



CME in Brief

October 2015

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Message from the Chief Executive

This quarter has again seen industry facing some challenging conditions in relation to commodity prices. The CME Management Committee recently met with the Premier and participated in open discussion about the sector and challenges members are experiencing.

In what has been a very busy quarter with a number of CME events taking place the Hon Mike Nahan MLA, Treasurer, Minister for Energy, Citizenship and Multicultural Interests joined members for lunch in early September to discuss two key portfolios for the resources sector – treasury and energy.

A sundowner was also held in early September with special guest Ben Wyatt MLA, Shadow Treasurer, Shadow Minister for Aboriginal Affairs, Native Title, Kimberley, Pilbara, Cost of Living and Government Accountability presenting to a group of around 50 guests.

In late July the annual CME Safety and Health Conference and Innovation Awards took place. The conference was again well attended and supported by industry and featured some great international speakers who provided both insightful presentations and led informative discussion for attendees. Former AFL player Peter Bell entertained guests at the Innovation Awards presentation dinner with some great anecdotes about his time at North

Melbourne including an entertaining account of his team mates' varied training and performance measures during the off-season.

CME was pleased to host two regional tours this quarter firstly with state government parliamentarians travelling to the Pilbara in late August and early September visiting operations at Roy Hill, BHP Billiton, Chevron, Woodside, Yara Pilbara Fertilisers and Rio Tinto Dampier Salt.

The second tour was held in partnership with the Minerals Council of Australia and the Australian Petroleum Production and Exploration Association who assisted CME in hosting a group of media representatives from 6PR, Business News, The West Australian, The Australian, The Sunday Times, Australia's Mining Monthly, Paydirt and the Australian Financial Review. CME appreciates members welcoming these groups to view their operations and gain an understanding of the challenges the industry is experiencing.

CME was excited to host the second Women in Resources National Awards presentation event in late September. It was extremely pleasing to see some of CME's 2015 Women in Resources Awards winners shortlisted as finalists in the national awards amongst some of Australia's most inspiring and

talented resources sector employees. We congratulate the finalists and Western Australian winner, Exceptional Woman in Australian Resources – Bronwyn Barnes from Windward Resources.

At the Women in Resources National Awards The Western Australian Minister for Police; Road Safety; Training and Workforce Development; and Women's Interests the Hon. Liza Harvey MLA addressed guests and launched CME's 2015 Diversity in the Western Australian Resources Sector Survey (Diversity Survey). A full copy of the Diversity Survey report can be found on the CME website.

CME is excited to be accepting nominations for the 2016 Women in Resources Awards until 9 November 2015. This awards initiative allows companies to recognise and celebrate the successes of their employees and has enabled companies to build upon their brand as employers of choice for their gender diversity leadership.

Reg Howard-Smith
Chief Executive



Economics and Tax

During this last quarter CME collected data from members to quantify total direct expenditure on employees, contractors and suppliers, community contributions, local government payments and state and federal taxes in the 2014-15 income year. The data collated will be modelled to provide both direct and indirect expenditure of the Western Australian resources sector, broken down into regional areas, and will provide a positive outlook of the value and contribution of the sector to the community. The 2015 Community Economic Impact Report will be launched in Quarter 4 2015.

CME secured an initial three month extension and supported ongoing continuation of the Gross Rental Valuation (GRV) policy from 1 October 2015 after the Department of State Development adopted several of the proposed changes to the policy recommended by CME. The three

year policy trial has provided significantly increased revenue to local governments' and has provided certainty to industry on what interests are to be rated GRV.

In response to CME submissions to individual local governments proposed ratings for 2015-16, the Minister for Local Government and Communities, the Hon Tony Simpson MLA, intervened in instances where local governments had not adhered to the outlined policies and rejected significant increases in ratings impacting the resources sector.

After meeting with the Minister and senior representatives from the Department of Local Government and Communities, CME has commenced researching options to improve the existing local government ratings framework. The research will review ratings systems from interstate and overseas, and focus on ensuring sustainable local governments.

The Economics and Tax committee met in early September. The Department of Mines and Petroleum (DMP) joined this meeting to provide an update on royalties, transparency measures and changes under the Freedom of Information Act regarding production reports. The group also discussed CME's final submission to the Mineral Royalty Rate Analysis focusing on an over reliance on the use of the 10 per cent benchmark and the necessity for clarity on the netback calculation.

