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REGIONAL BUSINESS OPPORTUNITIES GROWING AS BHP BILLITON LOCAL BUYING PROGRAM SETS NEW RECORDS

BHP Billiton is trading directly with Central Queensland businesses more than ever before, with new figures showing record spending through its Local Buying Program.

The Company spent more than \$11 million through the Program during the first quarter of financial year 2017 (1 July – 30 September), setting a new quarterly record and significantly raising expectations about the level of local procurement the Program can help achieve.

The Program, delivered by C-Res on behalf of the BHP Billiton Mitsubishi Alliance (BMA) and BHP Billiton Mitsui Coal (BMC), increases 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.

Since the Program's inception in 2012, more than \$90 million in work opportunities had been awarded to participating businesses in the Central Highlands, Isaac and Mackay regions. More than \$26.64 million was awarded in financial year 2016.

BMA Asset President Rag Udd said the rapid expansion of the Program in the first quarter of the 2017 financial year was a result of the Company's operational sites and local suppliers embracing the mutual benefits the Program offers.

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

"And the benefits go both ways. Local businesses are enjoying greater visibility and more direct trade with our operations; and our operations are taking advantage of access to a pool of capable vendors they can purchase from more efficiently."

Nearly 740 businesses are now registered with the Program, and have their capability profiles presented to BMA and BMC operations through an online supplier directory.

Mr Udd said BHP Billiton had been encouraging greater innovation from its vendors at every level of the supply chain to help meet the demands of challenging market conditions.

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

“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.

Growth of the Local Buying Program is increasing the reach of the associated Local Buying 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.

Local Buying Program Facts

- Cumulative spend 2012- 2016: \$77.485 million
- Value of work issued in Q1 FY2017: \$11.2 million – Largest quarterly spend in the Program’s history
- Value of work issued in FY2016: \$26.64 million
- Approved work instructions in Q1 FY2017: 1048.
- Approved work instructions in FY2016: 3918
- Approved suppliers: 738 (384 Mackay, 179 Central Highlands, 175 Isaac)
- Targeted program providing opportunities for small businesses, with less than 25 full-time employees, to competitively supply goods and services to BMA and BMC operations in Central Queensland.

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.”

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