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## **NEW BUSINESS OPPORTUNITIES GROWING FOR BHP BILLITON'S LOCAL SUPPLIERS**

BHP Billiton has released new figures showing that spending in its Local Buying Program has increased by 18 per cent over the last two years.

BHP Billiton Mitsubishi Alliance (BMA) Asset President Rag Udd presented the figures to a Bowen Basin Mining Club event held in Moranbah on Thursday, 11 August.

BHP Billiton's use of local suppliers has totaled more than \$26.5 million over the last year and continues to grow strongly since the program was officially launched in 2012, with 721 local businesses now registered for the program.

The program, delivered by C-Res on behalf of BMA and BHP Billiton Mitsui Coal (BMC), is aimed at increasing opportunities for local, small to medium businesses to provide goods and services to BMA's seven and BMC's two metallurgical coal mines in the Bowen Basin and Hay Point Coal Terminal in Mackay.

Mr Udd said the sustained success of the program was pleasing and he encouraged more businesses to get involved as BMA continued to drive for productivity improvements.

"We place a strong emphasis on sourcing goods and services from the local communities in which we operate," Mr Udd said.

"While our overall costs have continued to reduce, our local spend has increased – demonstrating our commitment to the communities in which we operate.

"The fact we've had such a strong response from the Isaac, Mackay and Central Highlands regions gives us every confidence this program will continue to provide important supply opportunities to local small and medium businesses."

- BHP Billiton's new operating model means local suppliers now have the potential to chase more supply opportunities across the company's operations Australia-wide.

"The sustained challenging market conditions have fundamentally changed what we expect of our suppliers and we want to thank them for working with us as we strive to become more productive and competitive against other global coal producers," Mr Udd said

“While we are pleased at the achievements so far the road ahead isn’t going to get any easier so we’ll be doubling down on our productivity efforts and this means we need our suppliers to continue on that journey.

“The fact BMA is part of BHP Billiton’s new operating model – *Minerals Australia* – means successful local suppliers that can replicate their performance in other commodities can potentially secure new work opportunities outside of coal.

“This is an important difference that we want to help our suppliers understand because it could further strengthen the local supply chain.”

Growth of the Local Buying Program is increasing the reach of the associated Local Buying Community Foundation to support local businesses.

The Foundation is funded through the Local Buying Program and sees a percentage of every transaction invested in development initiatives to help build the resilience and capability of local suppliers. More than \$1,000,000 has been invested in the Foundation to date.

### **Facts**

A number of key outcomes have been achieved over the past 12 months including:

- Total approved suppliers has reached 721 local businesses;
- The value of work issued in financial year 2016 was almost \$26.5million – which is an 18% increase since 2014;
- The spread of work across the region is Isaac Shire (*\$13m or 49%*), Central Highlands (*\$8m or 30%*) and Mackay (*\$5.5m or 21%*); and

### **Testimonial**

Colin Ritson owns Moranbah-based CPH Mining and Civil and has contracts for work packages at four of BMA’s mines.

Mr Ritson praised the Local Buying Program for providing the exposure to BMA that helped his company secure a new 12-month contract to supply top soil for site rehabilitation works at Caval Ridge Mine.

“Because we are registered with the Local Buying Program, and had safely delivered on previous tender engagements, our capabilities to deliver this top soil job were well understood by BMA and the project team at Caval Ridge,” Mr Ritson said.

“Being able to develop a more direct relationship with BMA’s sites through the Program is an important factor for smaller local businesses, because we don’t have the broader reputation that would otherwise help us be included on invitations to tender for projects like this.

“The Local Buying Program is proving very successful at helping local operators remain involved with mining in the Bowen Basin, even if the “boom” of previous years has slowed.”

**Media Contact:** Kester Hubbard 0408 727 261



**Image:** L-R Colin Ritson Owner of CHP Mining and Civil with Rag Udd, Asset President BMA