



22 March 2013

BMA Letter Ref: CRM-CA001-LT-0160

Mr Barry Broe
The Coordinator General
PO Box 15517
City East
Queensland 4002

Dear Mr Broe,

Subject: Caval Ridge Mine – Local Buy

I am writing on behalf of BM Alliance Coal Operations Pty Ltd (BMA) as manager and agent for the Central Queensland Coal Associates Joint Ventures.

BMA requests that the Coordinator-General accept this letter to be a written application by BMA that is in accordance with the requirements of sections 35C and 35 E of the *State Development and Public Works Organisation Act 1971* (SDPWOA).

In accordance with Part 4, Division 3A of the SDPWOA, BMA submits this Change Request to delete the condition imposed on the Caval Ridge Mine relating to BMA's Local Buy Program.

The relevant condition is as follows:

11 (g): *The proponent must implement the Local Buying Program and include details of the procurement pipeline of upcoming opportunities and regular reports (at least quarterly) of the program's outcomes, on its website.*

It is noted that Section 35E of the SDPWOA requires that the application for Project Change must be written and describe the proposed change and its effects on the project. Section 35E of the SDPWOA also requires the application to state reasons for the proposed change and to include enough information about the proposed change to allow the Coordinator-General to make the evaluation.

In relation to the requirements of Section 35E, BMA has received verbal advice from officials from the Office of the Coordinator-General that the following and attached information is likely to be sufficient for the purposes of Section 35E in this case.

The basis of the initiation of this Change Request is set out in the attached correspondence between BHP Billiton and yourself on March 2013. This correspondence confirms that the reporting arrangements stipulated in the Queensland Resources Council (QRC) Resource and Energy Sector Code of Practice for Local Content (Code) are preferable to the reporting arrangements required by the current condition.

The key reasons for this preference and, as a result, the proposed deletion of this condition, is to achieve alignment with the Queensland Government's policy position on local content and reduce the administrative burden associated with unnecessary quarterly reporting on BMA's Local Buy Program.

The proposed condition deletion is designed to reduce administrative burden on the Caval Ridge project whilst not materially affecting any part of the implementation of the project.

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BMA has developed and implemented the Local Buying Program which is targeted at providing opportunities for small businesses with less than 25 full-time employees to competitively supply goods and services to BMA and its many operations located throughout the Bowen Basin. The Program targets businesses registered or operating as their primary place of business in the townships of Blackwater, Dysart, Emerald and Moranbah. The success of the BMA Local Buying Program continues to grow. Some key outcomes include:

- 240 local businesses registered under the Program and ready to do business with BMA operations;
- 300+ orders placed by BMA with registered businesses totalling over \$4.6 million.

Details of the Local Buy Program can be viewed online at <http://c-res.com.au/>.

As outlined in the attached letter of 8 March 2013, BMA proposes to continue the implementation of the BMA Local Buying Program, and to report annually on the Program, as it relates to the Caval Ridge Mine, through the reporting arrangements outlined in the Code. BMA does not propose to implement the balance of the Code for Caval Ridge given the advanced nature of the execution phase of the project.

Given the background to, and straightforward nature of, this Change Request, BMA requests that the fees normally payable for a Project Change process change be waived in this case.

Should you have any queries in relation to this matter, please do not hesitate to contact Lauren Barnaby (Manager Approvals) on 0467 787 030.

Yours sincerely,



Tony Willmott
Project Director (Caval Ridge)



Queensland
Government

Office of the
Coordinator-General

Our ref: WR13/201

1 MAR 2013

Mr Andrew Mackenzie
Chief Executive Officer
BHP Billiton Metallurgical Coal
PO Box 7663
BRISBANE QLD 4001

Dear Mr Mackenzie

I am writing to you about the Coordinator-General's conditions imposed on the Bowen Basin Coal Growth Project Caval Ridge Mine (CRM) regarding the Local Buying Program (LBP).

I understand that the Queensland Government is working with the Queensland Resources Council (QRC) on their proposed Resources and Energy Sector Code of Practice for Local Content (Code). The proposed Code is voluntary and is aimed at helping companies engage local industry in the supply of goods and services. Companies who adopt the Code would complete a Code Industry Report that will inform QRC in completing the proposed annual Code Effectiveness Report.

As the CRM project is conditioned on the LBP, I am seeking in advance what your intentions are regarding the proposed Code, should that Code be adopted. For example, would your preference be to continue with the current conditioned arrangements for the CRM project or to adopt all, or part of, the new Code.

If you prefer to adopt all or part of the Code instead of the LBP, either I can initiate the change under Section 35M of the *State Development and Public Works Act 1971*, or you could make an application under section 35C for a project change to amend the LBP conditions in the CRM project.

I would appreciate your advice by close of business Friday 8 March 2013.

Yours sincerely

Barry Broe
Coordinator-General

Metallurgical Coal



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8 March 2013

Mr Barry Broe
Coordinator General
Department of State Development, Infrastructure and Planning
PO Box 15517
City East, QLD, 4002

Dear Mr Broe

Caval Ridge Mine Local Buying Program

I refer to your letter dated 1 March 2013 regarding the Local Buying Program conditions imposed on the Caval Ridge Mine addressed to Mr Andrew Mackenzie.

BHP Billiton has worked closely with the Queensland Resources Council throughout the development of the Resource and Energy Sector Code of Practice for Local Content (Code) and supports the contents of the Code as it would relate to future projects.

As part of our commitments for the Caval Ridge Mine, BHP Billiton Mitsubishi Alliance (BMA) has developed and implemented a Local Buying Program. The Local Buying Program is a targeted program providing opportunities for small businesses with less than 25 full-time employees to competitively supply goods and services to BMA and its many operations located throughout the Bowen Basin. The Program targets businesses registered or operating as their primary place of business in the townships of Blackwater, Dysart, Emerald and Moranbah.

The success of the BMA Local Buying Program continues to grow. Some key outcomes include:

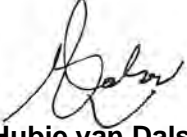
- 240 local businesses registered under the Program and ready to do business with BMA operations;
- 300+ orders placed by BMA with registered businesses totalling over \$4.6 million.

Details of the Local Buy Program can be viewed online at <http://c-res.com.au/>.

Given the advanced execution of the Project, and the success and commitment to the BMA Local Buying Program, we will continue to comply with the Local Buy Condition (Condition 11(g)) imposed on the Caval Ridge Mine. However, we do see some advantages in adopting the less onerous reporting arrangements stipulated in the Code and will include a proposal in this regard in Change Request 7 for your consideration.

We appreciate you bringing this to our attention. Should you require any further information in relation to this matter, please do not hesitate to contact Victoria Somlyay on (07) 3227 5820.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hubie van Dalsen', written in a cursive style.

Hubie van Dalsen

President – Metallurgical Coal