



CME in Brief

April 2015



Message from the Chief Executive

The start of 2015 has brought with it a number of challenges for industry, particularly around commodity prices. After a tough year in 2014 we've seen key commodity prices fall further in recent months creating even tighter conditions for many CME members.

Some positive news for industry arrived in late March with the Minister for Mines and Petroleum, the Hon. Bill Marmion MLA advising that there would be no immediate royalty increases for commodities in the 2015/16 Budget following the release of the Mineral Royalty Review Analysis report. This is welcome news for many members who had been awaiting the report's recommendations for almost three years. CME recommended no changes to the current royalties system given the industry as a whole provides greater than a 10 per cent return to the state. Work will now continue to seek a commitment there will be no increase to any royalty rates in the future.

CME welcomed the Tax and Superannuation Laws Amendment Bill in early March which included provisions establishing the Exploration Development Incentive (EDI). CME has long sought the establishment of an incentive recognising the long lead times for investment, exploration and production, particularly in the start-up stages of projects. Exploration is so important to the future of the industry and its pleasing matters raised by CME with the Department of Industry

over the past 18 months were taken into account in the creation of the EDI. CME will continue to work with Treasury through the development of relevant guidance materials.

The CME state pre-budget submission was released in March with key issues including exploration, payroll tax, skills, infrastructure, cost recovery, approvals tracking and FIFO and mental health highlighted. CME's federal pre-budget submission was also released last quarter focusing on GST distribution, exploration, fuel tax credits, infrastructure: one stop shop agreement, skilled workforce and labour mobility.

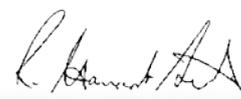
Both pre-budget submissions were supplemented with CME's 2015 Policy Agenda. This document highlights policy priorities in each of the three pillars in CME's updated strategic plan: People and Communities, Economic Competitiveness, and Natural Resources.

CME has been busy this first quarter of 2015 with political engagement and further planning for tours in the Pilbara. In February CME travelled to the Pilbara with Shadow Minister for Trade and Investment Senator Penny Wong and Senator Glenn Sterle visiting Rio Tinto, Fortescue Metals Group, Woodside, Yara Pilbara Fertilisers, and CITIC Pacific Mining. In mid-April a group of federal coalition parliamentarians led by Senator Dean Smith also visited the Pilbara. CME appreciates members

welcoming these groups to provide a first-hand look at operations and the opportunity to discuss current challenges.

The 2015 Women in Resources Awards presentation breakfast occurred in March, where journalist and political commentator Annabel Crabb entertained a crowd of 1,000 guests and highlighted the wonderful achievements of some outstanding women in the Western Australian resources sector. Each year the awards grow and with over 90 nominations received judging was particularly difficult this year. CME congratulates all winners and finalists and looks forward to hearing about their future successes.

Our upcoming Annual Business Lunch with guest speaker former Australian Football League Chief Executive Officer Andrew Demetriou will take place on 30 April 2015. Like the resources sector the Australian Football League has seen its share of challenges in recent times and we will hear Andrew's reflections about his leadership in what was an interesting time at the helm.



Reg Howard-Smith
Chief Executive



Economics and Tax

In early 2015 the state government confirmed it will fast-track legislation to reduce the valuations for certain exploration mining tenements and petroleum drilling permits which apply in determining local government rates payable. CME is pleased the government took on board feedback regarding the anomaly in the legislation as the result is likely to benefit members from the 2015-16 rates year. CME will continue to work with government, members and local government authorities to address issues relating to rates.

CME is preparing a submission to the Department of State Development on the Gross Rental Valuation (GRV) trial which is coming to a close in June 2015. The three year trial has provided an increase

in GRV revenue to local government, and has provided certainty to industry on what interests are to be rated GRV. CME recommends the trial continue as policy post July 2015 and has provided recommendations to government on ways to ensure consistency, fairness and adherence to good governance principles in its application.

CME is working with the Department of Mines and Petroleum (DMP) on Mining Regulation amendments impacting domestic iron ore sales. CME and members met with DMP representatives who provided an overview of the original amendments and the draft domestic iron ore guidance note. CME subsequently lodged its submission to the amendments and will continue to work with DMP to

ensure royalty calculations are based on a true or fair sales value and miners are not negatively impacted from a cash-flow perspective.

It was pleasing to see the Australian government pass the bills to provide for the Exploration Development Incentive. CME has worked closely with the Department of Industry over several years and it is positive that many of the recommendations regarding eligibility and ease of administration have been taken into account. CME will continue to work with Treasury through the development of relevant guidance materials.

