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The Blenheim Report

CONFIDENTIAL INTELLIGENCE REPORT

MINING SERVICES



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Mining Services Overview

Mining Services companies have borne the impact of the slowdown in the resources sector, with a significant number of projects on hold across a number of resources. A December 2012 report released by Deloitte¹ identified 'Capital project deceleration' as one of the most significant outcomes of the impact of the decline in commodity prices and global economic uncertainty.

More recently in an analysis undertaken by Ernst & Young², "84 companies were identified on the ASX which generate a significant proportion of their revenue from mining services, either through equipment or non-equipment (eg labour and consumables) services". Of those 49% "have issued profit downgrades in the past six months, with a third of these in the past three months. The total market capitalisation of the 84 listed mining services companies has declined 16% in the period 31 December 2012 to 13 June 2013".

The impact on unemployment in the sector has been significant. Over the period July 2012 to July 2013 the mining jobless rate increased from 1.7% to almost 10.9%³. The Australasian Institute of Mining and Metallurgy has revealed that one in ten mining professionals are now unemployed after a slowing in project expansion. The unemployment rate is nearly double the overall labour force rate and under-employment has increased three-fold to 9.1%. AusIMM states that the downturn is the result of mining services' clients focusing on existing operations rather than exploration and expansion. Examples cited include BHP Billiton's Olympic Dam mine and port expansions in Queensland.

However there has been recent positive news around iron ore as confidence in the iron ore price remains high, and growth projects have become more appealing. Roy Hill has awarded \$2.37bn in projects to a number of mining services companies, including NRW Holdings and Leighton Contractors. Iron ore is currently trading around US\$134 per tonne having bounced back from lows of a year ago of around US\$85³. Analysts and commentators state it is important to recognise the highly cyclical nature of pricing, and to note that in recent weeks iron ore prices have trended down due to tough market conditions for steel producers and easing Chinese demand ahead of their holiday period, however it is generally accepted that a price collapse is not expected in 2013.

Iron ore does stand-alone in this regard. It retains a very strong average industry margin of around 52% (2014 FY)⁴, thus supporting the ongoing focus of major producers such as Rio Tinto and BHP Billiton on expansion projects at their low cost iron ore operations. This stands in stark contrast to coal and bauxite for example, both having margins of less than 25% in 2013, with export thermal coal declining to an average of 19% in 2014.

Sources:

¹ http://www.deloitte.com/view/en_AU/au/industries/energy-resources/mining/a9cf21fc11f5b310VgnVCM1000003256f70aRCRD.htm

² <http://www.ey.com/AU/en/Newsroom/News-releases/Mining-services-shake-out-will-see-winners-and-losers>

³ <http://www.afr.com/Page/Uuid/c5e94fce-23de-11e3-995e-f3600b54a504>

⁴ <http://www.afr.com/Page/Uuid/1a2bb894-231a-11e3-9240-1db44f74ad57>

LEIGHTON HOLDINGS LTD (ASX:LEI)

Market cap: \$5.75bn | **Revenue:** \$11.5bn (1H13) | **NPAT:** \$366m (1H13) | **Employees:** 56,000 | **Operations:** Australia/Pacific, Asia, Middle East, Africa | **Head office:** Sydney

Leighton Group owns and operates a number of diverse and independent operating companies: Leighton Contractors; Thiess; John Holland; Leighton Asia, India & Offshore; and Leighton Properties. Leighton has a 45% investment in Habtoor Leighton Group, and a 19.55% investment in Mining Services company Macmahon Holdings Ltd. Businesses in Mining Services are Leighton Contractors P/L (LC); Thiess P/L; John Holland Group P/L (JHG); and Leighton Asia, India & Offshore (LA). The majority shareholder of Leighton Group is HOCHTIEF Australia Holdings Ltd (56.39% at 22 July 2013), which is wholly owned by HOCHTIEF Aktiengesellschaft, the eighth largest provider of construction related services in the world. Grupo ACS, a Spanish construction conglomerate, in turn owns 50.16% of HOCHTIEF.

