

ANNUAL REPORT

2014/2015



THE CHAMBER OF MINERALS AND ENERGY OF WESTERN AUSTRALIA



Message from Chief Executive

Reg Howard-Smith

The past twelve months have been particularly challenging for many in the Western Australian resources sector. The transition from a construction phase into production phase was expected to bring some change, but the drop in commodity prices has created even tougher conditions for many CME members.

Despite these tough conditions, one of CME's signature publications the 2015-2025 Resources Sector Outlook, found there is still more than \$52 billion worth of projects either committed or under consideration. The Outlook also found the sector workforce will still be double that of pre-expansion levels in 2004.

Last month the Mineral Royalty Rate Analysis was released after reviewing royalty rates for the past three years. Minister for Mines and Petroleum; Finance, the Hon Bill Marmion MLA announced there would be no immediate royalty increases for commodities in the 2015/16 Budget. CME will continue to advocate for no royalty increases in future years.

CME will work closely with members and key stakeholders to ensure issues affecting the sector are well understood. A greater understanding of the sector's issues, concerns and priorities will help realise the next wave of resources sector investment.

CME remains very confident about the resources sector's strong future and ongoing contribution to the state and national economies - a contribution which will deliver ongoing prosperity for our community.



Message from President

Brian Reilly

It has been a privilege to serve as CME President over the past year. Now in its 114th year, CME continues to lead policy development on issues impacting on the resources sector, whilst promoting the value of the sector to the community and providing an avenue through which members and stakeholders are able to collaborate.

The changing operating environment for many of CME's members will see a continued focus on the cost of doing business and improving productivity throughout 2015 into 2016.

Improving the community's understanding of the positive economic and social impacts of the resources sector is a further priority for CME. Unfortunately the great contribution made by the sector to Western Australia

can be overlooked from time to time. Our attractiveness as an investment destination requires vigilance and constant effort.

Over the past year CME has made valuable contributions to public policy in areas such as fly in-fly out, workforce diversity, royalties, approvals and regional development to name but a few.

CME remains a powerful and influential advocate for industry because of the tremendous commitment made by individual member companies in committees, forums and working groups. On behalf of CME I thank members for their input in ensuring CME speaks with a unified and strong voice.





People and Communities

Independent Review of Subclass 457 Visa: government support for streamlined, risk-based processing, increased flexibility for English language testing and lowering of the market salary assessment threshold in relation to 457 visa's and the re-introduction of the short stay business visa, which the Department of Immigration is currently in the process of reinstating.

Review of Operation and Effectiveness of Building and Construction Industry Training Fund and Levy Collection Act 1990: ongoing exemption for mining and petroleum work (for engineering construction, exploration or extraction work) from the Building and Construction Industry Training Fund Levy and re-affirmation by the state government on this in its response to the review.

Independent Review of the Vocational Education and Training Sector in WA: adoption of all but one of the 11 recommendations proposed by CME in the final report's recommendations. These are now being implemented and will lead to improved autonomy and efficiency for State Training Providers and more strategic oversight of the state training sector.

Dual Qualification Pathway Electrician's Licence: facilitation by the Resources Industry Training Council of the development of a new engineering based qualification which will specifically address resources sector requirements to retain the dual qualification pathway for an electrician's license in WA. The new qualification is due to be approved by the vocational education and training sector and the WA Electrical Licensing Board by mid-2015.

Western Australian State Aviation Strategy: recognition of the importance of fly-in fly-out work arrangements, and need for planning to support aviation services, in the Department of Transport strategy, released in February 2015.

Review of Workers' Compensation and Injury Management Act 1981: Eight out of 11 recommendations made in CME's submission to the review were acted on with further advocacy resulting in the removal of proposed amendments which would have limited industry's ability to enter into mutual indemnity arrangements.

Draft Policy Statement - Application of Statutory Penalties: a clear and concise policy which is consistent with industry's position on the need for a hierarchy of enforcement and compliance mechanisms commensurate with the risk and nature of a breach. The policy will facilitate consistency in the way statutory penalties are applied under Department of Mines and Petroleum (DMP) legislation.

