

South
Australian
Chamber
Of
Mines &
Energy

SACOME



RESOURCES SECTOR
Pre-Election Priorities **2022**

contents

Context	4
SACOME Pre-Election Priorities 2022	6
Northern South Australia Productive Water Security Project	7
Energy Transition Roadmap	8
Future Workforce & Skills Framework	10
Resources Sector Infrastructure Corridors	13
Land Access	14

SACOME is fully member-funded and is proud to advocate on behalf of the South Australian resources sector with true independence.

context

The South Australian Chamber of Mines and Energy is the leading industry association representing resource and energy companies, including those who provide services to them.

The South Australian Chamber of Mines and Energy (SACOME) is fully member-funded and is proud to advocate on behalf of the South Australian resources sector with true independence. SACOME's 2022 Pre-Election priorities are informed by close consultation with member companies and set out the bipartisan policy commitments sought by the sector ahead of the 2022 State Election.

COVID-19

The global pandemic has permeated every aspect of life since early 2020. Despite its impact, SACOME has worked closely with the South Australian Government to develop protocols and practices that have facilitated the continued operation of resources companies. Through ensuring the health of our people, the resources sector has also helped to maintain the economic health of the State.

SA's Economic Growth Target

The South Australian resources sector continues to be a key driver of the South Australian economy and one of the few industry sectors with the capability to assist in meeting the 3% annual economic growth target set by the South Australian Government under Growth State and the Department of Energy & Mining's (DEM) Energy & Mining Strategy.

Economic Contribution Study

In March 2021, SACOME released its Economic Contribution Study which demonstrated a contribution of \$5.9 billion in direct and indirect spending by twelve SACOME member companies to the South Australian economy.¹

This equates to 5.3% of Gross State Product or one dollar in every twenty being generated by the South Australian resources sector from just twelve major operators.

Importantly, SACOME's Economic Contribution study showed the size of the resources sector's contribution to metropolitan Adelaide. When considering the highest total economic contribution sorted by State electorate, eight of the top ten electorates benefiting from the resources sector are metropolitan.

Resources sector operations may be regionally located but have a whole of state impact, meaning government investment in regional South Australia creates demonstrable benefit to the whole of the State economy.

5.3% OF GROSS STATE PRODUCT

IS GENERATED BY JUST 12 MAJOR OPERATORS IN THE SOUTH AUSTRALIAN RESOURCES SECTOR

Politics, Policy and Economy

DEM's Energy & Mining Strategy Annual Report 2021 shows an \$8.7 billion contribution from the energy and mining sectors, equivalent to 7.9% of South Australia's economic output in 2019-20.

As such, political and policy decisions that impact the resources sector must be weighed against how they are likely to impact the South Australian economy.

The resources sector seeks regulatory stability and transparent government decision making to best facilitate the long-term investment decisions, with the expectation that whichever party forms government at the next election is committed to supporting the significant efforts made by industry toward realising long-term state and industry development objectives.

In line with the economic growth ambitions set by the South Australian Government's Growth State agenda, SACOME's policy development and advocacy since 2018 has been strongly focused on transformative state economic development outcomes.

From Barriers to Resolutions

The initiatives advanced by SACOME over the last term of government have sought to resolve structural impediments to the development of the State's resources provinces, recognising that access to water, power and suitable transport and logistics options continue to operate against greater levels of investment in South Australia.

For the better part of the last two decades, the South Australian Government's position was that it would take action to catalyse private investment or overcome economic barriers only where necessary, preferring the private sector to take the role of first mover in project development. SACOME recognises this philosophy as grounded in risk mitigation and a cautionary approach by government toward funding the development of critical supply chain infrastructure on behalf of industry.

\$8.7 BILLION

CONTRIBUTION TO SA'S
ECONOMY FROM THE ENERGY
AND MINING SECTOR IN 2019/20

SACOME has called for reconsideration of government's role in sectoral development if the structural issues that continue to operate as barriers to resources project development in South Australia are to be resolved.

The industry development policies set by Growth State and the need for economic recovery initiatives to combat the impact of COVID-19 have provided impetus for a shift in thinking about how government and industry can work collaboratively in advancing sector development.

The South Australian Government has demonstrated a willingness to support measures that address these jurisdictional barriers to greater investment and, importantly, there has been encouraging progress on initiatives that move the sector and the State toward the objective of transformational economic growth.

