



CME in Brief

July 2015

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Message from the Chief Executive

The headwinds facing industry grew a little stronger over the past quarter, particularly around commodity prices. However the resilience, determination and importance of the resources sector were highlighted in both State and Federal Budgets. CME was pleased the State Budget provided royalty rate certainty for the mining sector with the budget forward estimates confirming there will be no royalty rate increase, for any commodities. Additionally CME was pleased the Federal Budget contained no additional costs to the industry.

CME's Annual General Meeting discussed the tough operating environment facing the resources sector. Delegates discussed Western Australia's ability to attract future investment and the importance of this for the future pipeline of resources projects. Now in its 114th year, CME's membership remains strong. Whilst the challenging operating environment across the sector has put pressure on CME's membership, it is pleasing to see both the stability and diversity of membership ongoing. Cameco's Brian Reilly was endorsed for another term as CME President.

Our Annual Business Lunch with guest speaker former Australian Football League Chief Executive Officer Andrew Demetriou took place after the Annual

General Meeting. Andrew's presentation was highly engaging as he took the audience through the unprecedented growth in Australian football and negotiations around a series of commercial arrangements including broadcast and sponsorship agreements.

In mid-June the Western Australian Parliament's Education and Health Standing Committee tabled its report into the impact of Fly In-Fly Out (FIFO) work practices on mental health. The Committee's report is an opportunity to increase awareness and understanding of the complex issue of mental health and suicide prevention.

Industry would urge the government when considering its response to recommendations to focus on quality research and data, rather than on anecdotal and emotive evidence. CME will be reviewing the report and its recommendations in detail over coming weeks.

CME was pleased to host a familiarisation tour of resources projects in the Pilbara with Western Australian Senators Dean Smith and Linda Reynolds, and federal members of parliament Melissa Price MP, Ken O'Dowd MP, Luke Howarth MP and Mark Coulton MP on 15-17 April 2015. The group visited operations

at Woodside, Yara Pilbara Fertilisers, Chevron, Fortescue Metals Group, Rio Tinto Iron Ore, BHP Billiton, and Port Hedland Port Authority. CME appreciates members welcoming these groups to provide a first-hand look at operations and the opportunity to discuss current challenges.

CME has been strongly advocating for the Western Australian resources sector to be able to continue to operate competitively in the global market place. CME opposed the prospect of a government inquiry and intervention in commodity markets. As evidenced by growth in the sector, we have prospered and thrived in an internationally competitive environment.

In June, CME represented the sector at the Western Australia Korea Energy Resources (WAKER) Forum in Seoul. Korean attendees at the WAKER Forum included government officials and financial institutions seeking a greater understanding of the Western Australian resources sector. Site tours were also undertaken at the Posco Steel Works and the Samsung Heavy Industry Ship Yard.

Reg Howard-Smith
Chief Executive



Economics and Tax

The state budget released on 14 May 2015 provided royalty rate certainty for the resources sector. CME was pleased the budget forward estimates confirmed there will be no royalty rate increase, for any commodities. Work is currently underway to provide a response to the government on the report released by the Hon. Bill Marmion MLA, Minister for Mines and Petroleum; Finance in April 2015. CME will continue to work with all sides of government for their commitment and surety in maintaining stable royalty rates beyond the forward estimates period.

The federal government budget was released on 12 May 2015. As recommended in CME's pre-budget submission, the diesel fuel rebate scheme remains intact.

In May, following CME raising concerns with

the Department of Mines and Petroleum, amendments to the state government's mining regulations were fast-tracked to reduce the valuations for certain exploration mining tenements and petroleum drilling permits which applied in determining local government rates payable.

Despite this however, several Local Government Authorities (LGAs) are still seeking to increase rate in the dollar charges and overall rates payable by resources companies within their boundaries as part of the budget setting process for 2015-16. While CME has responded directly to a number of LGAs on this issue, further approaches are planned with the Department of Local Government and Communities and the Minister for Local Government.

In June CME lodged its submission to

Re:Think, the Australian Government's tax discussion paper supporting the Minerals Council of Australia position. The submission also calls for government to maintain its focus on a predictable, transparent and stable fiscal regime to assist in attracting more projects to the resources development pipeline.

