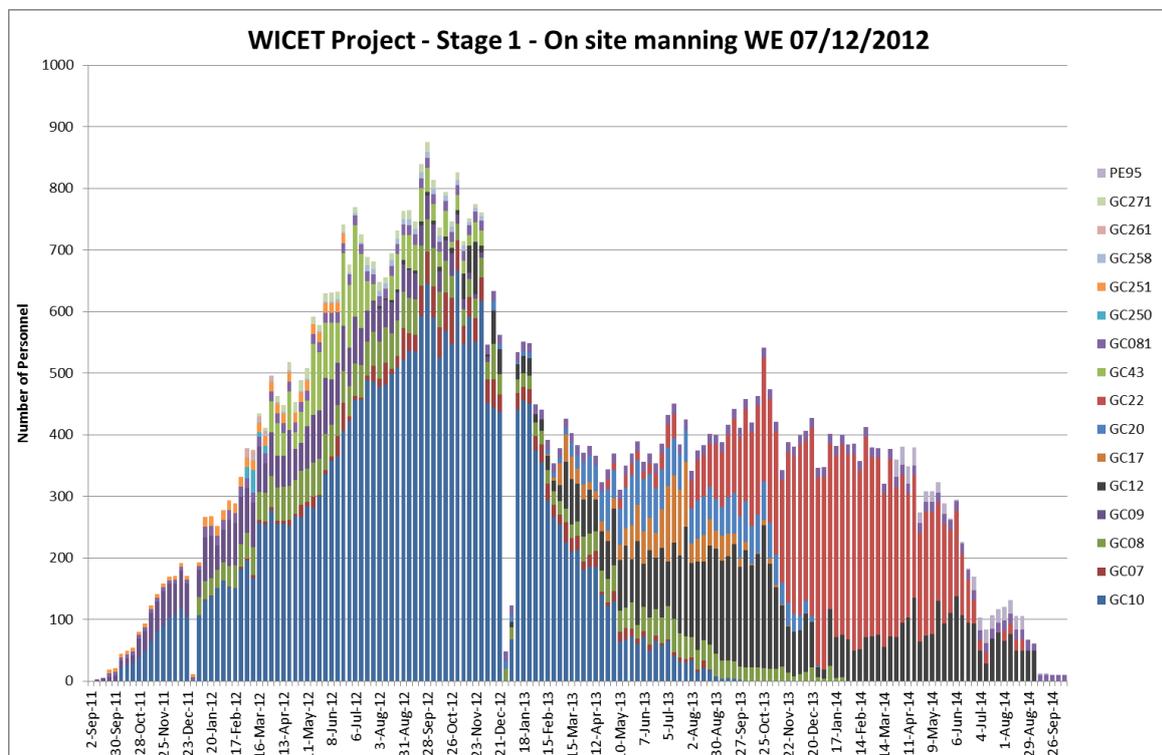
Due to factors such as shift-work patterns, rostered time off, recreation leave, sick leave, training requirements, and travelling time, the total workforce recruited for any large construction project must always be larger than the number of workers required to physically be on site on any particular day to perform the required work. For the purpose of workforce planning the WICET project team has applied a scaling factor of 1.34 (i.e. the total workforce at any time is expected to be 1.34 times larger than the number of workers required to be actually working on the site at the same point in time).

Local versus Imported Employees

While the actual ratios vary between sub-contractors as well as over time, historically, around 50% of the total WICET Project workforce (including all site based WICET employees and site based sub-contractors) has been recruited locally, and the remaining 50% is FIFO/DIDO/BIBO etc. It is understood that the FIFO/DIDO/BIBO portion of workforces at some other projects in the region may be somewhat greater, since WICET was able to secure many of the available local workers at a time when there was less competition in the job market and the WICET site is more attractive to local workers due to the shorter commute time. This difference is likely to persist as the longer commuting times required to reach some of these other projects tend to make WICET more attractive as a place to work.

It should be clearly noted that WICET does not provide short or long term accommodation for locally recruited workers, as they are already occupying residences in the region. As a consequence, WICET anticipates an ongoing requirement to provide accommodation (both short and longer term) for 50% of the total site-based workforce for the duration of Stage 1.

Following is the latest (WE 07/12/12) graphical representation of the site workforce forecast prepared in Primavera™.



