

Forum Focus: Resources & Energy



Knowledge Influence Support

CHAMBER OF COMMERCE
AND INDUSTRY



ISSUE 4 - 16 December 2011

Chairman's Message *Julius Matthys, Vice President - BHP Billiton Iron Ore.*

Dear members,

Welcome to the December edition of CCI Forum Focus: Resources and Energy.

It is with great pleasure that I write to you for the first time as Chairman of the Resources and Energy Forum. I come to the role in very exciting and challenging times as CCI works to ensure the continued strength of the resources sector and advocates for ongoing reforms in the energy sector.

November's Resources and Energy Forum was dominated by discussion on energy reform. We remain concerned at the WA Government's lack of progress in its Strategic Energy Initiative (SEI). The SEI is needed to lay out a blueprint for greater certainty about how the energy market will evolve over a ten or twenty year horizon. CCI is strongly urging the Government to maintain its course on energy reform, and in particular to move towards cost-reflective tariffs and greater competition in energy markets.

This issue of Forum Focus includes updates on the carbon and mining taxes. Both of these issues have been high on CCI's agenda and will continue to be watched closely as they move towards implementation.

This issue also includes updates on CCI's Pre-Budget Submission, to be released this month, and the Infrastructure Policy Paper, which is in development. These and many other issues make 2012 a critical year as we work towards the State Election in March 2013.

Wishing you and your staff a Safe and Merry Christmas and a productive New Year.

New Resources and Energy Forum Chairman

Ian Fletcher has stepped down as Chairman of the Resources and Energy Forum. We would like to thank Ian for his service as Chairman of the Resources and Energy Forum, and membership on General Council. Ian has been an enthusiastic and valued contributor to the CCI.

The Resources and Energy Forum voted for Ian to be replaced by Julius Matthys, newly appointed Vice President External Affairs at BHP Billiton Iron Ore. CCI congratulates Julius on his appointment as Chairman of the Resources and Energy Forum. Julius will also represent the Forum on General Council.

Carbon Tax and Mining Tax update

The Federal Government's Clean Energy Future package passed the Senate on 8 November 2011 and will become operational on 1 July, 2012. The package has wide ranging implications for CCI members. A relatively small number will be direct participants in the scheme. Others will be captured through changes in the fuel tax system. However, the majority of businesses will see an impact on their energy bills.

CCI is now focusing its efforts on helping members in the WA business community, particularly small and medium sized employers, to understand the impact on their businesses and prepare for the impact of the tax.

November also saw the passage of the Minerals Resource Rent Tax (MRRT) Bill through the Lower House of Parliament.

CCI has remained consistently opposed to the MRRT arguing that it is being considered in isolation to a wider national tax reform agenda. It places further risk on the overall growth prospects of WA and Australia. In addition, various concessions have been granted to Independent Members of Parliament, on GST distribution and coal seam gas, which have wider implications than the MRRT itself. CCI is maintaining a close watch on developments in particular on any amendments that will have wider implications.

For further information on both the carbon tax and MRRT please contact Drew Pearman, senior policy adviser - Resources, Energy and Environment, on 08 9365 7720, or email drew.pearman@cciwa.com

Fast Fact: Only around 500 individual facilities will be liable to pay the carbon tax, of which around 75 operate solely within Western Australia, 45 across multiple states.

Energy reform in Western Australia

Energy reform remains a key issue for the Resources and Energy Forum. Despite two years of strong cooperation between the Government and industry, we still do not have a long term energy strategy for the state. The Government's Strategic Energy Initiative, now not expected until 2012, needs to lay out a path to ongoing reform of energy markets in Western Australia. In particular it needs to set out a transition to cost-reflective gas and electricity tariffs, and open the way for broader competition across the energy sector.

CCI and the Resources and Energy Forum continue to advocate for an ambitious Strategic Energy Initiative that advances a secure, reliable, clean and competitive energy sector in Western Australia.

Fast fact: Preventing cost reflective tariffs in electricity is estimated to cost the government around \$1.1 billion over the period 2011/12 to 2014/15.

Energy White Paper

On 13 December the Federal Government released a draft for consultation of its Energy White Paper. It sets out four policy priorities:

- strengthening the resilience of Australia's energy policy framework;
- reinvigorating the energy market reform agenda (markets and energy productivity);
- developing Australia's critical energy resources – particularly Australia's gas resources; and
- accelerating clean energy outcomes.

In particular, CCI welcomes the strong push for further energy market reform which is vital for Western Australia to achieve a more efficient energy sector.

Submissions on the draft are due 16 March 2012 and CCI will be seeking members' views in early 2012. For further information please contact Drew Pearman, senior policy adviser - Resources, Energy and Environment, on 08 9365 7720, or email drew.pearman@cciwa.com

Western Power's Proposed Third Access Arrangement

The Economic Regulation Authority (ERA) is currently reviewing Western Power's Proposed Third Access Arrangement (AA3) which will have wide ranging implications for CCI members. The AA3 includes Western Power's estimates of its required revenue in order to meet its proposed investment priorities, for the five year period from 1 July 2012 to 30 June 2017. The proposed investment program covers safety (including pole replacement), maintaining current service standards; growth; customer driven investment; and security and gifted assets.

