

The logo features a stylized white 'C' on the left, followed by the text 'CME in Brief' in white and orange. The background is a blue-tinted photograph of an industrial mining site with workers in blue overalls and yellow hard hats.

CME in Brief

June 2014



Message from the Chief Executive

CME convened its 113th Annual General Meeting (AGM) in April. The topic of focus was the need for a new era of reform: the resources sector has been working hard over the past 12 – 18 months to improve productivity and reduce costs across all commodities. The sector is calling for governments to do the same and to remove the imposed costs of inefficient regulatory frameworks which burden industry and put a brake on productive growth across the economy. Delegates at the AGM endorsed Mr Brian Reilly, Managing Director Cameco Australia as CME President for a second term and elected new members of the Executive Council.

The AGM was followed by a Business Lunch, which saw keynote speaker Mr Warren Mundine, Chair of the Prime Minister's Indigenous Advisory Council and Managing Director of NyunggaBlack discuss the reform agenda for Indigenous Australians. In particular the areas needing to be addressed include the complex web of Indigenous bodies with overlapping scope and geographies, multiple systems of Indigenous land recognition and the slow process of native title settlements. Mr Mundine acknowledged the resources sector's leadership in engaging Indigenous communities and providing jobs and economic opportunities for Indigenous Australians.

The release of the state and federal budgets in May once again shone a spotlight on the contribution the resources sector makes to the economies of Western Australia and the nation. Western Australia's reliance on income from the resources sector has

never been greater, with an expected contribution of \$7.3 billion in 2014-15. The state budget papers clearly show exports from the resources sector will continue to be the key driver of economic growth over the forward estimates period.

It was pleasing to see the important contribution of the sector recognised by both state and federal governments through their budget commitments to support exploration activities: the 2014-15 state budget includes continuation of funding for the Exploration Incentive Scheme, including the successful Co-Funded Drilling Program; the federal budget includes funding for the Exploration Development Incentive. All resource projects begin with a discovery, and to this end, funding to incentivise exploration has long been supported by the resources sector and advocated for by CME.

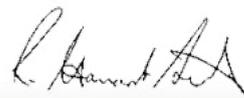
CME's recent Quarterly Economic Brief, released in May, also highlights the need for supportive policies to encourage exploration. The report, produced by CME in conjunction with Deloitte Access Economics, shows in the December quarter of 2013 total resources exploration spending fell 14.5 per cent (18.1 per cent decline in seasonally adjusted terms). This represents a 30 per cent decline on the previous year. With exploration expenditure falling in Western Australia, the recently announced government programs and funding will help to mitigate this downward trend.

The Minerals Research Institute of Western Australia (MRIWA) was officially launched at CME's offices in May. MRIWA is a statutory body established by the Western

Australian Government under the Minerals Research Institute of Western Australia Act 2013 to stimulate minerals research to support investment in, and operation of, a globally competitive minerals industry in Western Australia. It is fitting Western Australia, with its tremendous endowment of minerals, should become a world leader of minerals research through the work of MRIWA and other local institutions.

CME was pleased to recognise innovation and excellence in the field of occupational health and safety at our 2014 Safety and Health Conference. The Safety and Health Innovation Awards were presented to nominees that had demonstrated a commitment to proactively creating safer working environments. All the 2014 award winners and finalists are to be congratulated.

After a lengthy period of no fatalities in the industry, we have seen a number of fatalities in a short space of time. These recent incidents are a reminder the challenges facing industry are far from behind us and we need to remain vigilant when it comes to the health and safety of the sector's workforce.

A handwritten signature in black ink, appearing to read 'Reg Howard-Smith'.