The Engineering and Contractors Roundtable met again throughout the quarter covering off issues including the state and federal budgets, CME's upcoming Community Economic Impact study, environment update, legislative and regulatory repeal priorities and a presentation and discussion on mental health and wellbeing in the workforce.

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Environment

This quarter CME's Executive Council agreed to a set of principles for the development of a cumulative impacts approach. These principles will guide the development of a cumulative impacts framework for industry to consider.

On 22 April 2015, the Hon Albert Jacobs MLA, Minister for Environment released his decision on appeals lodged for two projects proposed within the Banded Iron Formation (BIF) Ranges of the Mid West and Goldfields. CME was an appellant for both projects on grounds of a lack of process and procedural fairness. In a positive move for industry and as called for by CME, the Minister instructed both proposals be remitted to Environmental Protection Authority (EPA) for reassessment at the Public Environmental Review level of assessment.

CME has continued its involvement in EPA's working groups associated with environmental offsets. The Approvals Working Group has been contributing advice on the establishment of the Pilbara Strategic Conservation Initiative. Analysis of the fund options has focused on ensuring a high level of governance

and industry involvement in the fund with consideration of an independent trust now included following CME raising this alternative. The establishment of offset metrics is also progressing through collaborative industry and government working groups.

In April, CME reconvened a meeting between the Department of Environment Regulation (DER) and industry representatives to discuss progress against improving industry licensing under Part V of the Environmental Protection Act 1986. Following a request by DER, CME provided feedback on alternative conditions for dust and wastewater treatment plants for consideration.

The Carbon Policy and Energy Efficiency Reference Group put forward a submission to the Department of Environment's consultation paper on the Safeguard Mechanism. CME's submission advocated the need for more flexibility in adjusting the resources sector baselines, inclusion of emissions intensity based test, inclusion of a price control mechanism for Australian Carbon Credit Units and highlighted the Safeguard Mechanism's disproportional



CME Policy Advisor Kirrillie Caldwell, the Hon Albert Jacob MLA, Minister for Environment; Heritage and CME Manager Environment and Land Access Kane Moyle.

coverage of the resources sector.

The Environment portfolio sundowner was held on 25 June 2015 which was attended by the Hon Albert Jacob MLA, Minister for Environment, Environment Protection Authority Chairman, Department of Parks and Wildlife Director General and Department of Mines and Petroleum Executive Director – Environment. This event provided a very useful informal networking opportunity between members and key stakeholders.

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Infrastructure

CME finalised its review of fees and charges at Geraldton. The review found return on assets at the port significantly exceed benchmarking of interstate and international ports, resulting in Geraldton Port being 70 per cent more expensive than ports in other states. A similar review is occurring on the fees and charges at Port Hedland.

A final workshop was held in June to discuss the draft report examining options to better protect transport corridors and industrial buffers. The report canvasses a range of improvements to the existing planning framework including developing guidelines for planners when considering the protection of industrial buffers, changes to the Model Text Scheme to

include provisions for local governments to consider corridors and buffers, and the inclusion of infrastructure protection to existing State Planning Policies.

CME attended the Department of Water's Water Resource Reform Reference Group meeting in May to discuss stakeholder input and actions in the drafting of the new Water Resources Management Bill. Following CME requests, the Water Resource Reform Reference Group will be engaged in the drafting of the Bill.

As supported in CME's submission to the State Aviation Strategy, the Town of Port Hedland is now considering the long-term lease of Port Hedland Airport. CME met with the Town of Port Hedland and developed a submission supporting the

proposal subject to suitable contractual or legislative frameworks to prevent abuse of any monopolistic position, and timely access for all users at reasonable commercial rates.

Following Executive Council endorsement, CME commenced a project to examine opportunities for the state across the uranium and nuclear fuel cycle. Findings from the report will be used in providing input to the South Australian nuclear fuel cycle royal commission, and in informing CME's position on uranium mining and nuclear power within Western Australia.

