



**SA Chamber of
Mines and Energy**

Thursday 22 November 2007

New mine-focused infrastructure council the “foundation for prosperity”: SACOME

South Australia’s potential to maximise its mineral and energy wealth has received a significant boost with the establishment of a high-level council to steer the State’s crucial mining infrastructure needs.

The SA Chamber of Mines and Energy (SACOME) today applauded the State Government for its foresight in forming the new Resources and Energy Sector Infrastructure Council (RESIC), announced by the Minister for Mineral Resource Development, the Hon Paul Holloway.

The Council will comprise key representatives in the resources industry and government, whose expertise will ensure diligent infrastructure planning and help ensure that efficient investment is made where clusters of mining operations are emerging.

“The establishment of the RESIC is the foundation needed to fully exploit the enormous potential for expanded mineral and energy production in South Australia,” SACOME’s Chief Executive, Mr Jason Kuchel, said today.

“Concerted and strategic infrastructure plans must be implemented if the processing and transport needs of this new era of wealth for our mineral commodities is not to be hampered by inadequate export corridors,” Mr Kuchel said.

“For South Australia to realise its potential wealth from mining and energy production, there are many infrastructure problems that need to be resolved.

“The most promising of our emerging mining, oil and gas operations are in remote areas of South Australia in areas with no access to power, water, roads, rail and ports.

“To capitalise on new discoveries, substantial and costly infrastructure is required that will bring a mine into production and transport the product to market.

“Collaboration between the resources industry and the State Government is the best way to get our infrastructure requirements right, and the Council is a major step in the right direction.”

Mr Kuchel said the formation of the RESIC was an indication of the State Government’s positive response to an infrastructure study commissioned by the Chamber, and presented to Minister Holloway, Treasurer Kevin Foley, and then Cabinet earlier this year.

The study revealed that 23 resources companies estimated they would spend more than \$20 billion on infrastructure to expand existing mines or convert new mineral discoveries into operating mines.

“It is encouraging the SA Government is taking the State’s mining infrastructure planning issues seriously and has listened to industry about what needs to happen,” Mr Kuchel said.

“What we are seeing now is a collaborative approach to planning and development of infrastructure for the resources sector,” he said.

“Importantly, the benefit of carefully planned infrastructure goes beyond the resources sector. Not only will the State benefit from the increased resources revenue, the public will also benefit from improved public utilities, road and rail networks.”

Contact Jason Kuchel, Chief Executive. Ph: 08 8373 9600, Mob: 0448 848 848

Fact sheet: Infrastructure planning for SA resources sector

Adequate and carefully planned infrastructure will be crucial for South Australia to successfully realise its energy and mineral potential.

Infrastructure study

SACOME commissioned Connell Wagner and SCM Advisory to prepare a high level infrastructure study to present to the State Government. It is hoped the study will lead to a comprehensive infrastructure plan, helping to avoid unintended duplication and ensuring that efficient infrastructure investment is made where clusters of emerging mining operations have been established.

- The study considers ports, rail, road, air, utilities (power and gas), water and skills and captures the estimated infrastructure demands of 23 resource companies for five, ten and twenty year periods, including some 26 projects.
- At a minimum, the 23 companies interviewed forecasted they will spend over \$20 billion on infrastructure needs in order to expand existing mines or convert new mineral discoveries into operating mines.
- Over the next 20 years, resource companies estimate their requirements will increase dramatically;
 - Power consumption to increase five-fold
 - Water and gas consumption to treble
 - Road, rail and port usage to treble
 - Employees to double
- The worth of the study was reinforced by the fact that our participating member companies expressed a philosophy of sharing and collaboration. This should allow for the application of an infrastructure needs template to facilitate broader infrastructure coordination and planning.
- Professor Richard Blandy estimates mining value-added activities will treble to \$6 billion per annum.
- The study reinforced SACOME's concern that from an industry perspective, the development of an effective working model for facilitating the mineral resources sector to reach its full potential in this state will require a collaborative effort with both State and Federal Governments.
- The study was initially presented to State Cabinet on 10 April 2007.
- SACOME anticipates the plan will be publicly released in late 2007.

Resources Sector Infrastructure Council

The new Resources and Energy Sector Infrastructure Council (RESIC) comprises the following leaders;

Chairman

- Mr Paul Dowd

Resource and energy sector

- Mr John Roberts, President SACOME
- Mr Tino Guglielmo, Managing Director Stuart Petroleum and Vice President SACOME
- Mr Hans Umlauff, Chief Executive Iluka Resources
- Mr Jason Kuchel, Chief Executive SACOME
- Mr James White, Chief Executive OneSteel and SACOME Councillor
- Mr Graeme Hunt President Uranium and Olympic Dam Development
- Mr Reg Nelson, Chief Executive Beach Petroleum
- Mr Mick Wilkes, Director Oxiana

State Government representatives

- Mr Jim Hallion, Chief Executive Dept Transport Energy and Infrastructure
- Mr Paul Heithersay, Executive Director Department Primary Industry & Resources South Australia
- Mr Raymond Garrand, CEO Department of Trade and Economic Development
- Mr Bruce Carter, Partner, Ferrier Hodgson
- Mr Rod Hook, Deputy Director Department of Transport Energy and Infrastructure