Draft Guidance Material - Autonomous Mobile Equipment: the development of a Guideline and Code of Practice in collaboration with DMP which reflects industry's position on the need for risk based and outcomes focus guidance to ensure adequate flexibility for what is still new and quickly advancing technology.

Mines Safety Levy Regulations: amendments to clarify requirements and relieve costly administrative burden by simplifying reporting requirements for employees working less than 40 hours. Further short term amendments to implement an acceptable level of variance are currently under consideration and a reworking of the calculation methodology to form part of the broader safety legislation reforms.

Safety Legislation Reform: a government commitment to release the proposed draft Work Health and Safety (Resource) Bill for a regulatory impact statement process and consultation with industry. CME has consistently stated ongoing support for the modernisation of safety legislation in WA rests on a review of the detail.

DMP incident data and significant incident reports: a significant reduction in time between when an incident occurs and the release of the DMP incident report as well as an increase in the level of detail included in these reports. DMP has also produced additional incident data and statistical analysis in response to industry requests. CME promotes an ongoing discussion to facilitate the sharing of safety lessons learned.

Mid West Industry Road Safety Alliance: delivery of road safety messages to the community.

CME advocacy resulted in...

Economic Competitiveness

DMP Reforming Environmental Regulation (RER): removal of \$2.1 million in annual compliance fees from DMP's proposal by the Minister for Mines and Petroleum.

Department of Environment Regulation (DER) Re-Engineering for Industry Regulation and Environment (REFIRE): the DER completing a review into the REFIRE program with a new industry licence template and conditions proposed to be released for consultation.

'One-stop-shop' for environmental approvals: the draft approval bilateral agreement between the WA Government and Australian Government including a section to allow proponents to apply the WA Government Environmental Offsets Policy and Guidelines. The inclusion of this section demonstrates a commitment to a single set of conditions and offsets under the bilateral process.

Economic Regulation Authority (ERA) final report: recommendations on approvals reform, electricity markets regulation compliance and various taxation measures to be incorporated into the final report released by the ERA in July 2014.

Royalties: the Minister for Mines and Petroleum confirming no increases to royalties for any commodities for 2015-16, following 18 months working as part of the Industry Reference Group.

Mining exploration license valuations: legislative change to mining exploration license valuations by the Valuer General, reducing local government rates for exploration tenement holders.

Petroleum permit/drilling reservation license valuations: legislative change to license valuations by the Valuer General, reducing local government rates for tenement holders.

Mining Regulations (Domestic Iron Ore Sales): DMP issuing a guidance note to ensure the true value of domestic iron ore sales is recognised resulting in a more reflective, and lower, royalty payment for impacted companies.

Minerals Resource Rent Tax (MRRT) and Carbon Tax: the repeal of the MRRT and the Carbon Tax, following extensive collaboration with federal and state mining bodies.

State water management legislation: the Minister for Water endorsing the drafting of new state water resource management legislation, which is expected to provide resources sector companies with improved simplicity and certainty in water access for exploration, construction and operations.

Port improvement rates: development of a port improvement rate policy by the Department of Transport, in collaboration with CME, to strengthen governance arrangements around the application of rates for the state's ports.

Mining Act 1978 amendments: provision for 'low-impact' activities where only notice must be given if there is an intention to carry them out resulting in the exemption of some exploration activities from the requirement for formal environmental impact assessment and reduced costs.

Mid West Development Commission: inclusion of a resources strand in the Midwest Blueprint development strategy to recognise the sector in the region.





Natural Resources

WA Environment Offset Guidelines: release of new WA Environment Offset Guidelines in August 2014 concluding a positive collaborative process between the resources sector and government to develop a whole-of-government document to guide proponents and provide increased transparency on environmental offsets.

Exploration Development Incentive (EDI): clarity and simplicity with the introduction of the EDI legislation specifically relating to eligibility, ease of administration and modulation process to apply under the scheme.