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Land Access

CME has continued to advocate for the Aboriginal Heritage Amendment Bill 2014 (Amendment Bill) passage through Parliament. This quarter, CME met with a number of National Party Members of Parliament to understand their concerns around a lack of statutory consultation provisions with Aboriginal people. In our advocacy, CME has highlighted the potential for duplication of consultation provisions with other legislation such as the Mining Act 1978 (WA), Environmental Protection Act 1986 (WA), Native Title Act 1993 (Cth) and Environmental Protection and Biodiversity Conservation Act 1999 (Cth).

In April, the Supreme Court decision *Robinson v Fielding* [2015] WASC 108 was handed down. The decision clarified the meaning of section 5 of the Aboriginal Heritage Act 1978 (WA) (Heritage Act) and the requirement to afford procedural fairness to affected Aboriginal people.

It is likely to have implications for other Aboriginal heritage sites and impact how the Heritage Act is administered. CME is continuing to engage closely with Department of Aboriginal Affairs to understand the full implications for industry.

Following detailed consultation with CME, the Mining Act Amendment Bill 2014 (Mining Amendment Bill) entered state parliament in April. The Mining Amendment Bill will introduce a risk and outcomes based regulatory model and will see the introduction of a low-impact authorisation for Programmes of Work deemed to be of low environmental risk. CME is engaging with the Department of Mines and Petroleum (DMP) on accompanying guidelines for low-impact authorisations and has suggested it encompass a cumulative disturbance area of up to 12 hectares to ensure it is fit for purpose for members.

The second Exploration Roundtable was held in June. At this meeting, DMP presented on its revised Mineral Exploration Report (MER) Guidelines and the new system for online lodgement of MERs. The Exploration Roundtable members highlighted concerns around onerous new reporting requirements, and disclosure of intellectual property and commercially sensitive information. CME raised this at the recent Mining Industry Liaison Committee (MILC) where DMP has agreed to allow further consultation with industry before considering the revised guidelines for endorsement at the next MILC meeting.

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Occupational Health and Safety

The quarter commenced with CME finalising a submission to EnergySafety on the proposed prohibition of live electrical work on or near live electrical installations and equipment. CME was successful in having government recognise the need for specific exceptions to be included in the legislation and is working closely with the regulators through the Commission of Occupational Health and Safety (COSH) to ensure proposed changes result in improvements to safety without creating unnecessary prescription.

In May CME hosted the first 2015 Sharing Safety Lessons Learned forum with a focus on mobile plant and vehicle interactions. The forum attracted over 50 attendees and commenced with a presentation of new DMP analysis of serious injury and fatality data. This was followed by an industry session where companies discussed learning's from related incidents

and attendees engaged in a facilitated discussion examining common causal and contributory factors and critical controls.

Throughout April and May the 2015 Innovation Awards judges considered over 50 nominations in a two round judging process. Ten finalists across the Engineering, Systems and People categories have now been announced and attendees at the CME Safety and Health Conference will have the opportunity to learn about these cutting edge solutions to safety and health challenges as well as vote for the coveted Industry Choice Award. Registrations for the Conference also opened in May and further information including the full program of events can be found on the CME website.

CME has been successful in getting DMP to commit to release the draft Work Health and Safety (Resources) Bill for

further consultation. CME will engage closely with the state government to ensure industry continues to have input into this important reform.

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Professor Jim Joy will deliver a key note address at the 2015 CME Safety and Health Conference.

People Strategies

The federal government's reform process in Vocational Education and Training continues with the announcement of new arrangements for the management of Training Packages. Industry Reference Committees (IRCs) will be formed, reflecting support for industry-centred training as advocated by CME. The announcements also encompass the formation of Skills Service Organisations (SSOs), to replace National Industry Skills Councils, who will support IRC's. CME has aligned with the Minerals Council of Australia (MCA) and a number of industry associations in support for the new arrangements to accommodate the continuation of an organisation similar to the SkillsDMC, which has served the resources sector well.