Shannon Burdeu
08 9220 8514
s.burdeu@cmewa.com

Environment

The start of 2015 has seen the Environment Portfolio focused on a number of reform and policy issues under the Mining Act.

DMP has been consulting with CME on amendments to the Mining Act 1978 to formally move the agency to a risk and outcomes-based environmental regulator. An amendment bill is expected to enter parliament in the first half of this year.

Amendments to Mining Regulations 1981, enabling the public release of environment data including approved Programme of Works, Mining Proposals, associated Mine Closure Plans and Annual Environment Reports has also been canvassed with CME. Feedback on the exposure draft has focused on the importance of a balance between access to relevant information and protection of commercially and socially sensitive material.

At the same time, a DMP proposal to introduce cost-recovery for assessment of environmental approvals and compliance has been strongly opposed by CME. In response to CME's concerns surrounding the introduction of an annual compliance

fee could be considered a form of general taxation this component was removed from DMP's proposal by the Minister for Mines and Petroleum, the Hon. Bill Marmion MLA. Despite strong industry opposition, DMP has announced it will still be progressing with the introduction of the assessment fees for Mining Proposals and Programme of Work applications from 1 July 2015.

The Approvals Working Group completed a review of the Water Issues Group industry agreed principles to guide the development of a preferred framework for the management of cumulative impact of water use. The aim of this process is to develop overarching principles which can be applied to water, air, land and biodiversity. This will form the basis of discussion with state government later this year on cumulative impacts.

The Approvals Working Group also discussed the Department of Environment Regulation (DER) draft Guidance Statements for Setting Conditions and Land Use Planning. The draft Guidance

Statements provide detail on DER's roles and responsibilities for land use planning and how DER will set conditions on approvals issued under Part V of the Environmental Protection Act 1986. CME prepared a submission for the draft Guidance Statements in March 2015.

The assessment bilateral agreement under the Environment Protection and Biodiversity Conservation Act 1999 between the Commonwealth of Australia and the state government commenced on 1 January 2015. A draft approval bilateral agreement has been released for stakeholder consultation, which CME put forward a detailed submission supporting the premise and intent of the agreement.

CME has been involved in EPA's working groups associated with environmental offsets including the Environment Offset Metrics Working Groups (intensive and extensive) and the Pilbara Strategic Conservation Initiative Working Group.

Kane Moyle
08 9220 8511
k.moyle@cmewa.com



Infrastructure

CME commenced a project to examine changes in fees and charges at Port Hedland and Geraldton ports over the last ten years, and the appropriateness of port rates of return. A number of meetings have been held between relevant production members to progress the project which will inform CME advocacy on fee increases and structure, port productivity and asset management.

The State Aviation Strategy was released in February since progress on its development commenced three years ago. While CME welcomes its release and recognition of the importance of fly-in fly-out, it does not support the proposed development of a transport approval process for mine site airstrips. A briefing between the Department of Transport and members is being organised for April.

A workshop was held in March with members to examine options to better protect transport corridors and industrial buffers. A number of policies are being reviewed by government relating to land use planning. The project will consider

regional areas where issues such as encroachment and incompatible land uses are impacting on transport corridors and buffers.

CME hosted a breakfast with members and Department of Industry Associate Secretary John Ryan, focused on the Energy White Paper. The breakfast gave members an opportunity to discuss federal energy policy including the renewable energy target, potential future opportunities in uranium mining and nuclear power, and principles for state government energy policy challenges.

In the last quarter CME attended the government's response to the State's Electricity Market Review. A number of the proposed actions including a decision to retain and improve the energy market and reserve capacity mechanism is appropriate for the size of the market in the South West Interconnected System, and a move to full retail contestability is supported. However the overall response largely misses an opportunity for broader reforms including privatisation of Synergy

and Western Power.

Further progress has been made to develop an industry preferred framework for managing cumulative impacts of water in the Pilbara. The second workshop in a series of four was held to discuss process issues associated with managing cumulative impacts.

During the last quarter the government announced its approval to commence drafting the Water Resources Management Bill, which aims to streamline, consolidate and modernise the state's water resource legislation. As a member on the Department of Water's Water Reform Reference Group CME will continue to provide input throughout the reform process.

The Infrastructure Committee, Water Issues Group and Energy Reference Group have all met in quarter one to progress the portfolio's policy issues.

Andrew Winter
08 9220 8525
a.winter@cmewa.com

Land Access

The Land Access Portfolio has been focused on a number of significant legislative and policy reforms in recent months.