The Engineering and Contractors Roundtable met in mid-August and discussed the Community Economic Impact study and received a presentation on CME's recently completed workforce survey.

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Environment

The quarter began with positive news from Minister for Mines and Petroleum; Finance, the Hon. Bill Marmion MLA that the introduction of fees for assessment of Mining Proposals and Programme of Works would be put on hold. CME has been strongly opposed to the introduction of these fees since DMP released the Cost Reflective Pricing Options – Environmental Regulation of the Mining Act 1978 paper in September 2014.

The Environment portfolio has continued to work closely with the Department of Environment Regulation (DER) on its industry licencing reform agenda. Following advice provided by CME, a new holistic approach has been proposed by DER to improve transparency of licence conditioning.

In August, the Environmental Protection Authority (EPA), in conjunction with CME, launched a new guideline and associated templates to assist proponents with preparing environmental management plans (EMP) under Part IV of the Environmental Protection Act 1986. This new guideline provides clear guidance on the development and approval process to make EMP's more meaningful, risk-based, and outcome-focused. To aid with the implementation, CME assisted EPA in facilitating training sessions for industry and consultants.

The development of strategic environmental offsets in the Pilbara continues to be an area of focus for the Environment portfolio. CME commissioned a piece of work to assist

the Industry and Government Working Group with determining an appropriate structure for the offset funds, taking into account the objectives of industry and government. The Working Group will next meet in October to decide on a final recommendation to the Minister for Environment on the most appropriate fund model.

In July, the South West Environment Forum was hosted by Newmont Asia Pacific at the Boddington Gold Community Information Centre. Following a presentation by Newmont's Environmental Manager, members toured the Boddington mine site and rehabilitation areas.

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Infrastructure

This quarter, CME advocated in support of developing an enabling Commonwealth legislative regime to facilitate the expansion of uranium mining, waste processing and storage services, and the future development of domestic nuclear energy, should there be a business case to do so. South Australia's Nuclear Fuel Cycle Royal Commission is currently investigating these opportunities and the Australian Government indicated in its Energy White Paper it will consider the findings when they are published in 2016.

CME attended the Public Utilities Office's briefing on the key projects for the implementation phase of the Electricity Market Review. In the first of these

projects, CME highlighted members' concerns with the potential for a conflict of interest arising from a single party proposing, developing and approving electricity and gas market rule changes under the current process, and advocated for new governance arrangements to address these concerns. The market review will be an ongoing priority for electricity and gas market participants in Western Australia.

CME continued to represent resources sector interests in the state water management legislative reform as a member of the Department of Water's reference group. CME is supporting simplifying the licensing process for low

risk renewals and the adoption of new tools to improve the management of water resources in catchments at, or approaching, full allocation.

Finally, CME informed the state government's review of State Planning Policy 4.1: State Industrial Buffers, by recommending bolstering the protection of infrastructure corridors and industrial asset buffers and ensuring this protection is reflected through to local planning schemes. The next stage of the review will be convened later in 2015.

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Land Access

The commencement of this quarter marked a significant milestone for the renewal of pastoral leases in Western Australia. With the renewal process now complete, Rangelands Reform which proposes a diversification of pastoral leases for conservation, tourism ventures and a broadening of agricultural activities has again become a priority of government. To ensure CME members are well informed of the reform and the potential implications on future mining and onshore petroleum access, Department of Lands and Department of Water attended the September Land Access Committee.

CME's Native Title and Aboriginal Heritage Working Group also met in September where representatives from the Department of Premier and Cabinet South West Settlement Implementation Team attended to brief the group on the recent South West Native Title Settlement. This landmark native title settlement will be the most wide-ranging native title proposal in Australia to date.

Once settlement is finalised, all new mining and petroleum tenements will require a Noongar Standard Heritage Agreement before a title holder can exercise any rights. CME has closely reviewed this agreement and considers it includes many positive elements which could be implemented across the rest of the state to streamline Aboriginal heritage agreements.