Review of Wardens Court Process: two additional DMP staff being allocated to the Wardens Court and commitment by DMP to implement IT upgrades to its systems which will allow statistics to be produced to monitor the efficiency of the Wardens Court.



CME Safety and Health Conference and Innovation Awards – 14-15 April 2014



CME Annual General Meeting and Business Lunch with Chair Prime Minister's Indigenous Advisory Council Warren Mundine – 29 April 2014



Surface Mine Emergency Response Competition – 3-4 May 2014



Pilbara tour with representatives from federal government departments – 10-12 June 2014



Inaugural Indigenous Australians in the Resources Sector Forum – 10 July 2014



Pilbara tour with members of the Western Australian media – 23-25 September 2014



Launch of the 2015 Women in Resources Awards – 25 September 2014



Pilbara tour with Minister for Trade and Investment Hon Andrew Robb AO MP – 8-10 October 2014



Annual WA Resources Overview held in partnership with Committee for Economic Development of Australia (CEDA) – 17 October 2014



Underground Mine Emergency Response Competition – 31 October – 2 November 2014



Launch of the 2015-2025 Western Australian Resources Sector Outlook, with Minister for Planning the Hon John Day MLA and Deloitte Access Economics Partner Chris Richardson – 13 November 2014



CME Christmas Celebration with Minister for Mines and Petroleum; Finance the Hon Bill Marmion MLA and Leader of the Opposition the Hon Mark McGowan MLA – 2 December 2014



Pilbara tour with Shadow Minister for Trade and Investment Senator Penny Wong – 16-17 February 2015



2015 Women in Resources Awards presentation breakfast – 6 March 2015

Ordinary Members

ABM Resources NL	ConocoPhillips	Lanco Resources Australia Pty Ltd - Griffin Coal	Ramelius Resources Ltd
Alcoa of Australia Ltd	Cristal Mining Australia Limited	Leighton Contractors Pty Ltd	Regis Resources Ltd
Alinta Energy Pty Ltd	DBNGP (WA) Nominees Pty Ltd	Lynas Corporation Ltd - Mount Weld Mining Pty Ltd	Rey Resources Ltd
Alkane Resources Ltd	Doral Minerals Sands Pty Ltd	Macmahon Contractors Pty Ltd	Rio Tinto Limited
AngloGold Ashanti Australia Ltd	Doray Minerals Limited	MacPhersons Resources Limited	Rosslyn Hill Mining Limited
API - The Australian Premium Iron Joint Venture	Downer EDI Mining	McConnell Dowell Constructors (Australia)	Roy Hill Holdings (joined 2015)
Atlas Iron Limited	Evolution Mining	Metals X Limited	Saracen Mineral Holdings Limited
Barmenco Limited	First Quantum Minerals Australia Nickel Pty Ltd	Minara Resources Ltd	Shell Australia Pty Ltd
Barrick (Australia Pacific) Limited	Flinders Mines Ltd	Minerals and Metals Group (MMG)	Silver Lake Resources Limited
Bauxite Resources Ltd	FMR Investments Pty Ltd	Minjar Gold Pty Ltd	Sinosteel Midwest Corporation Limited
BC Iron Limited	Focus Minerals Limited	Monadelphous Group Limited	St Barbara Limited
BGC Contracting	Fortescue Metals Group Limited	Mount Gibson Iron Limited	Talison Lithium Limited
BHP Billiton Iron Ore	Georgiou Group Pty Ltd	Newcrest Mining Limited	Thiess Pty Ltd
BHP Billiton Limited - Aluminium & Nickel	Gindalbie Metals Ltd	Newmont Asia Pacific	Todd Minerals and Coal
BHP Billiton Petroleum Pty Ltd	Gold Fields Australia Pty Ltd	Northern Minerals Ltd	Top Iron Pty Ltd
BHP Billiton Worsley Alumina	Gold Road Resources Ltd	Northern Star Resources	Toro Energy Limited
Buru Energy Limited	Hess Exploration Australia Pty Ltd	Norton Gold Fields Ltd	Total E&P Australia
Byrnescut Australia Pty Ltd	Iluka Resources Limited	NRW Holdings Ltd	TransAlta Energy (Australia) Pty Ltd
Cameco Australia	Iron Ore Holdings Ltd	Onslow Salt Pty Ltd	Tronox Management Pty Ltd
CFC Group (Contura Mining)	Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM)	Orica Limited	Vector Resources Ltd
Chevron Australia	Kimberley Diamond Company NL	Paladin Energy Ltd	WesTrac Pty Ltd
Citic Pacific Mining Management P/L	Kingsgate Consolidated Ltd	Panoramic Resources Limited	Woodside Energy Ltd
Cliffs Natural Resources	La Mancha Resources Australia Pty Ltd	Premier Coal Limited	Yara Pilbara Fertilisers Pty Ltd
Clough Limited			

