

Media Release

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*Representing, promoting and protecting
the resources industry of South Australia*

INFRASTRUCTURE AND SKILLS GROWTH NOW CRITICAL FOR ACHIEVING SA'S MINING INDUSTRY BOOM – SACOME STUDY

A key industry consortium has described as “staggering” the impending demand for infrastructure in South Australia and deemed essential that its early development proceeds if the State is to fuel the prospective mining boom for at least the next two decades.

In a major high level study commissioned and released today by the South Australian Chamber of Mines and Energy (SACOME), the organisation warned that the State's burgeoning hard rock and energy sector needed “crucial decisions now – not in the future” on the necessary infrastructure to service the expected massive resources growth.

Initial estimates suggest a minimum of \$25 billion in private infrastructure expenditure has already been flagged by South Australian explorers and mine developers as necessary for crystallising the State's lead mineral projects, or the expansion of existing mining operations.

The study found that the massive expansion planned for the Olympic Dam copper, gold and uranium mine would be pivotal in influencing infrastructure decisions impacting the whole of South Australia's mining fraternity. Furthermore, many of the other projects combined will require infrastructure rivalling the needs of the Olympic Dam expansion, and in some cases, in a much shorter timeframe.

“The South Australian resources sector is at a crucial point in infrastructure development and the seriousness of this situation should not be underestimated,” SACOME's Chief Executive, Mr Jason Kuchel, said today.

“While the challenges and opportunities for the mining sector in South Australia have never been greater, we face for the first time as a whole economy, an unprecedented decision making opportunity.

“How well and how soon we make those decisions will determine the effectiveness with which we bring South Australia's rich mineral potential to reality over the next 20 years.

“With the proposed BHP Billiton Olympic Dam expansion set to be one of the world's biggest open cut mines, and a range of mining operations coming on stream or expanding, the impending demand for a whole range of infrastructure needs is staggering,” Mr Kuchel said.

In a joint statement issued today, SACOME has endorsed the warnings outlined by the study's authors. Such is the importance of the survey outcomes, that they are being revealed in Adelaide today before more than 200 industry peers at a formal launch function for the study.

The Hon Patrick Conlon, SA Minister for Infrastructure, will also be present to formally respond on behalf of the Government to the infrastructure findings.

The study's consortium member, Professor Richard Blandy, said the demand for skilled employees in a range of industries and services as a result of developments in the South Australian mining industry would more than double – from an estimated 340,000 in the past year or so to 690,000 by 2027. This direct labour requirement, when coupled with the related family numbers, would provide an enormous challenge for the State to meet over this period.

Professor Blandy said cross-sector “collaboration” would be fundamental to evolving an efficient mining infrastructure across South Australia, a sentiment echoed by the other consortium members - lead infrastructure engineering company, Connell Wagner and supply chain advisory specialists, SCM.

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“Many small to medium exploration companies wanting to move into mining and working alone will be unable to meet the high costs of their infrastructure,” Connell Wagner’s Principal, Mr Ron Ely said.

“Effective collaboration by South Australian companies will provide the economies of scale necessary for them to compete for some of the new and expanding mine operators’ plant and equipment works - thereby reducing the extent that is sourced and preassembled offshore,” he said

“It will be much better for the State and its economy to work together at keeping as much as possible of the industry work, local.

Key findings:

Among the key findings of the infrastructure study, are;

- ❑ Competition from other sectors for inputs, especially skilled people.
- ❑ Critical importance of BHP Billiton’s needs to the SA economy and the future mining development
- ❑ Scale, timing and composition of whole-of-sector future needs is uncertain.
- ❑ Ineffective coordination must occur at all levels of government and between resource and infrastructure companies
- ❑ South Australia urgently requires a strategic master plan for mining supply chains and infrastructure
- ❑ ‘First in, best dressed’ infrastructure locks out smaller, start-up mining opportunities
- ❑ Critical nation building, base infrastructure needs to be scoped and developed
- ❑ Mining infrastructure and skills gaps could ‘choke off’ many South Australian mining opportunities
- ❑ South Australia could potentially miss the opportunity to ‘step change’ the South Australian economy.

Recommendations include;

- ❑ Facilitate improved coordination and processes
- ❑ Facilitate development of shared infrastructure
- ❑ Provide investor certainty and facilitate assistance
- ❑ Implementing migration, off-shoring and investor strategies
- ❑ Greater Government and industry participation to focus and improve investor certainty.
- ❑ Clear pathways, leverage off meeting BHP Billiton’s requirements
- ❑ Set effective infrastructure finance framework

Mr Kuchel said the industry was advantaged by its close working relationship with the SA Government, sharing common goals for a safe, prosperous and enduring resources sector.

The State Government has already formed the Resources and Energy Sectors Infrastructure Council (RESIC) in response to the preliminary findings and recommendations of the study.

The study was commissioned by SACOME and undertaken by a Connell Wagner-led consortium comprising; Professor Richard Blandy from AustralAsia Economics; Connell Wagner Principal, Mr Ron Ely and SCM Advisor, Mr Scott McKay.

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Download the infrastructure presentation from; www.sacome.org.au/mediareleases/php

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