In an effort to gain an insight into the demographic profile, preferences and motivations of the Western Australian resources sector workforce, CME has conducted a Workforce Survey in conjunction with independent market

research company Ipsos. The survey has been administered via CME member companies to employees in the Western Australian resources sector and it is anticipated over 2,500 responses will be received by the time the survey closes. Early analysis indicates individuals who do fly-in fly-out work would choose not to work in their role if it was residential, highlighting how essential the practice is for the sector.

Following recent concerns regarding the quality and consistency of high risk work training delivery and assessment, CME and the Resources Industry Training Council (RITC) consulted with regulators to discuss the issues and determine potential ways forward. Roundtable discussion with regulators examined regulatory matters relating to high risk work and possible solutions, resulting in the Training and Accreditation Council (TAC) agreeing to undertake a strategic industry audit of high risk work training providers in Western Australia. CME and

RITC have been invited to participate in an audit reference group and look forward to seeing improved training outcomes through this process.

On 30 April 2015, a new Industrial Electrician (MEM31215) qualification was nationally endorsed. The resources sector has been working collaboratively with Manufacturing Skills Australia (MSA) and the RITC in the development of this qualification since 2011, when it was recognised the Western Australian resources sector needed access to a relevant engineering-based electrical qualification that meets electrical regulatory requirements for issuance of an electrician's licence. Manufacturing Skills Australia (MSA) has agreed to run specific professional development sessions for training providers delivering this new qualification throughout Western Australia.

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Eastern and North Eastern

The quarter commenced with the official launch of the Goldfields-Esperance Industry Road Safety Alliance in Kalgoorlie-Boulder by the Hon Liza Harvey MLA, Minister for Police; Road Safety; Training and Workforce Development; Women's Interests. The Alliance is comprised of representatives from government, business and industry, including CME, and works to reduce road trauma in the Goldfields-Esperance region through collaboration, action planning and awareness-raising.

In June, CME hosted a visit from the Japan Gold Metal Association (JGMA) to Kalgoorlie-Boulder. The delegation visited the region as part of a broader exercise to understand corporate social investment, and open pit mining and mineral processing approaches in Western Australia. JGMA is involved in the worldwide sales, buying and refining of gold bullion and the manufacturing of jewellery, electronics, chemical and industrial products.

May saw Norton Gold Fields crowned as the best overall team at the 2015 Surface Mine Emergency Response Competition held over 1-3 May 2015. A total of eight teams competed in this years' competition across nine challenging scenarios, with Sandfire Resources taking out second place and in third place was La Mancha Resources. Preparations are now underway for the 2015 Underground Mine Emergency Response Competition in November.

Late in the quarter, members of the CME Eastern Regional Council met with Andrew Chaplyn, Director of Mines Safety and Simon Ridge, Executive Director Resources Safety Division, Department of Mines and Petroleum. The meeting included an overview of significant incident events, a discussion on safety legislation reform and mine site supervision requirements, and a summary of outcomes from the CME Sharing Safety Lessons Learned Forum.

The following week, members of the CME North Eastern Regional Council met with Department of Mines and Petroleum Director General Richard

Sellers at the Minara Resources Murrin Murrin Operation. The meeting included a discussion on risk based approaches to regulation, cost recovery, approvals, inspectorate capacity building and department efficiency improvements.

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Norton Gold Fields team members competing in the Surface Mine Emergency Response Competition held over 1-3 May 2015. Photo courtesy of the Department of Mines and Petroleum.



CME Manager Eastern Region Holly Phillips, Department of Mines and Petroleum Director General Richard Sellers and CME President and Cameco Managing Director Brian Reilly with members of CME's North Eastern Regional Council.

Kimberley

The Kimberley Regional Council (KRC) has been successful in bringing together the resources industry with the Kimberley community through a number of events. Members of the KRC, met on 28 and 29 May 2015 in Broome and were part of a two way conversation with Hon. Terry Redman MLA Minister for Regional Development; Lands and his staff.

In August, the KRC aims to bring resource sector stakeholders and Kimberley

indigenous leaders together with the theme of "Relationships First" at a major event to improve community feedback and information dissemination over the vast Kimberley.