The *Aboriginal Heritage Amendment Bill 2014* (Amendment Bill) has entered state parliament. The Amendment Bill seeks to streamline the heritage site determination process which will lead to a reduction in costs and timeframes for completing heritage surveys and finalising heritage agreements.

CME is supportive of the Amendment Bill and has been engaging with members of parliament to understand concerns regarding provision for consultation within the amendments. CME has been advocating regulations are a more effective, efficient and flexible mechanism than including an entirely new and consequently contestable statutory consultation requirement in the Act.

In January, CME made a submission to the Australian Law Reform Commission's (ALRC) Discussion Paper for their Review of the *Native Title Act 1993* (Cth) (NTA). CME's submission recommends the NTA is not the subject of systematic failure and cautioned against amending the core provisions of the NTA. CME keenly awaits the release of the ALRC's Final Report which is expected in April 2015.

The Land Access Committee (LAC) met in March for its first meeting of the year. DMP attended the meeting and gave a presentation on Mining Act Amendments and specifically the introduction of low-impact activities. The amendments seek to ensure a contemporary environmental regulatory framework is in place for mineral exploration and development activities.

Also for discussion at the LAC meeting were changes set to be introduced by DMP to prevent "data mining" (also known as web scraping) from its online systems. The changes will see the introduction of a live RSS feed of recently expired ground and day old tenement information which will be provided free daily by email to registered users.

CME's inaugural Exploration Roundtable was held in March. At this meeting, members had the opportunity to hear from DMP Executive Director Dr Ivor Roberts on recent reform.

Kane Moyle
08 9220 8511
k.moyle@cmewa.com



People Strategies

The 2015 Women in Resources Awards presentation breakfast was a highlight for the People Strategies portfolio in the first quarter of 2015. The event featured inspiring stories from the award winners, a live cross to Rio Tinto in Dampier, viewing of the awards online - streamed live for the first time this year, and also an informative panel discussion addressing the issue of the *business case of diversity*.

CME welcomes its 2015 winners to the Women in Resources Awards Alumni:

Women in Resources Champion – Linda O’Farrell (Fortescue Metals Group)

Outstanding Woman in Resources – Bronwyn Barnes (Alliance Mining Commodities)

Outstanding Operator/Technician/Trade Woman in Resources – Margeaux Janenko (Kentz Engineering and Construction)

Outstanding Young Woman – Kalpana Maharage (Rio Tinto Iron Ore)

People’s Choice Award - Geeta Thakorlal (Worley Parsons)

Outstanding Company Initiative - Atlas Iron: Women in Atlas.

CME provided a submission into the Productivity Commission’s Inquiry into the Workplace Relations Framework in response to the series of discussion papers released in January. CME called for a rebalance of the workplace relations system to ensure it could deliver the productivity gains and conditions to ensure the Western Australian resources sector can be in a position to compete in global markets. CME called for changes to the bargaining framework, changes to the greenfields agreement making



Guests at the CME 2015 Women in Resources Awards viewing the live cross to Rio Tinto Manager Rail Services Tiri Sanderson in Dampier.

process, a tightening of provisions around industrial action and a wind-back of eased union right of entry rules.

Continued pressure on industry cost structures caused by low commodity prices is placing a high priority on issues associated with productivity and collaboration in workforce development initiatives. Through the Resources Industry Training Council (RITC) oil and gas operating companies are currently exploring a range of opportunities for

collaboration across training standard development, training products and infrastructure as mechanisms to more effectively manage workforce development costs across the industry. Aligned to this is a focus on verification of competence processes to maximise the mobility of contactors across the industry.

Emmanuel Hondros
08 9220 8534
e.hondros@cmewa.com



Finalists at the CME 2015 Women in Resources Awards presentation breakfast on 6 March 2015.



Occupational Health and Safety

The quarter commenced with the development of a CME response to the Education and Health Standing Committee Discussion Paper: *Shining a Light on FIFO Mental Health*. Throughout the ongoing Parliamentary Inquiry into mental illness and suicide within the FIFO workforce CME has engaged with relevant government and community stakeholders to advocate industry's position on this issue.

While there is no evidence mental health issues are any more prevalent in the resources sector workforce, industry remains committed to the safety and health, including the psychological health, of employees. CME's Mental Health Working Group met in January to progress work on key projects, and in February CME launched a dedicated web page to

facilitate industry with access to resources to support best practice approaches for addressing mental health in the workplace.