Leighton Group companies undertake a variety of activities in the markets they service:

- **Contract Mining:** world's largest contract miner with significant operations in Australia, NZ, Indonesia, Mongolia, the Philippines, India and Sthn Africa; accounts for approximately 24% of the Group's operating revenue; majority of work is in iron ore, gold, thermal & metcoal, copper and diamonds.
- **Construction:** active in a range of major projects in the infrastructure, resources and property markets throughout Australia, Asia and Middle East.
- **Operation & Maintenance:** services include waste disposal, telecommunications, roads, railways, utilities operation & maintenance, land remediation & contaminated site clean-up.
- **Development:** experience developing many of the major economic and social public private partnership (PPP) projects in Australia; toll roads in India and the Philippines; property development and project management expertise in Australia and Asia in both commercial and residential sectors.

1HFY2013 Results http://www.leighton.com.au/data/assets/pdf_file/0003/25086/HYRPresentationAug2013.pdf:

- LC: Revenue \$3.8bn; work in hand \$12.3bn
- Thiess: Revenue \$3.2bn; work in hand \$11.8bn
- JHG: Revenue \$2.3bn; work in hand \$6.3bn
- LA: \$1.4bn; work in hand \$6.7bn
- Contract Mining work in hand reduced 20% due to: volume reductions in Australian and Indonesian coal mines; contract losses at Collinsville and Peak Downs; partially offset by the Solomon iron ore award.
- Group Outlook: on track to deliver 2013 full year underlying NPAT of \$520m to \$600m.

Recent press: On 3 October 2013, a six-month Fairfax Media investigation revealed "Bribery, corruption and cover-ups in Leighton Holdings' international construction empire were rife and known to top company executives and directors, according to internal company files"¹. Subsequently it has been shown that then CEO, Wal King, and his short-term successor David Stewart were aware of the alleged multimillion-dollar kickbacks in 2010. On 5 October, a Sydney Morning Herald headline revealed "Leighton Contractor's losses over scandal may top \$500m", for which the Group Outlook implications are ominous².

¹ <http://www.smh.com.au/national/building-giant-leighton-at-centre-of-bribery-scandal-20131002-2usvp.html>

² <http://www.smh.com.au/business/leightons-losses-over-scandal-may-top-500m-20131004-2uztz.html>

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MINING OPERATIONS							
Project	Client	Resource	Services Provided	Personnel / Contract Value	Contract	Location	State / Ctry
Burton	Peabody	Coal	Thiess – Design, Construct & Operate	230 + 100 subcontractors / \$3.9bn	Dec1995; life of mine	Bowen Basin	QLD
Caval Ridge	BMA	Coal	Thiess – Contract Mining	\$183m	Dec2011-Sep2013	Moranbah	QLD
Cosmo Deep	Crocodile Gold Australia Operations	Gold	LC – Contract Mining	\$123m	Apr2011-2014		NT
Curragh North	Wesfarmers	Coal	Thiess – Contract Mining Infrastructure & Mining Project	\$634m	Jun2008-Mar2021 (Commenced 2004, extension awarded)	Bowen Basin	QLD
Dawson	Anglo American Metallurgical Coal	Coal	LC – Contract Mining	\$318m	Nov2010-Dec2014	Bowen Basin	QLD
Duralie	Yancoal	Coal	LC – Contract Mining	\$294m	Jul2009-Jun2016 (Commenced 2006, extension awarded)	Gloucester	NSW
Hope Downs 4	Rio Tinto / Hope Downs Iron Ore (50:50)	Iron Ore	LC – Contract Mining	\$104m	Aug2011-Nov2013	Pilbara	WA
Jax	QCoal (Queensland Government)	Coal	LC – Contract Mining	\$400m	Jun2012-2017	Bowen Basin	QLD
Jellinbah	Jellinbah	Coal	JHG – Contract Mining	\$408m	Apr2011-2015	Bowen Basin	QLD
Jwaneng	Debswana Diamond Co	Diamonds	LC – Contract Mining	\$322m	Apr2011-2016	-	Botswana
Khushuut	Mongolia Energy Company	Coal	LA – Relationship contracting	US\$300m	Jul2010-Jun2016	-	Mongolia
KPC Sangatta	Kaltim Prima Coal	Coal	Thiess – schedule of rates	US\$2.5bn	Oct2003; life of mine (Commenced 1989, extensions awarded)	-	Indonesia
Malek	Gunung Bayan Pratama Coal	Coal	Thiess – Contract Mining	US\$1.7bn	Oct2008-Dec2016	-	Indonesia
Martabe	PT Agincourt Resources	Gold	LA – Remeasurement	US\$234m	Aug2010-Dec2015	-	Indonesia