Reg Howard-Smith
Chief Executive



Infrastructure

In early May, the Ports Legislation Amendment Bill 2013 passed the WA Parliament. The Bill will introduce structural reforms to the state's eight statutory ports. CME has hosted a number of briefings with the Departments of Transport and State Development throughout the port governance review process, including at the Infrastructure Committee meeting held in May. The focus will now be on the smooth transition to the amalgamated port authorities in July 2014 and on tranche 2 of the reforms, which will see the transfer of non-port authority ports to the new regional port authorities.

CME hosted its second aviation roundtable this quarter, which included participation from the resources sector, Perth Airport, policy makers and regulators. At the roundtable a number of actions were identified to improve information and data

sharing, planning and infrastructure, and airspace management and safety.

The development of the 2015-2025 *Resources Sector Outlook* is well underway with the government reference group and representatives from the Infrastructure and People Strategies Committee, Energy Reference Group and Water Issues Group holding workshops in February on the project objectives. The Outlook survey was sent to CME members in May to inform the future outlook for the sector in the critical areas of people, energy, water and infrastructure. The Outlook is due for release in Quarter 4 2014.

CME hosted a briefing between the Energy Reference Group and the Project Director from the Public Utilities Office on the electricity market review and stakeholder consultation process. CME

will work with the Reference Group to develop a submission to the review that aims to reduce costs of production and supply of electricity, reduce government exposure to energy market risks, and attract private sector participants to the electricity market.

Work continues on the government's water reform agenda with CME participating in the Water Reform Reference Group meetings to discuss the proposed reforms. CME hosted an interactive meeting on the reforms between the Department of Water and the Water Issues Group in May.

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Economics and Tax

This quarter CME has remained heavily involved in the formal industry consultation as part of the Mineral Royalty Rate Analysis conducted by the Departments of State Development and Mines and Petroleum (DSD and DMP). The discussions have been vital in putting forward industry's position of the substantial and detrimental effect any changes to the royalty rate system will have on the resources sector in Western Australia, both on current project viability and attracting future projects.

The formal industry consultation meetings will continue until mid-July when government will then finalise its recommendations in a report to go to Cabinet in September. CME has maintained its recommendation against any change and will continue to work

with government and key stakeholders throughout the review process.

In early May both the state and federal budgets were released. CME prepared a media release and information circular highlighting the implications for the resources sector in the year ahead.

Notably, revenue from royalty receipts is expected to reach \$6.2 billion equating to 22 per cent of state revenue for 2014-15. Including revenue from North West Shelf grants, \$1.05 billion in 2014-15, the resources sector contribution to the state government is \$7.23 billion, or over 25 per cent of current state budget revenue.

In response to the release of the Economic Regulation Authority's (ERA) draft report on microeconomic reform on 11 April,

CME provided a submission addressing the specific recommendations. Consideration of a number of the recommendations made by CME across approvals, taxation and electricity reform as posed in the discussion paper were included in the draft report.

Also this quarter CME launched the new *Quarterly Economics Brief*, a refreshed version of CME's WA Resources and Economics Report. The May edition focuses on the market dynamics of alumina and features an interview with Dianmin Chen, the Managing Director of Norton Gold Fields Limited about a year of changes and challenges.

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Environment

The Environment Portfolio has been focused on a number of significant legislative reforms and inquiries in recent months.

DMP has commenced consultation on amendments to the Mining Act 1978 to introduce an environmental risk and outcomes-based approach for the regulation of mining and explorations activities. The scope of these reforms has been canvassed through the Department's Reforming Environmental Regulations agenda, with focus now shifting towards the development of legislation to implement these reforms.

In April, CME provided a submission to the Senate Environment and Communications References Committee inquiry into the history, appropriateness and effectiveness of the use of environmental offsets in federal environmental approvals in Australia. CME, through input from the Approvals Working Group has been very active in Western Australian environmental offsets reform. In responding to this inquiry, CME

focused on the collaborative development between industry and government of new state offset guidelines. Recognition of this work will be important for the successful implementation of 'one-stop-shop' environmental reforms later this year.