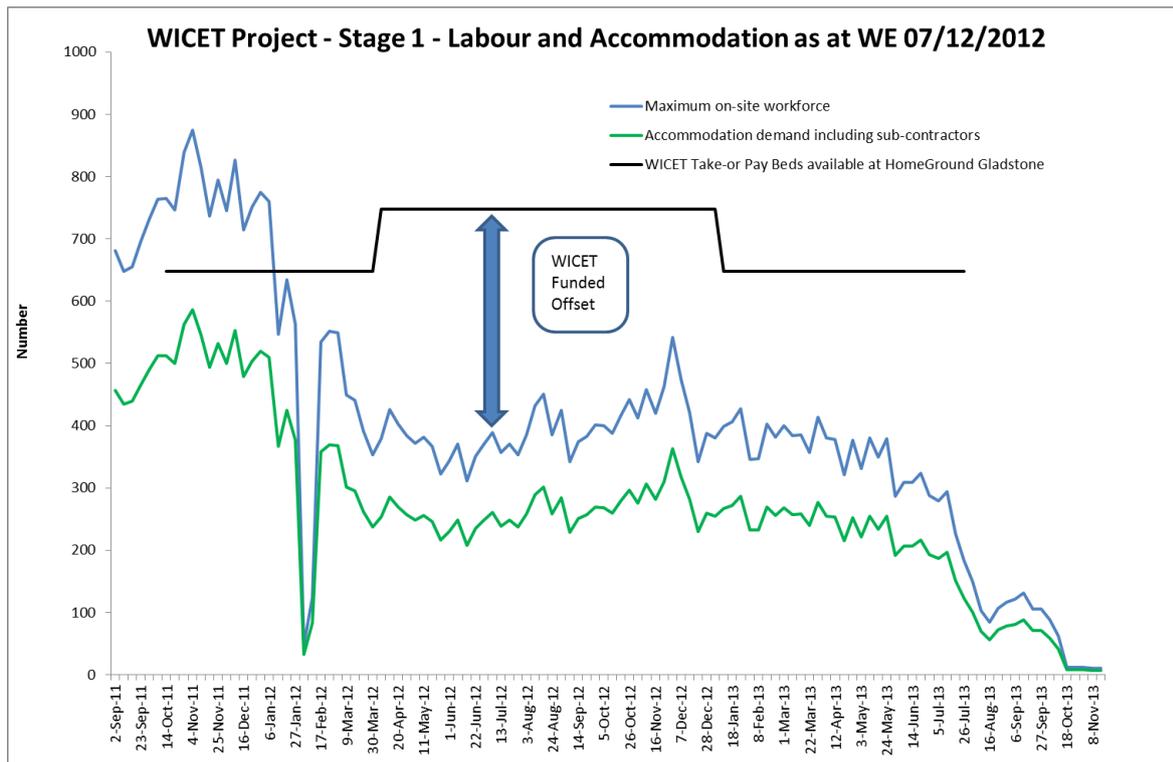
This graph can be used to inform the following table:

	Anticipated Labour – Stage 1 (Rounded to whole numbers)		
	Stage 1	WEXP1 * Not yet committed	WEXP2 * Not yet committed
Maximum Site Based Workforce (inc off-shift, leave, sick-leave etc)	1,172	1,000	1,000
Maximum Workers on Site	874	800	800
Average Workers on Site	401	400	400
Maximum accommodation requirement	586	500	500
Available rooms at HomeGround (from February 2013)	1,392	1,392	1,392

WEXP1 and WEXP2 projects are expected to demonstrate similar graphs, albeit with somewhat lower workforce numbers since many site infrastructure and mobilisation costs can be avoided. Based on current projections, Stage 1, WEXP1 and WEXP2 are not considered likely to overlap to any significant extent. The following table compares the current forecasts with those contained in the EIS and SEIS:

Stage	EIS (2006)	SEIS (2007)	Current (Dec 2012)
Stage 1	650	500	874
Stage 2 (WEXP1)	450	600	800
Stage 3 (WEXP2)	350	480	800

Note that the EIS and SEIS forecasts did not include on-site management staff numbers; the current forecast does include on-site management staff.



Accommodation Supply

WICET provided seed funding of \$50 million to ensure the development of a ‘four star ‘ Accommodation Facility at Calliope. This facility, originally developed by MGA Gladstone Pty Ltd, is now owned by Decmil Investments Pty Ltd (a wholly owned subsidiary of Decmil Group Limited), and is known as “HomeGround Gladstone”.

Expansion of the facility to 1,392 beds is on schedule for completion within February 2013.

WICET has contracted to take-or-pay for 648 rooms up to 21 June 2014 and a further 100 rooms from 1 March 2013 to 30 November 2013 in order to accommodate fluctuations in demand during Stage 1 – see the solid black line showing “WICET Take-or-Pay Beds Available at HomeGround Gladstone” in the above chart. Some of these rooms are leased to WICET’s sub-contractors to house their own workers, some are leased to certain unrelated companies to house workers involved in non-WICET projects, and any unused rooms are made available for short-term use by other companies or the general public.

WICET is unable to comment on how Evolution Facility Management (EFM), the operator, manages the 168 other rooms currently available at HomeGround Gladstone, but notes that this quantity will increase to 644 rooms upon the completion of the current expansion works in February 2102.