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Masbate	CGA Mining	Gold	LA – Mining Operations	US\$337m	Mar2008-Feb2017	-	Philippines
MGM Mining Services	PT Marundah Grahamineral	Coal	LA – Contract Mining	US\$417m	Apr2012-2019	-	Indonesia
Moorvale	Peabody	Coal	LC – Contract Mining	\$125m	Jun2012-Sep2013 (Commenced 2003, extension awarded)	Bowen Basin	QLD
MSJ	PT Mahakam Sumber Jaya/TANITO Coal	Coal	LA – schedule of rates	US\$1.3bn	Jun2010-Mar2013 (Commenced 2004, extensions awarded)	-	Indonesia
Mt Owen Complex	Hunter Valley Coal (subsidiary of Xstrata)	Coal	Thiess – schedule of rates	\$1bn	Oct1996-2015	Hunter Valley	NSW
Pakri Barwadih	NTPC	Coal	Thiess – Contract Mining Infrastructure Development	\$286m	Nov2010-Nov2034	-	India
Peak Downs Stage 7	BMA	Coal	LC – Contract Mining	\$604m	Jul2009-2015	Bowen Basin	QLD
Prominent Hill	OZ Minerals	Copper & Gold	Thiess – Contract Mining	\$1.1bn	Jul2006-2018		SA
Roy Hill	Hancock Prospecting	Iron Ore	JHG – Construction	270ppl at peak / \$257m	Awarded Sep2013; Commence Oct2013	Pilbara	WA
Satui	PT Arutmin Indonesia	Coal	Thiess – schedule of rates	\$3.62bn	Jun2000; life of mine	-	Indonesia
Senakan	PT Arutmin Indonesia	Coal	Thiess – Contract Mining (schedule of rates)	\$1.99bn	Jun2000; life of mine	-	Indonesia
Solomon Hub	Fortescue	Iron Ore	LC – Contract Mining (whole of mine management)	\$1.54bn	Jun2012; 5yrs	Pilbara	WA
Sonoma	Sonoma	Coal	LC – Contract Mining (schedule of rates)	\$1.2bn	Jul2012-2016 (Commenced 2007, extension awarded)	Bowen Basin	QLD
Tamtama Perkasa Mining Services	PT Tamtama Perkasa	Coal	Thiess – Mining Services	US\$107m	May2012-2017	-	Indonesia

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Toka Tindung	PT Meares Sopotan Mining/Archipelago Resources	Gold	LA – schedule of rates	US\$173m	May2010-Feb2016	-	Indonesia
Ukhaa Khudag	Energy Resources	Coal	LA – Relationship contracting	US\$1.5bn	Mar2009-Dec2018	-	Mongolia
Wahana	PT Wahana Baratama Mining	Coal	LA – schedule of rates	US\$2.2bn	Dec2007-Dec2017	-	Indonesia

EXECUTIVE LEADERSHIP TEAM

Name	Title	Background	Location	Comments
		Profiles available upon request		

BOARD MEMBERS

Name	Title	Background	Location	Comments
		Profiles available upon request		

STRATEGY

Leighton Contractor's current medium term strategy was formulated in 2012 and named 'Stabilise, rebase and grow'. The focus of the strategy was stated at the time as being targeting expansion of net margins, improving balance sheet strength and delivering sustainable growth. The growth phase is expected from 2014. A further strategic objective formulated in 2012 was to manage Leighton Contractor's exposure to the Al Habtoor Leighton Group. In early 2013 this strategic objective was made explicit with a key deliverable being an IPO of Habtoor targeted for 2016.