In another project, CME has been successful in supporting members develop an industry-led initiative designed to manage and deliver effective local content outcomes in the Kimberley region by leveraging collaboratively developed

industry data and information on the skills, capabilities and gaps of the local workforce and businesses, focusing on the upcoming opportunities associated with oil and gas developments in the Canning and Browse Basins.

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Mid West

On 1 May 2015, CME attended the WA Local Government Association's Murchison Subregional Council (known as 'Cue Parliament') to provide resources sector representation at the local government event. Cue Parliament was also attended by Senator Dean Smith, the Hon. Jacqui Boydell MLC and the Hon. Mark Lewis MLC as well as a host of other agencies and organisations.

The second Mid West Regional Council of the year was a small but highly engaged affair with updates from the Mid West Development Commission and Mid West Chamber of Commerce and Industry.

Throughout the quarter CME has engaged with relevant agencies and, in particular, Main Roads WA to follow progress on the implementation of the Oakajee Narngulu

Infrastructure Corridor which continues to be progressed as Geraldton's Outer Bypass.

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CME Manager Mid West Becci Davidson, Mid West Development Commission CEO Gavin Treasure, Main Roads WA Network Manager Midwest Gascoyne Mark Salt and Shire of Cue CEO John McCleary at the Cue Aerodrome.



North West

To support members in the North West region, CME has continued to highlight the contributions made by the resources industry to local communities both directly and through Royalties for Regions. CME will continue to work with members to advocate for the industry on issues such as FIFO, workforce accommodation, local government rates and protection of transport corridors and ports.

The North West Regional Council held a meeting in Perth during early June. Presentations from the Pilbara Ports Authority and the Hon Mark Lewis MLC invoked some lively debate on regional matters.

CME continues to engage with state and local government over these important issues and will continue to be involved in the scoping of the Pilbara Regional

Investment Blueprint and state planning policies.

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South West

CME South West continues to focus on initiatives that progress improved outcomes, communication and port services at Southern Ports Authority Port of Bunbury. CME is well placed to provide a consolidated industry voice on behalf of port users to ensure there's focus on effectiveness of port services and efficient trade development. This continues to be important as the Port of Bunbury grows and expands to meet industry throughput requirements.

The second CME South West Regional Council for 2015 was held in Pinjarra during May. A presentation was given by guests from the Department of Planning on priorities including policy reviews relating to regional planning schemes. The Peel Development Commission also attended the meeting and provided a regional update.

A roundtable discussion of South West resources sector community relations practitioners was held during April in Bunbury. This provided a networking opportunity for regional members who received an update from CME Media and Public Affairs Manager Bruce Campbell-Fraser regarding issues discussed at CME's Public Affairs roundtable. Members also shared site and project updates.

A South West Training discussion was held in Bunbury by CME in June with the primary aim of identifying common issues across regional operations. CME provided updates on priority issues facing the sector including electrical licensing and high risk work licenses. South West stakeholders including South West Institute of Technology and Edith Cowan University South West attended this meeting.

CME has promoted the feasibility of engineering studies to be available at Edith Cowan University's South West Campus. The South West resources sector has welcomed the commencement of this program from 2016 in Bunbury with some regional members supporting the south west campus through partnerships, work placements and training initiatives. CME welcomes measures to improve science, technology, engineering and maths skills are given continued priority to ensure access to a skilled and qualified workforce.

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Professor Sidney Dekker will host the 2015 CME Safety and Health Conference. Professor Dekker runs the Safety Science Innovation Lab at Griffith University, and is also Professor of Psychology at The University of Queensland. Sidney has won world-wide acclaim for his ground-breaking work in human factors and safety and is the best-selling author of The Field Guide to Understanding 'Human Error'.



Dates for your Diary

27-28 July 2015

CME 2015 Safety and Health Conference

27 July 2015

CME 2015 Safety and Health Innovation Awards Dinner

24 September 2015

Women in Resources National Awards



WIRNA

WOMEN IN RESOURCES
NATIONAL AWARDS

S&H 2015

CME 2015 SAFETY & HEALTH CONFERENCE

27 & 28 JULY 2015

Perth Convention and Exhibition Centre



Leadership

Resilience

Best Practice



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