The *Robinson v Fielding* [2015] WA Supreme Court decision and Aboriginal Heritage Amendment Bill 2015 has continued to be an area of focus. CME has attended a number of briefings on the implications of the *Robinson* decision and met with Minister Collier to discuss the future of the Amendment Bill and strongly urged no further amendments to include statutory consultation provisions. CME has also met with affected members to understand the implications of the proposed reassessment of 35 sites by the Aboriginal Cultural Materials Committee.

Following the finalisation of the Australian Law Reform Commission review of the

Native Title Act, the federal government has given a clear indication its reform agenda lies in the post determination space. This quarter saw the release of the Northern Australia Report as well as a COAG investigation into Indigenous land use and administration. CME has provided comment to both and while generally supportive of simpler land arrangements cautions against the potential for unintended consequences if yet another form of tenure is established.

The Exploration Roundtable has provided valuable feedback on DMP's revised Mineral Exploration Report Guidelines. CME presented concerns at the September Mining Industry Liaison Committee about the requirement to compulsorily submit exploration computer modelling which may have intellectual property rights attached.

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Occupational Health and Safety

The quarter commenced with the annual CME Safety and Health Conference which featured an exciting line-up of keynote speakers and workshop presentations. CME trialled a new format this year with safety leadership and risk management topics the focus of day one and day two dedicated to coverage of occupational health and wellbeing topics. The conference has received very positive feedback from delegates and CME's Workplace Health and Safety Committee will now start planning for the 2016 event to ensure we continue to build on this success.

The 2015 CME Safety and Health Innovation Awards finalists and category winners were celebrated at the annual Innovation Awards Dinner. The awards are a key mechanism for promoting the sharing of new approaches and solutions

to safety and health challenges and this year's finalists are to be congratulated.

Presentations, audio and pictures from the conference and Innovation Awards can be found at www.cmewa.com.

In August CME finalised an industry submission to the Consultation Regulatory Impact Statement on the 'mock-up' draft Work Health and Safety (Resources) Bill. CME representation on the Safety Legislation Reform Ministerial Advisory Panel will ensure industry views are provided due consideration in the future development of the Bill and regulations.

In September CME launched its Mental Health Blueprint. The Blueprint provides a framework and recommended actions to promote wellbeing and mental health within the resources sector workplace.

The document was developed building on work of the Minerals Council of Australia with input from the CME Mental Health Working Group. The Blueprint is just one example of industry's proactive approach to addressing mental health in the workplace. Further resources and case study examples of industry's proactive approach are available on the CME Mental Health Page at www.cmewa.com.

The quarter rounded out with CME finalising a submission to Safe Work Australia on the proposal national harmonisation of explosives legislation. CME also lodged a submission to DMP on a draft Isolation of Hazardous Energies Guideline.

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Eastern and North Eastern

CME President, and Managing Director of Cameco Australia, Brian Reilly joined an impressive list of speakers at the Future of the Goldfields-Esperance Region event, held in July in Kalgoorlie. The forum was part of the CEDA State of the Regions Series, to discuss the challenges and opportunities associated with building a prosperous, sustainable future for the mining focused Goldfields-Esperance region.

In early August Norton Gold Fields Limited celebrated 30 years of continuous operations at the Paddington Gold Mine. The event was attended by the Hon. Bill Marmion MLA, Minister for Mines and Petroleum; Finance, Wendy Duncan MLA Member for Kalgoorlie, Chinese Consulate General Dr Huang Qinguo, Norton Gold Fields Chairman Dr George Fang and industry and community members. CME congratulates the Norton Gold Fields team

for reaching this significant milestone.

CME's Eastern Regional Council met in early August in Kalgoorlie-Boulder. The meeting was attended by Rick Wilson MP, Member for O'Connor who briefed members on matters including progress of the one stop shop for approvals and Environment Protection and Biodiversity Conservation Amendment Bill, carbon policy, deregulation, exploration incentives, explosives harmonisation and infrastructure priorities for Western Australia. Members also met with WA Police Gold Stealing Detection Unit Detective Sergeant Bill Little, to discuss mine site security matters, and considered industry input into the 2015 St Barbara's Festival.

CME's North Eastern Regional Council met in Perth in early September. During the meeting members considered matters

relating to local government ratings, industry licensing reform, infrastructure planning, and recommendations associated with the mental health of FIFO workers.