In more general terms, Leighton states that its strategy is to take its core competencies to select markets and deliver projects and value-added services for clients through its diversity, empowered people and financial strength. Its strategy is built on the diversity of its brands– or Operating Companies – its various geographies, markets and services, and its delivery systems.

Diversification is fundamental to Leighton Contractor's business model. It acts to moderate the effects of cyclical downturns in certain markets and allows the Group to redeploy its resources to other markets. Diversification is about exporting core competencies to new markets but it is also about extending into related markets as value-adding opportunities arise. The Group has done this on numerous occasions, such as when John Holland acquired an aviation services business, when Leighton Contractors moved into the telecommunications market, and with the recent establishment of a new oil and gas engineering consulting business, Leighton Engineering in Malaysia.

In Australia, the diversification strategy is about ensuring all Operating Companies develop distinctive core competencies and highlight points of difference. The company encourages Thiess, Leighton Contractors and John Holland to compete when they have the capability, resources and experience to deliver projects that will generate an appropriate return for shareholders. The role of Leighton Holdings, as a strategic management company, will be to become more involved at the pre-tender phase to ensure that an Operating Company's approval to bid is based on an assurance and evidence that it has the skills and resources to successfully deliver the project.

STRATEGY

The Group has developed world class capabilities in construction, mining, and operations and maintenance. These capabilities are in demand across many developing markets in Asia, the Middle East and Africa. In recent years, this has seen Leighton take its contract mining capability to Mongolia and Botswana, and to consider mining opportunities in the Middle East. Similarly, Leighton highlights in its strategy formulation that it has exported its infrastructure construction skills to the Middle East, thereby transforming the Habtoor Leighton Group from a builder to a diversified construction company. Leighton Holdings has also encouraged John Holland to partner with the Habtoor Leighton Group to bid for some of the US\$40 billion worth of rail investment that will take place in Qatar over the next 10 years. Leighton Contractor's strategy includes developing Leighton Offshore into one of the leading international competitors in this market.

Underpinning the ability to pursue and deliver work is the strength of the Group's balance sheet. Having a strong financial base is crucial for a contractor such as Leighton as it allows for investment in new plant and equipment, the provision of bonds and guarantees, and supports the working capital requirements of the Group. In addition, a strong balance sheet allows for acquisitions to be made which can further diversify the Group. A key element of the financial strategy is also the recycling of capital. The Group is not just an acquirer of assets but also looks to add value to them and then divest when it makes economic sense. An example of the Group creating value for shareholders by bringing its expertise and financial firepower to an underperforming business is the acquisition, turn around and subsequent sale of the assets of the HWE Mining iron ore business. The Group will continue to pursue opportunities to recycle capital that create value for shareholders.

Risk Management

The recognition and management of risk is embedded in all activities of the Group and is a core part of the Group's culture and strategy. The Group's exposure to risk stems from its broad and evolving business risk profile, which covers areas including operations, safety, reputation, regulation, contract, human resources, finance, information and strategy.

It is essential that the Group's risk management and control framework evolves to address anticipated changes to the Group's risk profile, as well as to respond to any issues which may emerge. As part of this ongoing process, steps are continuously undertaken to strengthen the Group's approach to risk management. The Group is also implementing changes to the way it tenders and delivers major projects from a risk management perspective including the recent formation of the Board's Tender Review and Risk Committee.

Strategic issues facing Leighton.

