

BCITF Levy in WA's resources sector Fact sheet 5 - Examples

ABC Alumina is expanding its capacity and is building additional infrastructure at an existing mine. The infrastructure includes a conveyor, crusher, fuel depot, mobile plant maintenance depot and switching room.

All elements of the construction work in this expansion are subject to the BCITF Levy as they are all new construction.

Expansion of its operations means that DEF Gold will build a new communications room at its Shannon operations near Laverton. The estimated value of the works is \$260,000.

DEF Gold also plans to construct a new unsealed access road from the public highway to the entrance of its operations. The estimated cost of this work is \$450,000.

DEF is also relocating its existing fuel depot (\$850,000) and will construct new haul roads (\$350,000) as part of the expansion.

The BCITF Levy will apply to works for the communications room and the unsealed access road as they are new construction works. The BCITF Levy will also apply to works for the fuel depot (commercial facilities). The new haul roads are part of core operations and are not subject to the BCITF Levy.

GHI Energy has scheduled a complete shutdown of its entire on-shore LNG plant for routine maintenance.

This work is not subject to the BCITF Levy as it is routine maintenance and considered to be part of resources operational works.

GHI Energy has scheduled a complete shutdown of its entire on-shore LNG plant for maintenance; and is taking the opportunity to replace distillation towers and pipework in Train 1 during the shutdown. The estimated value of the works to facilitate the replacement is \$45m.

The BCITF Levy would apply only to the \$45m value of the works to replace the towers and the pipework, taking place during the shutdown. The replacement of these items is construction work additional to routine maintenance and is above the threshold of \$10m.

JKL Iron Ore is relocating 60 dongas from its Tipperary Creek operations to Wicklow Downs to increase accommodation facilities. The estimated cost is \$8.5m.

The BCITF Levy will apply to these residential construction works.

JKL is also resurfacing the runway at its airfield servicing both operations. The estimated cost of this is \$1.8m.

As it is not a resources facility, the works to resurface the runway are subject to the BCITF Levy.

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MNO Oil and Gas budgets \$50m annually for routine maintenance to its pipeline system between a wellhead in the Browse Basin and an onshore plant near Dampier. Inspection reveals that several pumps and lengths of pipeline must be replaced. The replacement work is estimated to add \$22m to the annual budget.

The BCITF Levy will apply only to the estimated \$22m replacement of the pumps and pipeline as the works have an estimated value higher than the threshold of \$10m.

MNO Oil and Gas is planning a significant expansion of both on and off shore facilities. The estimated investment is \$15b over five years, commencing in 2020.

The CTF will work closely with MNO Oil and Gas to determine; a timeline of planned development and development phases; how construction works will be packaged and executed over the development of the project; and, which elements – if any – may be excluded.

PQR Resources has awarded STU Civil Contractors a five-year contract for mining operations at its Kerry and Salthill sites in the Goldfields. The contract is worth \$700m for drilling, blasting, loading and hauling services.

The BCITF Levy will not apply as the works are resources operational works.

VWX Energy is deploying a new FLNG plant at a well in the Browse Basin. The FLNG plant was built in Korea and **works to construct this are not subject to the BCITF Levy.**

The works associated with infrastructure to secure the FLNG plant into position are subject to the BCITF Levy.

YZ1 Energy is undertaking a \$2.5billion geosequestration carbon capture and storage project. Carbon dioxide, which occurs with the natural gas methane, is stripped from the gas before it is liquefied for export. The geosequestration process involves compressing the separated carbon dioxide and piping it to nine injection wells where it is then injected into a natural geological reservoir more than two kilometres below the sea bed.

The construction component of the \$2.5 billion geosequestration carbon capture and storage facility is subject to the BCITF Levy.

CD3 Minerals will engage two separate contractors to replace a crusher at its Donegal Flats operation in the Pilbara. The estimated value of the complete project is \$17m; The work performed by Contractor A is estimated at \$9m and the work performed by Contractor B is estimated at \$8m.

The BCITF Levy will apply to the \$17m, as this is the aggregate value of works required to complete the project.