The release of state and federal budgets were largely absent of any new environmental spending announcements. However, a decision by the Western Australian Government to move away from plans to introduce fees for the provision of environmental impact assessments by the Office of Environmental Protection Authority was a welcome decision. The Western Australian Government had previously proposed an annual reduction in service appropriations for environmental assessments and shifting them to proponents on a cost-recovery basis (approximately \$4 million per annum), which CME has been opposing.

Carbon policy developments being progressed by CME's Carbon Policy and Energy Efficiency Reference Group (CPEERG) include responding to the

Australian Government's Emissions Reduction Fund (ERF) White Paper, which outlines the final design elements for the centre piece of the Government's Direct Action Plan. This was shortly followed by draft legislation enacting the ERF. Rather than a new Act, the government has decided to amend the existing Carbon Credits (*Carbon Farming Initiative*) Act 2011 to implement the crediting and purchasing of emissions reduction under the ERF.

The Environment Committee's second meeting for the year was followed by an industry sundowner. The event was an opportunity for members to network and discuss in an informal setting the upcoming environmental reform issues effecting the resources sector.

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Land Access

The Land Access portfolio continues its involvement in the Australian Law Reform Commission (ALRC) Review of the Native Title Act 1993 (Cth). In April, CME met with the ALRC to discuss the Review's progress and Issues Paper. Building upon these discussions, CME lodged a submission on the Issues Paper in May. CME will continue to seek consultation with the ALRC as it develops the Review's Discussion Paper, which is expected to be released in September.

In May, CME's Native Title and Aboriginal Heritage Working Group (NTAHWG) representatives met with Mr James McNamara, recently appointed Queensland Member for the National Native Title Tribunal. Attendees discussed the Western Australian and Queensland native title contexts, as well as Member McNamara's approach to his new role.

CME continues to seek efficiencies in the Warden's Court, through its involvement in a subcommittee of the Mining Industry Liaison Committee. At the subcommittee's next meeting, CME will present a recently developed position paper which seeks amendments to the regulatory regime and resourcing of the Warden's Court.

Discussions with members on potential amendments to Programme of Work approvals to deliver additional efficiencies have commenced. The outcomes of these discussions will be taken to the Land Access Committee meeting in June for consideration. This meeting will also consider the Multiple Land Use Framework, and how CME will engage with stakeholders regarding its implementation in Western Australia.

The Australian Government released its

draft Australian Heritage Strategy. CME is evaluating the document with members of the Native Title and Aboriginal Heritage Working Group.

In June the Western Australian Government released draft amendments to the Aboriginal Heritage Act 1972 (WA). This Amendment Bill represents the first significant change in the way the state manages the protection of Aboriginal heritage in 33 years. CME's NTAHWG will be conducting an in depth analysis of the Amendment Bill in preparation for a submission due in early August 2014.

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Mines Security Services

CME, in partnership with WA Police undertook an evaluation of the Gold Stealing Detection Unit (GSDU) in 2013. This evaluation was performed to ensure the gold sector continued to have access to specialist policing services and site access clearances.

At the conclusion of the evaluation WA Police recognised the importance of the GSDU and undertook to work with CME to ensure the continuation of the provision of specialist policing services to the gold sector. However, WA Police advised that the manner in which this service is provided would change and a new model would need to be adopted. The new model has been adopted over

the past few months and includes WA Police assuming responsibility for the base wages of GSDU officers and MSS membership to cover the remaining costs to deliver non-core policing services. The GSDU has relocated to a specialist unit within the Kalgoorlie Regional Detectives division and has a revised reporting structure to reflect this change in location. The number of GSDU officers has reduced to three detectives and one intelligence analyst, with additional support to be provided by the other regional detectives based in Kalgoorlie as required.

A new Memorandum of Understanding is close to being finalised between CME and WA Police to reflect the new arrangements.