Leighton reported half-year results to 30 June 2013 in August. From a strategic perspective the Company delivered on certain key matrix, including improved balance sheet, stronger profit, capital recycling through sales of assets and improved margin which expanded to 2.2% on revenue for the six-month period of \$11.5 billion.

However, there was an increase in debt level to \$3.1 billion (\$2.76 billion six months earlier), and gearing was 36%, still above the Board approved target of 25%-35%.

Of particular concern was a significant increase in debtor levels, as clients across both different industry sectors and geographies struggled or delayed payments. Trade receivables increased by \$600 million in the six months period and stood at \$4.4 billion on 30 June. Half of this amount was owed by oil and gas companies, a sector which is widely considered one of the remaining growth sectors in resources at the moment. From a strategic perspective the company needs to address the trade receivables issue quickly, as it is a risk to the strategic aim of strengthening the balance sheet and working capital position as key stepping stones towards growth from 2014.

STRATEGY

From a strategic perspective the company also noted that it was not looking to expand its book of new work from current levels in order to deliver growth in the immediate future. Project margins are around 105 and the company stated it will focus on operational efficiencies to deliver better returns rather than increase size of risk at this stage.

Future ownership.

When considering the strategic direction of Leighton Holdings the current and future ownership structure must also be discussed. It became clear in March 2013 that there is not agreement at Board level regarding the strategic direction of the company. This disagreement resulted in long-time executive, Marcelino Verdes, who heads Hochtief and sits on the Leighton board, asking then Chairman Stephen Johns to resign. He did so, together with two other directors. ACS owns 50.16% of Hochtief, which in turn now owns 55% of Leighton Holdings.

In April a restructure was announced, in which CFO Peter Gregg was appointed deputy and importantly also was put in charge of the Australian business. This restructure was presented externally as allowing the CEO Hamish Tyrwhitt time to focus on the group's global strategy.

Analysts interpreted the moves as natural steps towards a future merger of Hochtief and Leighton to create a global construction group where Hamish Tyrwhitt would gain responsibility for the Asian and European parts of the new entity and Peter Gregg would be responsible for the Australian businesses.

In July 2013 Hochtief announced that it had increased its ownership of Leighton above 55%, a level which has long been seen as an unspoken ownership limit. Furthermore, Hochtief also announced that it intended to continue to increase its ownership share. Australian rules allow a company, which does not want to launch a takeover bid, to increase its holdings by 3 percentage points each six months. When it reaches 60% ownership it is being speculated by analysts that Hochtief will be in a strong position to integrate Leighton into a larger global structure.

MARKET INTELLIGENCE

23 September 2013

The Australian Financial Review

Roy Hill contracts reach \$2.37bn

NRW Holdings last week won a \$620 million earthworks contract relating to the development of a rail line between Roy Hill and Port Hedland. Earlier this month, the Forge Group and Spanish contractor Duro Felguera signed a \$1.47 billion engineering, procurement and construction contract for the development of a processing facility at Newman, Western Australia.

Meanwhile, Leighton Holdings subsidiary John Holland has been awarded a \$257 million contract to build nearly 350 kilometres of heavy haulage rail track for the iron ore mine. Separately, the Calibre Group has signed a \$23 million deal to design part of the rail network.

More contracts are expected to be awarded this week.

Article: <http://www.afr.com/Page/Uuid/1a2bb894-231a-11e3-9240-1db44f74ad57>

19 September 2013

The Australian

Iron ore rally makes mockery of the post boom theme with output to hit \$100bn

The boom in iron ore is just working up a full head of steam that could possibly see the industry export an unprecedented \$100 billion-plus of the key steelmaking raw material next year.

Ongoing strength in iron ore prices has given rise to fresh confidence that the industry will continue to record strong production growth, with forecasts for a near 50 per cent rise in current annual output to more than 900 million tonnes in the next five years increasingly accepted as likely.