EF4 Iron Ore is renovating mess facilities at its Kilkenny accommodation camp in the Pilbara. The works will include new flooring, plumbing and tiling fixtures in wet areas and repainting of internal walls. The estimated cost is \$130,000.

The BCITF Levy will apply to the renovation works as they are works on commercial buildings.

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GH5 Minerals intends to perform routine maintenance on a berth at its facility at Port Hedland, estimated at \$15m.

The BCITF Levy will not apply to the maintenance works on the berth as it is a facility connected to a resources operation.

In separate works, GH5 Minerals is also installing a new communications building and refurbishing existing offices connected to its port facilities. The value of these works is estimated at \$2.5m

The BCITF Levy will apply to the construction of the new communications building and the refurbishment of the offices as they are both commercial facilities.

AB2 Gas and Oil is planning to refurbish and refit an offshore platform that has been in use since 1998. The estimated cost is \$200m

The BCITF Levy will apply to the refurbishment works as they exceed the threshold of \$10m.

IJ6 Metals has engaged KL7 Contracting as head contractor to deliver Phase 1 of expansion to its Drogheda lithium mine in the south west. The estimated value of the works lead by KL7 is \$420m.

The BCITF Levy applies to the estimated value of \$420m as the works are construction of new facilities to expand the operation.

LM8 Salt is undertaking maintenance to its fuel depot, heavy vehicle workshop and forecourts. The work involves sandblasting, repainting, electrical upgrades, concreting and bitumen work. The estimated value of the works is \$850,000.

The BCITF Levy will apply as the maintenance work is on commercial buildings.

NO9 Metals is replacing HV switching panels and existing wiring for its crusher and conveyor systems at its site in the south west. The estimated value of works is \$580,000.

These works are not subject to the BCITF Levy as the replacement works are on resources facilities and under the threshold of \$10m.

NO9 Metals is contracting the same electrical contractor to replace wiring in its site offices to accommodate new fibre for communications. The estimated value of works is \$120,000.

The BCITF Levy will apply to these works as they are commercial facilities.

PQ1 Resources contracts RS2 Rail Solutions to maintain all aspects of its rail network, including tracks and switching. PQ1 estimates that continual and routine maintenance of these rail facilities is \$6.5m annually.

RS2 Rail Solutions is also constructing three new sidings for PQ1 Resources at an estimated cost of \$15m.

The BCITF Levy will apply to the \$15m construction of new sidings but not to the \$6.5m contract for routine maintenance of the rail network, which is a resources facility.

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Alumina producer TU3 Resources has entered into a contract to progressively replace all of its conveyors, along with its digestion processing facilities on its site in the south west due to wear and tear . This will mitigate the estimated significant cost in repairing and maintaining these facilities over the long term. The estimated cost of this work is \$70m.

The BCITF Levy will apply to these works as the aggregate value of the works to complete the project exceeds the threshold of \$10m.

WX4 Metals is planning to refurbish a nickel mine and processing plant which has been idled for some years. The aggregate value of refurbishing the existing facilities associated with the plant in preparation for commissioning and start-up is estimated at \$25m.

The BCITF Levy will apply to as the aggregate value of \$25m is above the \$10m threshold

YZ5 Energy is replacing air conditioning units in workers' dongas at its Rathnew site as part of ongoing maintenance. The estimated cost is \$500,000.

The BCITF Levy will apply as the maintenance and replacement is for accommodation facilities.

YZ5 Energy is engaging a contractor to maintain and repair a section of steel framing on Train 2 at its LNG plant. The estimated cost of this maintenance work is \$1.5m

The BCITF Levy will not apply to the repairs and maintenance of the LNG train.

ZAB Gold is extending its Large Pit and as a result must relocate a stacker to allow for the expansion. The cost of this relocation is \$10m

The BCITF Levy will apply to the relocation of the stacker as the value exceeds the threshold for works less than \$10m.

As part of the pit expansion, ZAB will also relocate its tailings facility, water treatment facility and build new haul roads, with an aggregate value of \$12m.

The BCITF Levy will not apply to any of these works as they are specifically excluded in the Regulations as resources operational works.