CCI has made a submission to the ERA noting that it is vital that Western Power's revenue is maintained at appropriate levels and investment priorities are targeted at meeting the needs of the growing WA economy. WA business needs assurance that investment in the South West Interconnected System (SWIS) will be sufficient to achieve a secure and reliable supply of electricity while also meeting the state's anticipated economic growth.

Further opportunities to provide input to the process are expected throughout 2012, with a final decision by the ERA expected in the latter part of the year. Interested members can contact Drew Pearman, senior policy adviser - Resources, Energy and Environment, on 08 9365 7720, or email drew.pearman@cciwa.com

Fast fact: Wester Power has estimated that it will require \$10.3 billion in revenue over the period of the Third Access Arrangement – July 2012 – June 2017.

2012-13 Pre-Budget Submission to the WA Government

In recent weeks, CCI submitted its 2012-13 Pre-Budget Submission to the WA Government.

With the 2012-13 Budget the last before the election, CCI has called upon the Government to deliver its promised reform agenda, which has stalled in recent times.

The government should use the 2012-13 Budget to deliver a reform agenda that can be implemented immediately to ease the cost of doing business in the state, and to help those businesses outside of the resources sector to navigate through the current conditions.

[Click here](#) for CCI's 2012-13 Pre-Budget Submission to the WA Government.

Fast Fact: CCI's submission sets out a non-negotiable list of nine priorities, which the business community expects to see in the upcoming budget.

Hon Peter Beattie visit to WA

The Federal Government's Resources Sector Supplier Envoy and former Queensland Premier, the Hon. Peter Beattie visited Perth from November 22 to 25. It was Mr Beattie's first visit to WA in his new role as Resources Sector Supplier Envoy.

Appointed by the Federal Government in August, Mr Beattie's new role is part of the Federal Government's Buy Australian at Home and Abroad initiative that aims to assist local suppliers' link with the delivery of product to Australian projects.

CCI was proud to host a visit by Mr Beattie at its Hay Street Office on November 24. Mr Beattie received a briefing from both the Industry Capability Network WA and Project Connect, which are both delivered by CCI.

The highlight of Mr Beattie's visit was the Forum hosted by CCI that was attended by more than 70 CCI members representing a cross section of suppliers, proponents and consultants involved in the WA resources sector.

In his address, Mr Beattie said he wanted to assist Australian suppliers to have greater engagement with overseas procurement officers. He also encouraged joint bids by Australian suppliers on major projects. In a discussion time that went for more than hour, Forum attendees advised Mr Beattie of their concerns ranging from the high cost of doing business in WA, the complexity of tendering processes and the impact of free trade agreements.

CCI has received very positive feedback from Mr Beattie and the Department of Innovation, Industry, Science and Research on the input of CCI Members into Mr Beattie's visit. CCI shall continue to be in contact with Mr Beattie to ensure that its members opinions are included as part of his recommendations to the Federal Government on local content.

Fast Fact: The attendance at the CCI Forum was the highest there has been for all of the industry consultations Mr Beattie has held across Australia.

CCI Workforce Participation Forum 2011 – Utilising the Untapped Workforce

Featuring a number of Western Australian business leaders, including an address by Richard Goyder, Wesfarmers Limited, the CCI Workforce Participation Forum was held on Friday 4 November, 2011.

The Forum provided attendees with an insight into some strategies to increase workforce participation in order to address the skills and labour shortage facing Western Australia.

There is a large section of the community that employers, with some flexibility and appropriate procedures, can greater engage to fill some of the predicted shortages.

Speakers included Tony Noonan from Doorn-Djil Yoordaing Mining and Construction, Dr Penny Flett from Brightwater Care Group, Zoe Weir of Freehills, Damir Kucan from Burswood and Sue Robertson of Edge Employment Solutions.

The speakers presented participants with insight the reality of engaging, managing and retaining a wide range under-represented groups, including Aboriginal people, mature age employees, women in the workforce and people with disabilities.

The Forum was attended by a diverse range of participants who were appreciative of the calibre of speakers and the practical solutions they provided, particularly the knowledge of support services available for employers.

Fast Fact: 1.7 million Australians over the age of 18 years wanted to contribute more to the labour force, according a recent report issued by the Australian Bureau of Statistics (ABS).

2012 CCI Advocacy Agenda

Each year the CCI Advocacy team, in consultation with members, determines the policy priorities for the year ahead.

Having consulted with members, the CCI Advocacy Team has identified the following list of priority issues for 2011:

- Productivity – examining ways to lift Australia's flagging productivity;
- Participation – the issue of labour shortages remains a priority for WA employers. This series will examine what changes are needed to increase the participation levels among certain groups, including older people, Indigenous Australians, migrants, women and people with a disability; and

- 2013 State Election Plan - setting out the issues of importance to business in the lead up to the March 2013 State Election. It will be similar to the previous state Strategies for Growth document.

These papers will be in addition to the advocacy work already being undertaken by the team. CCI Senior Policy officers will be consulting with members throughout 2012 in the development of these flagship papers.

Fast Fact: In 2011, CCI released policy papers on Local Content, Industrial Relation Reform, Preventative Health Measures, the Cost of Doing Business in WA, and Tax Reform.