As part of these changes WA Police no longer provides the site access clearance service. With the support of WA Police, CME has recently become accredited with CrimTrac to undertake these clearances and the new CME site access clearance service commenced on 12 May 2014. The cost per clearance is \$38.50 (ex GST), invoiced to member companies monthly. To date, most of the MSS member companies have signed the customer contracts to participate in the new CME site access clearance service.

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People Strategies

Members of CME's Aboriginal Working Group met with Mr Warren Mundine, Chair - Prime Minister's Indigenous Advisory Council on 29 April 2014. Members discussed the education, employment and training of Aboriginal Australians and promotion of Aboriginal-owned business in a resources sector context. Potential outcomes of the Forrest review of Indigenous Jobs and Training were also canvassed.

CME hosted Yokai, a cross-industry Aboriginal Employment Forum for organisations with Reconciliation Action Plans, on 13 May 2014 in conjunction with Reconciliation WA. The meeting received a presentation on the Stolen Generations and its impact on current generations from an employment perspective and discussed mechanisms to employ more Aboriginal people across industries.

CME met with Senator the Hon. Michaelia Cash on 15 April 2014 to discuss the resources sector's commitment to gender diversity and programs to promote

increased numbers of women in the sector. CME also discussed industry's concerns with the 457 Visa Programme with Senator Cash, particularly Labour Market Testing in the context of the Independent Review of the programme.

On 19 May 2014 CME met with the independent panel conducting the review to deliver a message that industry seeks a visa system that is fair, transparent and easy for business to navigate.

The federal VET Reform Taskforce, announced in late 2013, was established to "look at ways of achieving a greater focus on industry and employer needs and streamlining the VET system in order to achieve its capacity to meet Australia's future skill needs without unnecessary red tape". In April 2014, CME lodged a written submission into the Taskforce, highlighting the need for:

- Simplified governance and regulation arrangements for the training sector
- Measures to drive quality of training delivery and consistency of assessment

- Ongoing partnerships between industry and government in the identification of training needs and the development of training solutions
- Industry, rather than government, to be seen as the client in the training sector.

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Warren Mundine, Chair Prime Minister's Indigenous Advisory Council



Occupational Safety and Health

This quarter commenced with CME's signature annual event, the Safety and Health Conference. Held over 14-15 April 2014, the Conference was opened by the Hon. Bill Marmion MLA, Minister for Mines and Petroleum; Housing and included an impressive line-up of international, national and local speakers with expertise in best practice safety systems, risk management and health and wellbeing.

Central to the Conference, the Innovation Awards recognise and celebrate individuals, teams and companies who proactively create safer working environments. The 2014 Innovation Awards finalists exhibited their unique solutions throughout the Conference and the stand out Innovation from each category was announced at the Innovation Awards Dinner on 14 April. A complete list of 2014 awards, finalists and nominees can be found at: www.cmewa.com

CME also maintained close engagement with the state government to progress

reform of safety legislation and to ensure this process delivers best practice regulation for Western Australian industry. DMP convened the third meeting of the Ministerial Advisory Panel advising on these reforms in May and CME held a member workshop in April to coordinate industry input to these discussions.

Throughout the quarter CME continued to progress work on issues relating to mental health, autonomous equipment and diesel emissions and developed submissions to the Department's reviews of Statutory Penalties and the Dangerous Goods Safety Act.

At the April Mining Industry Advisory Committee meeting CME raised industry concerns regarding over prescription in the *Mines Safety and Inspection Act 1994* and members discussed the proposed *Director Liability Amendment Bill* and the status of items on the Risk Action Register

In May, CME convened the Radiation Management Network to discuss radiation safety issues as well as the Department's review of the Guideline for Managing

Naturally Occurring Radioactive Material (NORM).

Finally, at the most recent Workplace Health and Safety Committee meeting on 30 May 2014 members received a presentation from the State Mining Engineer on Resources Safety Division structural changes, risk based regulation, site supervision and the mines safety levy.