The following table analyses utilisation of the WICET take-or-pay rooms in November 2012 and forecasts the utilisation rate for March 2013 (i.e. the month after the expansion of the facility).

Utilisation of WICET Capacity at "HomeGround" at Calliope

Item	Actual November 2012	Forecast March 2013	Notes
Rooms in HomeGround	816	1,392	1
Take-or-pay rooms - WICET	<u>648</u>	<u>748</u>	2
Rooms actually used by WICET and contractors	350	340	3
Sub-tenants rooms used	258	250	4
Ad-hoc sub-let rooms	11	11	5
Total WICET rooms actually used	<u>619</u>	<u>601</u>	
Unused WICET rooms	29	147	
Occupancy Rate for WICET rooms	96%	80%	
Other rooms controlled by EFM	168	644	6

Notes:

- 1 Expansion due to be completed within February 2012
- 2 WICET has contracted to take-or-pay 648 rooms until 21 June 2014 and a further 100 rooms from 1 March 2013 to 30 November 2013
- 3 Includes employees of twelve (12) sub-contractors which are directly involved in the WICET Project, and which have leased rooms from WICET
- 4 Nine (9) other companies not involved in the WICET Project, but which have leased rooms from WICET
- 5 Twenty-three (23) other companies which are not involved in the WICET Project, but which rent vacant rooms on short-term basis from WICET from time to time
- 6 WICET unable to comment on utilisation rates for these rooms which are managed by EFM

WICET use of longer term Accommodation in the Gladstone Region

The use of purpose-built accommodation facilities, such as HomeGround Gladstone, to accommodate the workforce for large scale construction projects such as the Wiggins Island Coal Export Terminal, is generally preferred to the use of existing housing stocks because:

- Accommodation costs per diem (including CAPEX and OPEX) can be lower than alternative forms of accommodation
- Reduces undesirable impacts on the housing market such as high rents, rapid price movements, shortages of accommodation (particularly seasonal and /or low income housing)
- Reduces pressure for speculative construction of accommodation in the region
- Reduces severity of "boom and bust" cycle in the regional housing market
- Fully serviced facilities enable workers to avoid housekeeping tasks during their leisure hours

Use of longer-term Accommodation for the WICET Project (as at end Dec 2012)

	Wiggins Island Coal Export Terminal Pty Ltd	Worley- Parsons	All other Contractors	Total for WICET Project
Total workers based in Gladstone	22	102	1,152	1,276
Locally recruited workers	14	45	618	677
FIFO/DIDO/BIBO workers	8	57	534	599
FIFO/DIDO/BIBO Rate	36%	55%	46.3%	46.9%
House, flats and units leased	6	43	24*	73*
Number occupied by families	4	20	59*	83*

- Data is incomplete – missing input from one sub-contractor

Accommodation Requirements for future Phases

As discussed above, the timing of the commencement of both WEXP1 and WEXP2 will not be fixed until financing is in place. Notwithstanding the level of activity at certain LNG Projects in the region, WICET anticipates that the Gladstone Region will be readily able to provide all short and longer term accommodation required for WEXP1 and WEXP2 because:

- Construction workforce levels for Stage1, WEXP1 and WEXP2 have been revised downwards since the first information was provided to the Coordinator-General
- Workforce levels for Stage 1 are now calculated with a high level of accuracy with Primavera™, especially as the project has almost reached its halfway point
- The duration of construction periods (and hence accommodation periods) for Stage 1, WEXP1 and WEXP2 will show minimal overlaps under the revised program, compared to information previously submitted to the Coordinator-General
- HomeGround will expand from 816 to 1,392 beds in February 2013
- 1,700 beds have already been constructed on Curtis Island to support the LNG Projects thereby relieving pressure on existing accommodation
- A further 3,300 beds are under construction on Curtis Island will support those same LNG Projects and further ease pressure on the local accommodation market
- Around 500 new flats, units, apartments and townhouses are expected to become available in the first quarter of 2013
- In the next six months up to 2,000 house and land packages will be completed and enter the same market

Notwithstanding the above, there remains a requirement to provide longer term accommodation for certain categories of workers, including:

- Workers who are based at site for long periods, in some cases for the duration of the project
- Workers who are based at site for long periods and are accompanied by family members
- Professional and management staff requiring long term accommodation
- Some staff from overseas contractors

Future Accommodation Requirements for Stage 1 of WICET Project

Date	Number of houses, units, flats or townhouses	Number of Beds required in HomeGround Gladstone
Dec-12	163	262
Jun-13	160	188
Dec-13	120	166
Jun-14	60	137
Dec-14	10	NIL
Jun-15	NIL	