In January CME hosted a Safety Legislation Reform Workshop and finalised an industry submission to the draft Work Health and Safety Bill for general industry. In March DMP released the Decision Regulatory Impact Statement recommending consolidation of mines, petroleum and dangerous goods safety into a single Act. CME will continue to engage and coordinate feedback from members to ensure industry views are considered as part of this reform process.

In February CME finalised the Sponsorship Prospectus for the 2015 Safety and Health Conference and Innovation Awards. Awards nominations were

received throughout the quarter and CME progressed planning for what is shaping up to be an exciting conference program. More information can be found on the CME website.

The quarter rounded out with meetings of CME's Workplace Health and Safety Committee and Regional Occupational Safety and Health Forums. Members discussed a range of issues including the recently commenced high risk work license and verification of competency project, proposed amendments to the Electricity (Licensing) Regulations, autonomous equipment guidance material and the sharing safety lessons learned project.

Adrienne LaBombard
08 9220 8520
a.labombard@cmewa.com

Eastern and North Eastern

In January, CME hosted a visit by the Indian High Commissioner to Australia, Mr Biren Nanda and WA Consulate General Mr M Subbarayudu to Kalgoorlie-Boulder. The group discussed growth enablers for the Goldfields gold and uranium sectors, reviewed regional investment requirements and toured local member operations.

Late in the month, CME launched its Eastern eNewsletter featuring news from the resources sector in the Eastern and North Eastern Goldfields. The newsletter will be delivered to key stakeholders on a regular basis and will highlight industry partnerships and important information related to the region's resources sector.

The CME Eastern Regional Council held its first meeting of the year in February. Members received a briefing from the Kalgoorlie-Boulder Chamber of Commerce and Industry on business development and promotion initiatives for the City of Kalgoorlie-Boulder, and reviewed papers on industrial transport corridors and buffer protection, Mining Act amendments and DMP's proposed cost-recovery models to finance government regulation.

Cost recovery was also a focus for the CME North Eastern Regional Council which met in March. Other items covered at the meeting included local government rate increases, the State Aviation Strategy and the Department of Environment Regulation's Re-engineering for Industry Regulation and Environment (REFIRE) program.

In March, CME's Director Corporate Services, Julie Hill, presented at the 2015 Over the Horizon Forum on the Western Australian resources sector and economic change drivers for the Esperance and the South East region. CME has enthusiastically welcomed the opportunity to support Over the Horizon for a number of years.

Late in the quarter, CME met with Bill Johnston MLA, Shadow Minister for State Development; Energy; Mines and Petroleum to provide an overview of regional commodities and discuss opportunities to support the sustainability of resources sector operations. Mr Johnston will return to the region later this year to meet with members of CME's Eastern Regional Council.

Holly Phillips
08 9021 2155
h.phillips@cmewa.com



Indian High Commissioner to Australia Mr Biren Nanda, with MacPhersons Resources Ltd Chairman Ashok Parekh, WA Consulate General Mr M Subbarayudu and MacPhersons Resources Ltd Managing Director Morrie Goodz at Nimbus Silver Mine on 12 January 2015.



Shadow Minister for State Development; Energy; Mines and Petroleum Bill Johnston MLA with CME Eastern Region Manager Holly Phillips.



Kimberley

Members of the Kimberley Regional Council met on 11 February 2015 in Perth, where they received presentations by Keogh Bay Consulting Director Matt Wrigley regarding the planning of Indigenous Land Use Agreements negotiations.

The Kimberley region has experienced significant pressure, with lower commodity prices and poor investment climate limiting new resource developments. CME continues to advocate for improved infrastructure, more transparent and efficient heritage determinations and equity in the application of local government rates for the region.

The next meeting of the Kimberly Regional Council will take place in Broome in late May, and will focus on the upcoming opportunities associated with offshore gas developments in the Browse Basin.

Chub Witham
08 9220 8515
c.witham@cmewa.com

Mid West

The first quarter of 2015 was busy in the Mid West, working with CME's Infrastructure portfolio to query fee levels and charges levied along the value chain.

The February meeting of the Mid West Regional Council was attended by a core membership group and received presentations from the Department of Water on the planned Midwest Regional Water Supply Strategy and the Murchison Paleo-channel Groundwater Investigations project. The latter will use aerial surveys to investigate potential water sources in the Murchison. Subsequent meetings with the Department have opened up good channels for dialogue for the membership

to address water supply issues in the future.

