

Minutes from Community Forum / QAL Board Meeting  
5.00pm, 12 February 2009  
Bob Druitt Training Centre



**Forum attendees:**

Simon Wensley (Rio Tinto), Geoff Blatch (Rusal), Chris Sailsbury (Rio Tinto) Phil Campbell, Ross Greenhalgh, Mellissa Case, Courtney Brown, Lewis Fellowes, Frank Bowen, Sam Ricciu, Brian Ross, Frank Barker, Neil Lymberry, Bruce Hunt, Col Chapman, Ron Heymer, Paul Tooker.

**Apologies:**

Andrey Schmelenko (Rusal), Kelvin Banks, Errol Page, Brian Whelan, John Feddersen, Kevin Dyer.

**Agenda:**

- Welcome and Introduction – Ross Greenhalgh
- QAL Board views – Board
- Forum discussion points – Forum group
- Questions and answers
- Meeting close at 6.00pm

Minutes / Action	By Whom	By When
Feedback information from the Forum meeting will be provided to QAL Community Forum Members and published on the QAL website.	Mellissa Case	20 February
<b>Welcome and Introduction – Ross Greenhalgh</b>		
Community Forum members were welcomed to the meeting and Board members introduced. The purpose of the meeting was outlined which was to provide views from the Board's perspective, cover points submitted from Forum, invite question and answers and then open discussion to group.		
<b>QAL Board Views – Simon Wensley</b>		
<p>The Board provided forum members with an overview of the purpose of the days Board meeting at QAL and topics discussed with QAL Management.</p> <p>A background to the current economic situation and how it developed to where is today was provided with the key points being:</p> <ul style="list-style-type: none"> <li>• Unprecedented, rapid and severe global economic downturn</li> <li>• Aluminium and Alumina prices have dropped 70% since mid last year</li> <li>• World aluminium production has reduced 11% during the same timeframe and yet inventories continue to increase</li> <li>• December 10 – Rio Tinto announced measures in response to the global down turn that are aimed at preserving value for shareholders, conserving cash flow and reducing levels of debt: <ul style="list-style-type: none"> <li>• All operations and projects are reviewing</li> </ul> </li> </ul>		

<p>operations to identify and implementing cost saving measures</p> <ul style="list-style-type: none"> <li>• 14,000 headcount reduction globally</li> <li>• Increasing scope of assets identified for divestment</li> <li>• Reduction of capital expenditure from over \$9 billion to \$4 billion</li> <li>• Reduce controllable operating costs</li> </ul> <ul style="list-style-type: none"> <li>• January 20 – Rio Tinto Alcan curtails production and cuts costs:             <ul style="list-style-type: none"> <li>• Further 6 % reduction in aluminium production (total reduction 11 per cent) and close to 6 % reduction in Alumina production</li> <li>• Workforce reduction of 1100 roles</li> <li>• Cost reduction programmes in RTA operations globally</li> <li>• Full review of RTA's organisational structure and operating strategy underway</li> </ul> </li> <li>• By taking quick, decisive action now across our business will enable us to better weather the economic down turn and position us for a strong return, when the markets recover.</li> <li>• Rio Tinto Alcan will continue to monitor the economic outlook closely and may need to implement further measures if required.</li> <li>• If and when we make changes to our business we will share information with our workforce and relevant stakeholders in full compliance with the relevant individual and /or collective labour agreements.</li> </ul> <p>QAL had a good year producing 3.95 million tonnes of alumina – just under target. Investing to increase reliability of equipment at QAL and production targets in 2009 will increase to just over 4 million tonnes.</p>		
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**Discussion items – Forum members**

**Product prices:**

Product prices in the current market are sitting at a level similar to the mid nineties, however at that time the price drop was not as quick. QAL is a competitive plant, however all businesses globally are facing the same issues.

**Capital expenditure:**

In light of the current economic situation, capital expenditure will be reduced on future growth projects. Sustaining capital will remain a priority particularly in relation to safety, environment and reduction of community impacts - alkali, odour and dust. All projects that have been previously discussed in the forum will still continue and are still part of the approved budget.

**Alumina loader:**

A Forum member expressed their concerns to the Board that the alumina loader is not working effectively enough and more work needs to be done. The loader has made a significant difference but has not fully resolved the issue of alumina dusting during loading, particularly on windy days. There are a number of contributing factors which are currently being addressed and QAL is investigating a number of options to improve loading efficiency in addition to lessening impact on the community.

**Thermal Oxidiser:**

Thermal Oxidiser has been very successful in assisting to eliminate odour emissions from Digestion. QAL and the Board are aware that odour is an issue which is of community concern. Odour reduction programs are still a priority and will be implemented as solutions are determined.

**Coal Dust:**

A Community Forum member noted that QAL was held responsible for coal dust pollution in Gladstone, which in their opinion was attributed to Gladstone Ports Corporation activities. Members advised the Board that if ever it was economic to convert from coal to gas, then the opportunity should not be missed.

**Pollution from emissions that are not visible:**

A Community Forum member advised the Board that the Gladstone population was becoming more sophisticated and was becoming more concerned about emissions that were not visible. An example of fluoride emissions was provided to the Board in which a recent blood test of a community member by Queensland Medical Laboratories (QML) showed fluoride levels were at the very top of the "safe" range identified by Queensland Health.

**Unit 3 Relief line failure:**

On January 15 a relief line in Digestion failed and alkali emissions were released into the atmosphere. Initial investigations suggested that the emission was contained on site however QAL contacted surrounding neighbours in areas of concern. No-one was injured in the incident and insurance assessors are working to provide compensation for any damaged property.

**QAL Buffer Zone Land:**

The buffer zones particularly the marine plain is a protected habitat area. This means that the land has to be left as a marine environment. The unprotected areas are the focus of our revegetation program.

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**Board response:**

The QAL Board unanimously thanked Forum members for their input and participation in the group.

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**Meeting schedules:**

The next community forum is scheduled for April and will be confirmed closer to the date.

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Meeting closed: 5.55pm

**Attachments:**

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