State Development Over Politics

SACOME's 2022 Pre-Election priorities maintain a focus on impactful, strategic and long-term outcomes that remove impediments to growth, address structural challenges and improve regulatory outcomes.

SACOME believes that momentum built since 2018 must be maintained, and calls for bipartisan commitment for its Pre-Election priorities, recognising that the difficult task of state development must stand above politics of the day.

SACOME remains committed to working with all stakeholders for the continued development of the South Australian resources sector and the economic, social and environmental benefit of the State.

¹ <https://www.sacome.org.au/economiccontribution.html>

SACOME Pre-Election Priorities 2022



Northern South Australia Productive Water Security Project

SACOME calls for bipartisan support to progress the ‘Northern South Australia Productive Water Security Project’, recognising its importance as a state economic development initiative.

SACOME also calls for a bipartisan commitment to finalising business case development necessary to progress funding discussions with the Commonwealth Government.

Project Outline

- A secure, sustainable, and efficient water supply is key to unlocking mining activity in the Gawler Craton and the Far North of the State. It also has potential to reduce reliance on the Great Artesian Basin and the Murray River.
- Similarly, the South Australian Government’s Copper Strategy aims to triple the State’s copper production to 1 million tonnes per annum by 2030 and water is critical to realising this ambition.
- Investment in a desalination plant and high-capacity pipeline has potential to meet a broad range of stakeholder interests beyond mining, including Department of Defence requirements in the Woomera Prohibited Area, and the domestic and industrial water needs of communities in the Upper Spencer Gulf.
- This ‘Northern Water Project’ creates opportunity for supply of water as an input to industrial process in the Far North with potential to support development of green steel and hydrogen production in the Upper Spencer Gulf, diversifying economic opportunities in the region and facilitating opportunities for upstream processing of commodities.
- SACOME acknowledges the support of the South Australian Government and Infrastructure SA in advancing this major state economic development initiative which was included on the Infrastructure Australia Priority List in February 2021.
- Business case development is now being undertaken and once finalised, it will inform subsequent funding discussions with the Commonwealth Government.
- Recognising the significant support and momentum this project has attracted at the highest levels of government and industry, bi-partisanship is critical to ensuring its continued progress.

Energy Transition Roadmap

SACOME calls for the establishment of a South Australian Energy Advisory Board with industry representation to prepare a South Australian Energy Transition Roadmap that consolidates challenges and provides a proactive policy framework to:

Mitigate cost and operational risk for South Australian heavy industry.

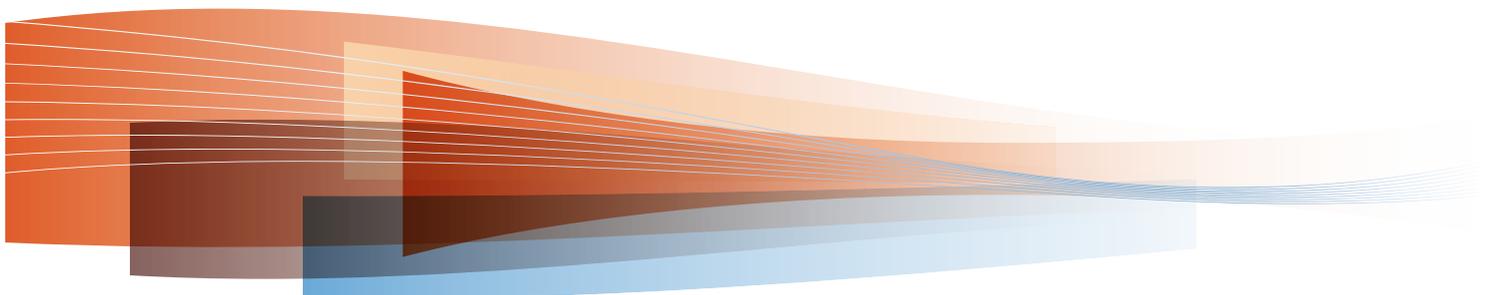
Support the continued operation of the South Australian oil and gas sector.

Incorporate use of new energy sources by the State including hydrogen and nuclear.

Support heavy industry in decarbonising its operations.