At the February council meeting members were provided with updates on developments on port issues, infrastructure corridor protection work and social impact assessment. Other CME work on local government rates, Mineral Royalty Rate Analysis, the Department of Environment Regulation's REFIRE and DMP cost recovery initiatives were presented. The Environmental Protection Authority's recent decisions rejecting mining and exploration approvals within banded iron formations in the region was also discussed.

CME continued its active participation on the Midwest Industry Road Safety Alliance (MWIRSA) in the quarter, participating in a strategic workshop and undertaking media relations work to promote the work and key messages of this important alliance.

Becci Davidson
0448 877 462
r.davidson@cmewa.com



CME Mid West Manager Becci Davidson with members of the Midwest Industry Road Safety Alliance.



North West

CME's North West Regional Council has continued to focus on key issues for 2015. While export tonnages continue to rise, the determination of commodity prices has led to a focus on costs and sustainable business. Within this difficult economic environment CME is advocating broadly to state and local government about the need to work together during this difficult period. CME will continue to work with members to pursue a satisfactory outcome on issues such

as workforce accommodation, indigenous employment and business development, planning of port transport corridors and managing communities' expectations.

The North West Regional Council held a successful meeting in Karratha during early March. This forum provided some lively debate over local government issues and was also attended by City of Karratha Chief Executive Officer Chris Adams.

CME continues to engage with state and local government and will continue to be involved in the scoping of any proposed changes in state planning policies, council rates and heritage amendments.

Chub Witham
08 9220 8515
c.witham@cmewa.com

South West

In consultation with Peel and South West members, CME informed the Draft Peel Regional Investment Blueprint in January, to assist regional planning and highlight issues of significance to the region's resources sector. As minerals processing and mining is the foundation of Peel region's economy, CME contributed initiatives to further support and grow the sector, including the protection of transport corridors and buffers, fly-in, fly-out as a work practise of choice and pathways and projects to grow workforce development. Once finalised, CME looks forward to an efficient process and criteria to identify and prioritise future projects to grow the prosperity of Peel region.

The South West Regional Council met for the first time in 2015 in February. The Department of Transport presented on strategies to address future regional infrastructure needs to meet increased freight predictions. Members were joined by stakeholders and guests after the meeting for a regional networking event at Bunbury Regional Entertainment Centre.

The CME Bunbury Port Users group met in March to identify outstanding issues of common interest to progress with Port of Bunbury. Newly appointed Southern Ports Authority Chief Executive Officer Nicolas Fertin joined the meeting to discuss issues with port users and strategies to grow port development.

The South West Environment Forum was also held in Bunbury in March, with a guest presentation from DER. A number of topics were discussed with DER, including the REFIRE program, and current draft guidance statements. Attendees discussed the new DER structure and areas of

responsibility. Mining Act and regulation amendments were discussed along with DMP Cost-Recovery models.

Erin van Noort
08 9791 6707
e.vannoort@cmewa.com



CME Manager South West, Erin van Noort, Iluka Resources Southwest Operations Manager, Garry Green, CME Deputy Chief Executive, Nicole Roocke, CME President Brian Reilly and South West Development Commission Strategic Manager Industry and Business Patrick Warrand at CME's South West Networking Event on 17 February 2015.

Dates for your Diary

30 April 2015

CME Annual General Meeting and Annual Business Lunch with guest speaker former Australian Football League Chief Executive Officer Andrew Demetriou

1-3 May 2015

Surface Mine Emergency Response Competition at the Focus Minerals Three Mile Hill Operation, Coolgardie

27-28 July 2015

CME 2015 Safety and Health Conference

27 July 2015

CME 2015 Safety and Health Innovation Awards Dinner.

CME Annual Business Lunch

Secure your place at this event now:
Thursday 30 April 2015 | 12:00-2:00pm
Perth Convention and Exhibition Centre
Tickets - \$190 (CME member rate \$150)



With Special Guest
Former AFL Chief Executive Officer Andrew Demetriou



THE CHAMBER OF MINERALS AND ENERGY OF WESTERN AUSTRALIA

www.cmewa.com | events@cmewa.com | 08 9220 8500

S&H 2015

CME 2015 SAFETY & HEALTH CONFERENCE

27 & 28 JULY 2015

Perth Convention and Exhibition Centre



Leadership

Resilience

Best Practice



Published by The Chamber of Minerals and Energy of Western Australia
Level 10, 2 Mill Street, Perth WA 6000
Locked Bag N984, Perth WA 6844

P +61 8 9220 8500 **F** +61 8 9221 3701 **E** chamber@cmewa.com **W** cmewa.com