

# BUSINESS NEWSLETTER

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## Australian Mining Industry news

A survey has shown that increased government red tape is inhibiting mining growth in Australia more than in other developed nations. The growing regulation comes as the industry battles rising costs and potential slowing minerals demand, which have turned the focus of big mining in the past year from growth to savings.

The survey by consultant Grant Thornton of 389 mining executives from Australia, Canada, Britain and South Africa, finds that increased government involvement or regulation is seen by 58 per cent of Australian companies as a constraint to growth.

The Australian finding echoes concerns raised by many in the oil and gas industry, including Shell Australia chairman Ann Pickard, that multi-layered environmental hurdles are costing time and money as permitting work must be done in triplicate for different tiers of government.

Head of Australian Energy and Resources, Simon Gray said increased regulation meant mining project approvals that used to take months now took years. "Increased regulation and the impost of new taxes have placed more demands on executives to prove the viability of projects and have dampened the enthusiasm of international investors in the Australian mining sector," Mr Gray said.

THE tailing off of the minerals investment boom in Australia should be followed by a

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strong rise in non-mining business and house building carrying through towards the end of the decade, according to forecaster BIS Shrapnel. Soft labour market would keep inflation pressures at bay and would enable the Reserve Bank to cut official rates below the 3 per cent level where they are now, BIS Shrapnel's new forecast predicts.

"Longer term, Australian GDP growth is forecast to average 3.2 per cent over the five years to 2016-17," it says, noting that the growth Australia will be able to pick up with help from outperforming economies in Asia will gradually erode our surplus domestic capacity, prompting the RBA to start to raise interest rates again next year.

"While GDP growth is forecast to remain solid, average income growth is forecast to slow sharply over this five-year period, reflecting the recent falls in the terms of trade," it says.

Chief economist Frank Gelber was upbeat about the outlook because of the likely investment transition but said the big imponderable was when commodity prices were going to ease and with them, the Australian dollar.

Commenting on BIS Shrapnel's Long Term Forecast Update report, Dr Welber stated that the Australian dollar had achieved safe-haven status for overseas investors in recent years, attracting "a very strong inflow of funds" from investors and central banks

around the world, but this would not prevent a drop in our dollar if commodities lost ground.

### 457 Visas schemes–Latest developments

The Australian ruling Labor Government has overseen the biggest yearly increase in overseas workers and families in the past 15 years under the 457 visas scheme. The Opposition Coalition wanted 457 workers to be a “mainstay” of Australia's immigration system. Opposition Leader Tony Abbott accused Ms Gillard of stoking fears about foreign workers.

Immigration Department figures reveal the number of 457 visas approved in the 2011–12 financial year was 125,070, a 52.3 per cent increase on the previous year, with employer groups saying the growing number highlighted the genuine demand for skilled labour.

Business groups have warned against any further tightening of 457 visa rules.

“Any over-tightening of the system would carry real economic risks,” the Australian Industry Group's Innes Willox said yesterday.

The Migration Institute says politicians should focus on the facts around the program and not engage in a slanging match ahead of the September 14 federal election. “I just think we need a steady mind and calm conversation going on around it, and not pitting Australian workers against some of these overseas people,” chief executive Maurene Horder said.

Labor's crackdown on temporary skilled 457 migration visas has sparked fears that the IT industry could be starved of a vital pool of skills. Labor has identified areas to tighten up including language requirements and salary conditions for 457 visa approvals. However, recruitment experts think otherwise.

Gold Coast City Council IT director Glen Potter feels that 457 visas are hard for Australian companies to avoid. The council's main contractor, IBM, used the 457 scheme to fill skills gaps for the software underpinning the system, which was supplied by German giant SAP.

Recruitment lawyer Alan Chanesman says the crackdown will have little or no impact on 457 visa applications.

However, Mr Chanesman said the changes that Labor was pursuing were little more than tweaks to previous overhauls of the scheme that would have little impact on the number of visas granted under the scheme.

“The seven identifiable areas that they're going to tighten up from July 1 are going to have no more effect on the number of people making an application to be sponsored under the 457 visa and neither will it have any effect on the employers' need for human capital to drive their projects,” Mr Chanesman said.

Department of Immigration statistics reveal that the number of technology workers entering the country on 457 visas may have undergone a major resurgence in the past two years.

The business community has called on Labor to rethink its stance on the 457 issue, arguing that tightening the program carries economic risks for the country.

DIAC's methods to categorise the number of IT workers granted 457 visas makes an exact analysis difficult. For instance, IT workers are loosely classed as Information Media and Telecommunications staff, but they share that category with journalists, public relations professionals and even shop sales assistants.

In the 12 months to June 2009, the number of 457 visas granted under the category dipped 23.4 per cent from 5200 to 3990. The following financial

year the number granted fell a further 5.1 per cent to 3780.