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Former West Coast Eagle John Worsfold at CME's Safety and Health Innovation Awards





Kimberley

During the last quarter CME launched its Kimberley eNewsletter, an advocacy document highlighting the contributions of the resources sector to the Kimberley. This newsletter had excellent feedback and will become a regular communication tool.

Membership of the Kimberley Regional Council (KRC), which includes many exploration and development companies as well as producers, continues to grow and met recently on 15 May 2014 in Perth. Members progressed through a diverse agenda, focusing on Aboriginal training and employment. Professor Peter Veth from the University of Western Australia briefed

members on new discoveries and dating of Kimberley rock art.

CME continues to meet with key policy makers to ensure Regional Blueprint and Planning Framework documents are fed into planning frameworks in the coming years to achieve co-ordinated investment in necessary infrastructure. This includes the Department of Prime Minister and Cabinet's Northern Australia Taskforce and its upcoming White Paper.

CME made a presentation to the WA Local Government Association's Kimberley Zone Energy Forum in late April, which brought together a group of speakers who offered

a strategic perspective on a range of issues relevant to Kimberley local governments. CME's presentation focused on the concept of social licence to operate, which was a topical issue and generated much debate.

In May, CME held a series of meetings with key stakeholders in Broome to discuss issues affecting the region and the role the resources sector can play in supporting development and growth in Broome.

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North West

The North West region continues to be the engine-room of WA's economy, delivering \$32.55 billion Gross Regional Product in 2012-13. This represents 20.5 per cent of the state's GDP from a population of just 64,908 people.

A major issue in the region continues to be access to, and planning issues regarding, affordable housing. The North West Regional Council has engaged heavily with the Pilbara Regional Planning Committee and the Pilbara Development Commission to address these issues, which continue to impact development of the North West.

Local government and state government treatment of village accommodation facilities (TWAs) continues to be a concern. To date, CME has made submissions to the Shire of Roebourne and the Department of Planning as well as coordinated a number of stakeholder workshops on this matter.

CME will continue to work with members to pursue a satisfactory outcome.

The state government's new cumulative impacts framework for assessing the allocation and disposal of water will have an effect on all mining operations in the North West. CME will continue to be involved in the way the framework for water assessments will be changed and have engaged with CSIRO and member companies in outlining the proposed changes.

The Town of Port Hedland is undergoing major challenges and CME has been working closely with the Town to ensure the resources sector's point of view is heard. CME hosted stakeholder meetings in Perth with the Town of Port Hedland and the Department of Planning in April, and has participated in the Port Hedland Community Integration Group and various

stakeholder meetings regarding town planning scheme amendments.

CME is working through the Pilbara Workforce Development Alliance to address improvements to training facilities and standards and 457 visa issues. As the only resources industry member of the Alliance, CME is working hard to ensure resources sector needs are being articulated.

The North West Regional Council has implemented a new communications strategy allowing member companies to better communicate their partnerships with government and community groups, outlining their significant contributions to health, education, economic development, indigenous employment and safety.

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Mid West

The inaugural meeting of the Square Kilometre Array (SKA) Regional Stakeholder Group was held in Geraldton on 28 April 2014. CME remains in discussion with key stakeholders over the pathway to co-existence between science and other economic activities in the area. The Western Australian Government is drawing upon the expertise of a range of stakeholders to progress work on site establishment, governance and other issues. The project is due to begin construction at the end of 2017.

CME's Geraldton-based Mid West

Indigenous Mentors Group met in May and heard about progress with Sinosteel Mid West Corporation's Wajarri Drive program helping young Wajarri people complete their 50-hour driving log book training. The group is currently collaborating on a wider driving program that could be rolled out across the region, tackling one of the main barriers to Indigenous employment.

Members of CME's Mid West Regional Council met on 23 May 2014 to discuss matters arising from state and federal budgets, regional infrastructure issues, local procurement initiatives and operational

priorities for the coming quarter.