Planning is underway for the upcoming CME Underground Mine Emergency Response Competition (UMERC) which will take place over 6 to 8 November 2015. Twelve teams have registered for the event which will be held at the Northern Star Resources Ltd Kanowna Belle Mine Site, 18 kilometres northeast of Kalgoorlie. Teams will compete in a range of disciplines including fire fighting, first aid, search and rescue, rope rescue, team skills, incident management, breathing apparatus skills and theory.

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People Strategies

In July, the final report of the CME Workforce Survey was completed. The survey was conducted by independent global research firm Ipsos and targeted fly in fly out (FIFO) workers, those working residential on site and those who are residential in the Perth metropolitan area. Over May/June 2015, 2,603 surveys were completed and found some interesting results, including:

- 74 per cent of FIFO employees would not continue in their current role if their arrangement changed to residential.
- Of the significant majority of employees in the resources sector in the 34-54 year old age group, 86 per cent are in a relationship, 65 per cent have children and 73 per cent of resources sector workers' partners were also working.
- Around 55 per cent of the workforce had been employed in their role for over five years.
- The satisfaction of resources sector workers with their overall life and health was on par with that of the rest of the Australian population.

In August CME launched the FIFO Facts website – www.fifofacts.com. The website will help users understand what FIFO is, why it's an important work arrangement for the resources sector and who FIFO

workers are. The website also features information from the Workforce Survey and links to reports, CME submissions and to other relevant organisations.

In early July CME, in partnership with Christine Ross, hosted the Indigenous People in the Resources Sector Forum. The forum featured professional development opportunities for Aboriginal and Torres Strait Islander people. Sessions were held on leadership, resilience and communication and participant feedback was very positive.

At the People Strategies Portfolio sundowner, Curtin University Vice Chancellor Professor Deborah Terry AO, addressed guests speaking on the future of higher education, Curtin University and also launched Curtin's new Business of Mining open online course.

In response to concerns raised by industry, CME and the Resources Industry Training Council (RITC) have been progressing issues regarding high risk work training delivery and assessment, resulting in the WA VET regulator, the Training and Accreditation Council (TAC), announcing it would be conducting a strategic industry audit of high risk work training providers in Western Australia. CME and RITC are both represented on the strategic industry audit reference group. It is expected a report from the audit will be available in October/November 2015.

The RITC has also investigated collaborative opportunities for the oil and gas sector around workforce training, finding significant cost and productivity efficiencies can be gained through the development and implementation of an industry wide approach to aspects of workforce development. A number of opportunities for collaboration have been identified by the project consultants, Deloitte, including:

- The development and use of industry wide training standards and certification to improve the "day one" competence of employees and contractors;
- The delivery of training for common competencies at an industry level is more cost effective than the delivery of training by or for operators individually (partially an economies of scale argument); and
- The pooling of training resources allows operators to access higher quality training infrastructure and programs thereby improving and standardising training delivery and assessment processes and outcomes.

Final report findings will be released shortly.

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Attendees at the Indigenous People in the Resources Sector Forum on 10 July 2015.



Kimberley

During this quarter the Kimberley Regional Council (KRC) has brought together members and indigenous leaders, various aboriginal groups and corporations to swap stories about history, challenges and successes.

During August, KRC members travelled to the Shire of Derby-West Kimberley where members were treated to two excellent days hosted by Shire President Elsia Archer, and Shire of Derby-West Kimberley Chief Executive Officer Stephen Gash. Projects visited included the Mowanjum Water

Project, new Dambimangari offices, Mowanjum Art Gallery, the Port of Derby and Shire offices. A dinner was also held at the Spinifex hotel and was very well attended.

Land Tenure reform is a major topic in the Kimberley and CME has been engaging with pastoralists, the Kimberley Cattlemen's Association, state government departments, and other stakeholders in ensuring land access is not overly restrictive for exploration.

CME attended the opening of Buru

Energy's Ungani Oilfield by the Hon. Bill Marmion MLA, Minister for Mines and Petroleum; Finance and the CEDA Future of the Kimberley conference held in Broome. CME continues to advocate for improved infrastructure, more transparent and efficient heritage determinations and land tenure reform.

The next KRC meeting will be held in Perth in late November.