In 2011, the number surged back to 5430 and last year the Immigration Department approved 7520 visas under the scheme.

DIAC statistics show that the number of 457 visas granted to software application programmers fell 55 per cent in the 12 months to June 2011. However, in the related category of developer programmer, 457 visa approvals surged 35 per cent to 1980 during the same period. To make matters more complicated, two years ago DIAC introduced a new category called ICT Business Analyst, which jumped 43 per cent to 1210 in the 12 months to June last year.

To view the list of all Australian Government Tenders, visit <https://www.tenders.gov.au/>

### Useful Links

These are links to procurement policy documents, guidelines and general information that will assist in understanding the Australian Government procurement environment.

#### **Selling to the Australian Government – A guide for business**

<http://www.finance.gov.au/publications/selling-to-the-australian-government/index.html>

#### **Australian Government Procurement Policies**

<http://www.finance.gov.au/procurement/>

#### **Commonwealth Procurement Rules**

<http://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/index.html>

## Business Opportunities

### Jindal Steel and Power bids for two mines of Gujarat NRE

Jindal Steel and Power Ltd, India's fifth largest steelmaker made a \$221.6m bid last month for Gujarat NRE's two Newcastle coking coal mines, with combined estimated reserves of 125 million tonnes. The offer closes on March 15. In November it raised to 19.5 per cent its stake in Gujarat NRE Coking Coal's Illawarra mines and is now pushing for a complete buyout. It also has an open offer to increase its stake to 27.29 per cent in ASX-listed coal exploration company Rockland Richfield.

The company aims to achieve a capacity of 12 million tonnes of finished steel by 2015 and 15 million by 2020 JSPL is building a 2 million tonne a year steel plant in India's central state of Orissa and another in the Sultanate of Oman. To feed those in the longer term it will need an extra 2 million tonnes of coking coal.

### Mahindra Satyam to establish Technical Centre of Excellence in Australia

Mahindra Satyam plans to invest millions of dollars in Australia. The incoming Mahindra Satyam managing director, Bobby Gupta, says this year will mark the establishment of a technical centre of excellence and an acceleration of the company's acquisition plans. Mahindra Satyam will establish a centre of excellence in Sydney or Melbourne – in conjunction with a university – to showcase its expertise.

The company's big customers include Qantas, National Australia Bank, Orica, Suncorp, Optus and Vodafone.

Mr Gupta said the Australian and New Zealand division was relatively untouched by the economic woes of Europe and the US, although pain was expected for industry from the Gillard government's spending cuts. But he saw opportunities in mobility and cloud computing

solutions, as well as larger IT transformation contracts.

"We will be announcing a big deal by the end of March which will be a major transformation deal in Victoria," Mr Gupta said.

#### Indian delegation attend Australiasian Oil and Gas Exhibition and Conference in Perth

A 4-member Indian business delegation representing Ashahi Chemical Industries, Aarvi Encon, Goenka Engineering & Industrial Pvt Ltd and Infotech Enterprises visited Perth from 18-22 February 2013 to attend the Australiasian Oil and Gas (AOG) Exhibition & Conference (20-22 Feb) and also to explore business opportunities in WA. It took part in a business roundtable held at the Department of State Development on 18 February with representatives from WA State Government, AIBC WA and local businesses, including Deloitte, Squire Sanders, Northcroft. CG attended the session and presented an overview on trade & investment opportunities. Over 480 exhibitors from more than 21 countries showcased their latest products and services at AOG.

#### Event show-casing business opportunities in India held in Perth

An event entitled "India: The Emerging Giant" was held in Perth by the Committee on Economic Development of Australia (CEDA) on 27 February. CG, AIBC President, Head of Satyam Mahindra in WA and Director of India Resources Limited took part in a panel discussion that was attended by over 100 business representatives, Government functionaries and economic think tanks. The state of Indian economy & industry, experience of doing business in India and opportunities for cooperation were covered during the event. CEDA reported that the event was completely booked within three weeks of its announcement testifying renewed interest in India.

#### Australia secures access to India for export of meat

WA Sheep Industry welcomed the Trade Minister Craig Emerson's announcement that Australia has secured free quota market access to India for export of meat subject compliance with India's food safety regulations. It has been described as a big gain for WA struggling meat industry which has witnessed 80% drop in exports.

#### Delegation from National Academy of Direct Taxes visits Sydney

A delegation, comprising 39 Officer Trainees of IRS and Faculty members of the National Academy of Direct Taxes (NADT) Nagpur, led by Shri R K Gupta, Director CBDT visited the Sydney Law School from 17th to 24th February 2013, as a part of their International Attachment Induction training. While in Sydney, Shri R K Gupta called on the Consul General on 19 Feb 2013.