CME's Community Relations Forum met on 17 June 2014 in Geraldton. The group discussed community perceptions of the resources sector and the implications some of these perceptions have for projects in the region. Social license, engaging with and giving back to local communities were other important topics of discussion.

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South West

CME's Bunbury Port Users Group met on 28 April 2014 in Bunbury. The Department of Transport presented on port policy, port charges and strategic planning. Port users raised and discussed issues and challenges experienced at Bunbury Port and how they relate to the governance and legislative requirements that exist.

During April, CME welcomed a feasibility study and supported the South West Development Commission in preparing the business case for the upgrade of Busselton Regional Airport. The airport provides existing Fly-In-Fly-Out services and future expansion includes lengthening of the existing runway and new airport facilities, which would provide greater service potential to both intrastate and interstate passengers.

BHP Billiton Worsley Alumina hosted a meeting of CME's South West Regional Council on 12 May 2014. The date of this

meeting coincided with Worsley Alumina's 30 years of operation within the South West community celebration. Members enjoyed a business update provided by Worsley Alumina, and a presentation by the Department of Planning South West relating to the South West Regional Planning and Infrastructure Framework review.

CME provided a submission to the South West Regional Planning and Infrastructure Framework review, and was part of the Western Australian Planning Commission's Advisory Committee within the South West. Of priority was support for greater inter-agency consultation, particularly between local government and Western Australian government authorities in respect to proposed or future mineral extraction within the region.

Members of CME's South West Occupational Health and Safety

Committee met on 6 June 2014 at Talison's Greenbushes Mine. Of particular interest to South West members is working with DMP on the review of its guidelines regarding effective safety and health supervision for Western Australian mining operations. South West members contributed to CME's submission relating to these guidelines.

Discussion at the June meeting of CME's South West Environment Forum, held at Premier Coal in Collie, focused on the Department of Environmental Regulation's REFIRE license program and progress on the *Environmental Protection and Biodiversity Conservation Act* approvals reform towards a "one stop shop".

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Eastern and North Eastern

CME's Eastern Regional Council met in Kalgoorlie on 10 April 2014 to review requirements for management and supervision coverage on mine sites. Special guest Simon Ridge, State Mining Engineer attended the meeting to provide clarity on legislative requirements for planned and unplanned site absences. Professor Stephen Hall of the Western Australian School of Mines (WASM) was also present to summarise transformational changes and upgrades at the WASM Kalgoorlie campus.

The 2014 Surface Mine Emergency Response Competition was held in Coolgardie on 2-3 May 2014. Seven teams competed across nine challenging scenarios, based on hazards present in the resources sector. CME congratulates all participating teams for their hard

work and professional conduct over the weekend. The overall best team honours for 2014 was awarded to Kalgoorlie Consolidated Gold Mines (KCGM) 1 followed by La Mancha Resources (2nd) and KCGM 2 (3rd).

On 4-5 May 2014 CME hosted a visit by British High Commissioner to Australia, Mr Paul Madden. In Western Australia as part of a visit by Canberra's diplomatic core, Mr Madden spent time in Kalgoorlie-Boulder experiencing the region's mining culture. As part of his trip, Mr Madden also attended CME's Emergency Response Competition Presentation Dinner and participated in site visits hosted by CME members, La Mancha and KCGM.

CME hosted the inaugural Goldfields Energy Forum in Kalgoorlie on 6 June 2014. The forum supports ongoing

dialogue between CME members and key power stakeholders to raise awareness of local energy priorities and collaborate on future power supply opportunities for the region. CME will now work through actions to progress the power issues in collaboration with relevant parties.

Preparations are underway in the Eastern Region for the annual "Girls and Guys Exploring Mining" forum planned for 15 August 2014. This forum is held at the WA School of Mines providing mining companies with an opportunity to showcase the diverse range of careers available to local students in the mining industry.

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