Article: <http://www.theaustralian.com.au/business/mining-energy/iron-ore-rally-makes-mockery-of-the-post-boom-theme-with-output-to-hit-100bn/story-e6frg9df-1226722356103>

21 August 2013

Services duo predict cost cuts, tough year

Mining services groups Monadelphous Group and Macmahon Holdings have warned of challenging conditions in the year ahead, with increased competition and deep cost-cutting by mining companies likely to see earnings at the duo squeezed.

Article: <http://www.theaustralian.com.au/business/companies/services-duo-predict-cost-cuts-tough-year/story-fn91v9q3-1226700930833#>

MARKET INTELLIGENCE

10 July 2013

Australian Mining

Mining services down \$12bn, shake up to continue

As the list of shelved and postponed mining projects grows and miners shift focus from construction to production phases a total of \$12 billion has been wiped off the value of Australian listed mining service companies in six months.

According to research conducted by financial firm Ernst and Young it expects the shake out in the mining services sector to continue over the next 6-12 months as companies adjust to the mining investment slowdown, and miners attempt to improve productivity.

Article: [http://www.miningaustralia.com.au/news/mining-services-down-\\$12bn-shake-up-to-continue](http://www.miningaustralia.com.au/news/mining-services-down-$12bn-shake-up-to-continue)

11 April 2013

Leighton loses out as BMA finds cheaper alternative

THE Leighton group yesterday felt the impact of moves by miners to slash cost bases amid falling commodity prices when BHP Billiton Mitsubishi Alliance (BMA) prematurely terminated a contract worth up to \$260 million for a cheaper alternative. BHP decided to move the pre-strip contract with Leighton Contractors at the Peak Downs coalmine in Queensland to the smaller Perth-based HSE Mining, prompting the cancellation of the contract for the Leighton Holdings subsidiary that was scheduled to run until 2015.

Article: <http://www.theaustralian.com.au/business/mining-energy/leighton-loses-out-as-bma-finds-cheaper-alternative/story-e6frg9df-1226617748889>

28 February 2013

UGL slashes over 1000 jobs

The company blamed the first half net profit slump of about 30 per cent on project delays and cancellations. "All the major miners are coming out and saying the same thing: they're suspending capital programs and they are focused on costs." "We had a major contract with Fortescue deferred indefinitely -- it was a big part of our earnings -- it was (nearly) 25 per cent of it," Leupen said.

Article: <http://www.miningaustralia.com.au/news/ugl-slashes-over-1000-jobs>

MOVEMENTS

There have been a number of movements in the Mining Services sector this year, some include:

- **David Todd** – Appointed General Manager, Market Development, MacMahon Holdings Ltd, Jan 2013
- **Giles Everist** – Appointed Non-Executive Director, MacMahon Holdings Ltd, Jun 2013
- **Jeff Dowling** – Appointed Non-Executive Director, NRW, Aug 2013
- **Michael Hutchinson** – Appointed Non-Executive Director, Leighton Holdings Ltd, Jun 2013
- **Nick Cernotta** – Appointed Chief Operating Officer, Underground Mining, International & Engineering, MacMahon Holdings, Feb 2013
- **Peter Gregg** – Appointed Deputy Chief Executive Officer, Leighton Holdings Ltd, Apr 2013
- **Rob Barker** – Appointed General Manager, Market Development, MacMahon Holdings Ltd, May 2013
- **Robert Humphris** – Appointed Chairman, Leighton Holdings Ltd, Mar 2013
- **Ross Spicer** – Appointed Chief Executive officer, Rail, Downer Rail, Apr 2013
- **Russell Higgins** – Appointed Non-Executive Director, Leighton Holdings Ltd, Jun 2013
- **Vanessa Rees** – Appointed Company Secretary, Leighton Holdings Ltd, Aug 2013
- **Vicki McFadden** – Appointed Non-Executive Director, Leighton Holdings Ltd, Jun 2013

CONCLUSION: THEMES

“The business has been tightening its belt. We have had a good run for some time, but now it is about stepping up and demonstrating more value. There is still an amount of uncertainty and we need to improve every process.”