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Mid West

CME engaged extensively with the Mid West Development Commission as the regional blueprint planning document was developed. As a result, the Mid West Blueprint now has a dedicated resources 'element' ensuring issues affecting future development of the sector in the region are comprehensively identified.

CME presented at the Mid West Chamber of Commerce and Industry Economics and Resources Summit in August and detailed the sector's contribution to the state and the Mid West and acknowledged regional CME member initiatives in developing Aboriginal workforce participation.

The convening of a CME Mid West Aboriginal Networking Group will lend further impetus to this issue in the future.

At the inaugural meeting, members shared insights from their respective programs and it was agreed to facilitate and welcome external speakers and stakeholders going forward.

Members and stakeholders were able to discuss training, workforce legislation and accreditation issues during a workshop held with the RITC.

The Geraldton Regional Trades Training Centre at Geraldton Senior High School provided an alternative venue for the August Mid West Regional Council meeting. Regional Development Australia Mid West Gascoyne Manager Alan Bradley also presented to the group at the commonwealth funded facility.

The Mid West Workforce Development Alliance launched its regional workforce development strategy with input from CME during this quarter.

CME also participated in a Square Kilometre Array (SKA) Regional Opportunities workshop which aimed to identify and develop potential benefits of the project to the Mid West region. The workshop brought together representatives from scientific bodies, the university and tertiary education sector, commercial and government interests, native title representative bodies and regional stakeholders.

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North West

During this last quarter, the North West Regional Council has continued to highlight the significant community contributions made by CME members to local communities both directly and through Royalties for Regions.

All CME member companies recognise the importance of FIFO as a work choice, but also continue their commitment to providing residential based employment in Pilbara towns through the provision of permanent residential accommodation and by investing in the communities in which they operate.

Focus was placed on the proposed increases to local government rates

on workforce accommodation with the Minister for Local Government; Community Services; Seniors and Volunteering; Youth the Hon Tony Simpson MLA rejecting some rate increases in Pilbara local governments as called for by CME.

CME was involved in discussions around the privatisation of Port Hedland Airport which has led to AMP Capital being announced as the successful tenderer.

Debate around some political parties about modernising State Agreements has been a concern, and CME continues to advocate for stability in the investment framework for Western Australia.

In conjunction with CME's infrastructure portfolio, an in-depth look at port fees and charges in the North West is being undertaken.

In September CME participated in a Woodside oil and gas tour of Karratha to view places/facilities that are relevant to current issues and provide a general overview of the city and recent developments

The North West Regional Council will next meet in Karratha on 6 October 2015.

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South West

The South West Regional Council was held in Bunbury during August 2015. Guests from the Department of the Premier and Cabinet and Department of Aboriginal Affairs updated council members on the South West Settlement including progress, future activities and timelines.

DMP also attended this meeting to provide an update on the South West Hub Carbon Capture and Storage Project. The update focused on acquisition of geological data

sampling and community engagement activities.

There is a renewed regional focus to progress the next stages of the Bunbury Outer Ring Road project, stages 2 and 3, after successful completion of Stage 1 during 2013. Progression of the next stages will help separate heavy freight vehicles from commuter traffic and improve access into Bunbury Port. This project is a key element of the Roads to Export initiative

between the South West Development Commission, Regional Development Australia – South West, the Bunbury Wellington Economic Alliance and CME. The project is a key infrastructure priority of the South West Regional Blueprint and will assist regional growth and reduce greater Bunbury freight costs

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Senator Linda Reynolds addressing guests at the Women in Resources National Awards in September.

Dates for your Diary

6-8 November 2015

CME Underground Mine Emergency Response Competition

7-9 October 2015 MCA Sustainable Development Conference

28 October 2015

CEDA Resources Overview

1 – December 2015

CME Christmas Celebration.



From left to right, 2015 Women in Resources National Awards winners Exceptional Woman in Australian Resources – Bronwyn Barnes (Windward Resources WA), Outstanding Australian Tradeswoman, Technician or Operator – Sabrina McKenzie (Thiess Global Mining SA), Exceptional Young Woman in Australian Resources – Helena Wu (Santos Ltd SA), Company Excellence in Diversity and Performance – Santos Ltd: Gender Equality Program, Gender Diversity Champion – Jacqui McGill (BHP Billiton, Olympic Dam QLD).



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