



STATEMENT BY BRETT LYNCH, CEO VALLEY LONGWALL INTERNATIONAL
IN RESPONSE TO SETTLEMENT OF DEPARTMENT OF LABOUR CHARGES FRIDAY
26 OCTOBER 2012

Valley Longwall International (VLI) is a market leader in the supply of specialised equipment and allied services to the coal mining industry. We have over 800 specialist personnel operating in Australia and overseas.

We regard the safety and wellbeing of our people as an absolute priority. Our excellent safety record testifies to that fact. Before the New Zealand Department of Labour charged VLI Drilling Pty Ltd with breaches of OH&S legislation, no member of the VLI Group had ever been charged with any such breach, either in Australia or in any other country in which we operate.

Today the judge convicted VLI on all three charges, imposing a fine of NZ\$46,800. VLI has noted the judge's comments and accepts her decision. We appreciate the judge's recognition of our recent innovation in mine safety management.

The charges brought against us related to our failure to have implemented a procedure to prevent operation of our drill rig, if Pike River Coal (PRC) had not conducted regular electrical and gas sensor inspections of our rig as part of its mine safety management responsibilities. Industry standards required PRC to withdraw our rig from service, if it had not passed inspection.

In its prosecution of us, the Department of Labour acknowledged that our failure caused no actual harm, and could not causally be linked to the tragic explosions at the Pike River mine. The judge also found that the only link between the admitted offences and the mine explosions was that the explosions were the catalyst for a detailed analysis and investigation of procedures at the mine and it is that process that led to the charges.

In the wake of those explosions, our own investigation confirmed that we were not required by industry standards or practice to verify any mine operator's performance of its mine safety management responsibilities. We explored and eventually established a reasonably practicable step to prevent operation of our rig without that verification. That practicable step is our innovation in mine safety management. It relies wholly on the collaboration of the relevant mine operator, and to the best of our knowledge did not previously exist in any mine safety regulation or standard, or operate in any coal mine in the world. We are now discussing the additional measure with our mine operators. Having established that



additional step, we couldn't hand on heart say we'd taken all practical steps at PRC to ensure the safety of our people. We therefore decided a guilty plea was appropriate to remain true to our commitment to our people that their safety is always our paramount concern.

James Joy, an independent mine safety expert stated in an affidavit to the court that 'the immediacy of the defendant's proposed procedures makes them as reasonably practicable as the defendant could hope to achieve, even although contingent on the mine operator's participation'.

However, the independent safety expert warned that VLI's proposed procedure 'must not detract from the mine's responsibility for the overall health and safety management including routine effective testing and inspections of critical controls such as gas monitoring equipment in an underground coal mine'.

While the initial response from mine operators to our desire for more visibility over their safety checks of our machinery has been positive, time will tell whether VLI's proposed procedure will enhance safety and be adopted by regulators and mine operators.

Global best practice recognises that the mine operator must be solely responsible for making the mine safe, including undertaking all relevant inspections. We look forward to working with mine operators and all relevant parties to test the efficacy of our initiative.

As always, our thoughts remain with the families and friends of all the victims of the Pike River Mine Disaster.

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For further information:

Gabriel McDowell

Res Publica Pty Ltd

Tel: +61 2 8297 1515

Mobile: +61 417 260 918

Email: gmcowell@respublica.com.au