Human Resources, Executive Mining Services Company

“We have been hit like everyone else. We are being flexible in our pricing strategy; negotiations are on and are serious. We have had challenging circumstances. We are very lucky that some of our clients stuck by us, we could have been in trouble. Relationships have been very important, more so the strength of the relationships have saved us.”

Chief Financial Officer, Mining Services Company

“The uncertainty has been quite amazing; a Government has presided and used the industry as an ATM. There has been little consultation; there has been poor engagement and no thought of the impact of changes in direction. We need to address the IR issues. We are not competitive; we are not having appropriate dialogue and as an industry have a lot to answer for. We have created inefficient processes; we have taken minerals out of the ground with no thought about the short and longer term cost.”

Chief Financial Officer, Mining Services Company

“We have had a ‘changing of the guard’ in terms of leadership of the major miners and since commodity prices have dropped they have finally recognised their inefficient and bureaucratic systems - the wastage of opportunity needs to be examined. When prices were up we had a disregard for efficiency across the board. Productivity is incredibly low. Boards for some reason have not picked up the low productivity. We were in an industry making money ‘hand over fist’.”

Chief Executive Officer, Mining Services Company

“Everyone is saying it’s tight, or it’s tough. We all know that. However China is growing, the Federal Government has been changed – we have opportunity. Under the last Government, the international funds managers were uncomfortable and unimpressed. With stability and ongoing development in China, efficient and productive processes will achieve great outcomes.”

Chairman, Mining Services Company

“It is an interesting time. There are calls for cost cutting and there are discussions about productivity. What perplexes me is that leaders are supposed to determine the culture and set the direction. Surely the leaders have failed, not necessarily the business. Leaders drive the business and they are the one who are accountable and yet I read about the failure of companies achieving expected results. It would seem the failure lies with the leaders, they did not achieve”.

Chief Executive Officer, Mining Services Company

“An examination of the Board composition is warranted, one only has to ask the question what does each of the directors bring to the table? What is their expertise and what is there value? Why is it the majority of chief executives struggle with the value provided by the Chair, why is it that hard questions are not being asked, why is it that corporate governments is regularly a matter of consternation. For many it would appear there is more rubber stamping then questioning”.

Non-Executive Director, Mining Services Company

CONCLUSION: THEMES

“As a senior executive having to have difficult conversations with fellow colleagues and in some cases letting them go I am concerned about how they have been dealt with by other organisations who have engaged with them. I have been surprised by the feedback. Many organisations in the broader mining sector and notably my profession in HR have forgotten about treating people with respect and care. When times are booming we go to extraordinary lengths to attract people, but when it’s slow they can become one of many. I am surprised that my colleagues have in some cases forgotten that they are in HR and their interaction with senior people is representative of their company brand. Without naming organisations I have had feedback where introductions have been made even meetings had and there has been no follow up. In some cases senior executives are forced to meet with non-strategic HR executives.

Whilst I am aware that the numbers of senior executives in between roles has grown dramatically I am very conscious of how cyclical our industry is, and how treating people will impact over time. Reputation is everything and some are forgetting how long it took to build it. I am a little startled by well-known organisations failure to bear this in mind. I acknowledge savings are to be found however people make a company, management determines if it succeeds or fails, not systems, not processes, not capital. I have been taken aback by the dumbing down in some cases of HR. In times like this is when capable strategic HR functions bring value, understand the productivity issues, and seek to play a role where they add commercial focus and work with the CEO to make the positive changes. Most people with experience can drive a process, those who have the strategic mindset can have a tremendous impact and surely realise that senior people unemployed will ultimately be employed, as a competitor, customer or who knows consultant. I treat this time as an opportunity to stretch myself and my colleagues”

Senior HR Executive, Mining Services



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ABN 21 160 009 236

Level 5, 17-19 Bridge Street, Sydney NSW Australia

p +61 2 9253 0950

w blenheimpartners.com