#### Delegation from CII visits top Australian educational institutions

An Academia Mission to Australia organised by CII Southern Region (SR) and led by Dr Nandini R, Chairperson of CII Southern Region Education Subcommittee, visited educational institutions in Melbourne, Sydney & Brisbane from 18th to 22nd February 2013 on a Study Mission. The mission comprised of 15 members from leading educational institutions in Tamil Nadu. While in Sydney (20-21 Feb 2012) they interacted with UTS, University of Sydney, University of New South Wales, University of Western Sydney and Macquarie University. They called on the Consul General on 21 Feb 2013.

#### Fortescue Metals seeks Expression of Interest for 5 exploration areas

Fortescue Metals Group (FMG) has put on offer some surplus tenements from its massive WA landholdings (promising exploration areas) on the market. The company has sought expressions of interest for five exploration areas, for either an

outright sale or joint venture partners for prospective projects in Kimberley and other regions. Tenement packages include ground in Southern Cross nickel and gold belt; tenements south of Deception Bay (bauxite, copper and iron ore) in Kimberley and two packages north of Kalgoorlie (one in Yilgarn and a second in Earraheedy Basin).

#### Rio Tinto obtains approval for expansion of iron ore operations in WA

WA Government has approved proposals by Rio Tinto to expand its iron ore operations and build a major new power station in Pilbara thus clearing the way for a \$3 billion investment. Premier Colin Barnett said the expansion of Rio Tinto's Nammuldi mine and construction of a 130 MW power station at Cape Lambert would help sustain Western Australia's strong economic performance.

#### Three mining and gas projects approved in NSW

The Federal Environment Minister Tony Burke has approved three mining and gas projects, the Maules Creek mine, Boggabri extension and the Gloucester CSG development, all in northern New South Wales. According to the report, the Minister said he was forced to approve these projects earlier than he would have liked because the New South Wales Government leaked commercially sensitive information. Mr. Burke said that negotiations would be held directly between his offices and the company.

#### Upcoming Events in Australia:

##### **Hillarys Wellness Expo (05–07 April 2013)**

A 3-day Wellness Expo will be held from 05–07 April 2013 at Hillarys Boat Harbour, Perth, Western Australia. The Expo is expected to showcase all kinds of nutritional and lifestyle products, holistic lifestyle practices, health and wellness products.

**Website:** <http://www.biztradeshows.com/hillarys-wellness-expo/>

##### **OZ Water Expo (07–09 May 2013)**

A 3-day OZ Water Expo will be held from 07–09 May 2013 in Perth, Western Australia. The Expo is expected to draw large number of visitors, including manufacturers, water utilities and retailers, water professionals, government officials, educators and academics, consultant, engineers, contractors, regulators, media, purchasing officers, community groups as also potential buyers. The event is considered to be suitable for those looking for the latest products and services related to water technology.

**Venue:** Perth Convention and Exhibition Centre

**Website:** <http://www.ozwater.org/>

##### **WA Liquor & Hospitality Conference & Expo (14–15 May 2013)**

WA Liquor & Hospitality Conference & Expo, an exclusive hospitality industry show, will be held from 14 –15 May 2013 in Perth, Western Australia. The Expo is known for showcasing hospitality products and services and provides delegates with new ideas and key business networks. Visitors include representatives of hotels, bars, resorts, taverns, restaurants, cafes, micro Breweries, caterers and producers.

**Venue:** Burswood Entertainment Complex

**Website:** <http://www.biztradeshows.com/trade-events/hospitality-expo.html>

## Tenders

### Tender for maritime structures design and construction in WA

Department of Transport has issued a tender number DOT407612 for maritime structures design and construction at Augusta Boat Harbour, Western Australia. A mandatory site inspection and tender briefing will be held at Augusta. Interested parties are required to contact Caittlin Smale by email to [caittlin.smale@transport.wa.gov.au](mailto:caittlin.smale@transport.wa.gov.au) or phone +618 9435 7519 for further details. Tender closes on 10<sup>th</sup> April 2013 at 2:30PM Perth, Western Australia.

### Tender for land surveying in WA

Department of Regional Development and Lands has issued a tender number RDL800212 for land surveying services 2013 – 2018. The services are required in all WA regions like Gascoyne, Goldfields, Kimberley, Mid-West, Peel, Perth Metropolitan, Pilbara, South West and Wheatbelt. Interested parties are required to submit their response in hardcopy to Department Regional Development & Land, Gordon Stephenson House, Level 2 Reception 140 William Street, Perth, WA,6000,OFFICE: +618 6551 6038. Further enquiries can be obtained by emailing John Miller RDL on [john.miller@transport.wa.gov.au](mailto:john.miller@transport.wa.gov.au)