Associate Members

AECOM Australia Pty Ltd	Economics Consulting Services Pty Ltd	Lavan Legal	SolarReserve LLC
Allens	Edith Cowan University	Lincof Australia Pty Ltd	Southern Ports Authority
Alliance Airlines	EnerNOC	McGarry Associates	Stochastic Simulation Ltd
Analytical Reference Laboratory (WA)	ERGT Australia	Mid West Ports Authority	Strategen Environmental Consultants Pty Ltd
Ashurst	Ernst and Young	Minter Ellison Lawyers	Telstra Corporation Ltd
ATCO Australia Pty Ltd	ESS Support Services Worldwide	Mintox Media	Terra Rosa Consulting
Aurecon Australasia Pty Ltd	FIFO Families	Mitsubishi Development Pty Ltd	Thales
Australian Cultural Heritage Management Pty Ltd	Fremantle Ports	Mitsui Iron Ore Development Pty Ltd	The Perth Mint
Balance Resources	Fyfe Earth Partners	MMWC Group	The University of Western Australia
Bis Industries Limited	GE Oil & Gas	Modern Motor Trimmers	Toxfree Solutions Ltd
Bouygues Construction	GHD Pty Ltd	North West Shelf Gas Pty Ltd	Umwelt (Australia) Pty Ltd
Brookfield Rail Pty Ltd	Goldfields Institute of Technology	Nous Group	URS Australia Pty Ltd
Bunbury Electrical Service Contracting Pty Ltd	Goldfields Land and Sea Council	ORONTIDE Group Limited	Virgin Australia Regional Airlines
Civeo	GR Engineering Services Limited	Peak3 Pty Ltd	Vix Technology
Clayton Utz	Herbert Smith Freehills	People Solutions Australasia Pty Ltd	Water Corporation of Western Australia
Clifford Chance	HNZ (Australia) Pty Ltd	Perth Airport Pty Ltd	Western Desert Lands Aboriginal Corporation
Climate Change Response Pty Ltd	IBM Australia Ltd	Pilbara Access	Whittens Pty Ltd
Cobham Aviation Services Australia	Jackson McDonald Lawyers	PricewaterhouseCoopers	WorleyParsons
Corrs Chambers Westgarth	Jacobs	Qantas Airways Limited	Yamatji Marlpa Aboriginal Corporation
CPC Engineering Pty Ltd	Jebsens International (Aust) Pty Ltd	Raeda Consulting	
CSIRO	JMJ Associates	Raw Hire	
Curtin University - WA School of Mines	Kellogg Brown and Root Pty Ltd	Rayner Consulting	
Deloitte Touche Tohmatsu	Keogh Bay Consulting	Resource Capital Funds	
DLA Piper Australia	Kepner-Tregoe Pty	Santos Ltd	
Durack Institute of Technology	King & Wood Mallesons	Satterley Property Group	
	Klohn Crippen Berger	Skill Hire WA Pty Ltd	
	KPMG	Skippers Aviation Pty Ltd	

Small Business Associates

CoreStaff	T.I.S. Engineering (WA) Pty Ltd
Haynes Mechanical Pty Ltd	Welltechnics Pty Ltd
Resourcing Central Pty Ltd	Wilmot Engineering
Specialised Reline Services	

As at December 2014

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