Project Outline

- South Australia is at the forefront of energy transition, with the highest penetration of renewable generation in the nation.
- The energy transition currently underway has been governed by reactive policy, an uncertain operating environment and ongoing regulatory intervention. This is due to the simple fact that a fundamental reengineering of the entire electricity grid has never occurred before, presenting an unprecedented public policy challenge.
- The South Australian energy network must now accommodate more dynamic and technologically diverse plant and meet varying energy usage patterns that are vastly different to previous requirements. Notably, the mass deployment of domestic solar photovoltaic generation continues to create major challenges for grid management.
- Regulator intervention and changes to emergency management mechanisms are now routinely used as risk mitigation tools, and new infrastructure required to manage the transitioning energy system has created additional, unbudgeted expense for commercial and industrial customers.
- Commercial and industrial operators are now routinely subject to a range of frequency control costs, system security charges, emergency management measures and increased risk of load shedding.
- Work undertaken by SACOME puts the cost of market intervention measures enacted since 2018 at over \$1 billion.
- While greater interconnection between South Australia and other jurisdictions is expected to resolve grid stability issues, Project EnergyConnect is not scheduled for completion until 2024-25 at the earliest.





\$1b

**COST OF MARKET
INTERVENTION MEASURES
ENACTED SINCE 2018**

- SACOME believes that interim measures should be enacted to better shield South Australian commercial and industrial operators from the combined cost of market interventions and associated pass-through costs resulting from the energy transition process.
- SACOME calls for establishment of a South Australian Energy Advisory Board with representation from industry, government and regulatory bodies for the purpose of developing holistic energy policy that considers the impacts of energy policy across the whole of the South Australian economy.
- A key objective of the Energy Advisory Board should be development of a South Australian Energy Transition Roadmap that consolidates energy transition challenges across the whole of the South Australian economy and sets out measures to mitigate cost and operational risk for heavy industry while assisting the shift toward net-zero.
- Recognising that industrial operators hold shared economic and decarbonisation objectives with the South Australian Government, the Energy Transition Roadmap should examine and incorporate pathways for implementation of a full suite of energy measures that progress this outcome including nuclear, hydrogen and carbon capture and storage.

Future Workforce & Skills Framework

SACOME calls for urgent development of a South Australian Future Workforce & Skills Framework that maps requirements across the nine 'Growth State' industry sectors; and implements measures to best align training and education to meet immediate and future workforce needs.

Project Outline

- Workforce and skills shortages present an imminent economy-wide challenge made more acute by the global pandemic and restricted international movement. Economic growth in South Australia cannot occur without an appropriately skilled workforce that anticipates both immediate and future requirements.
- In response to member concerns about this issue SACOME commissioned reporting to better quantify resources sector workforce needs, the outcome of which provides a comprehensive overview of the skills required to meet operational demand between 2021 and 2025.

Headline Findings

- Based on a combination of projects currently under construction requiring operations workforces, new projects reaching final investment decision and commencing construction, and a consistent demand for shutdown resources, it is likely the SA resources sector will require up to an additional 8,000 workers between Q3 2021 and Q3 2023.
- In this situation a peak shortage of 5,100 resources sector workers is anticipated in Q3 2023.
- South Australia faces competition for labour from both the eastern states and Western Australia which are experiencing the same labour shortfall issues at a much larger scale, with internal competition between South Australian projects, operations and shutdowns for labour likely to result in workforce poaching.

BETWEEN 2021 AND 2023, THE SA RESOURCES SECTOR WILL NEED

8000 ADDITIONAL WORKERS





Resources Sector Infrastructure Corridors

SACOME calls for bipartisan commitment for full implementation of the Resources Infrastructure Corridors Initiative in 2022 as a means of catalysing resources project development in South Australia; and as an investment attraction measure for the State.

Project Outline

- The Resources Infrastructure Corridors initiative aims to develop clear infrastructure pathways that reduce the time and cost associated with resources project development.
- South Australia has an abundance of untapped mineral wealth including copper, magnetite, rare earths and other critical minerals, however, these resources are often located in deep geological formations and are far removed from infrastructure networks that provide a path to market.
- The nature and location of these deposits results in South Australia often having higher project costs with poorer financial returns, making it difficult to justify investment decisions. Higher infrastructure and processing costs also see South Australian projects competing for global capital against larger, simpler deposits that are often closer to existing paths to market.
- The cost of developing infrastructure for South Australian resources projects remains a drag on project development. The Resources Infrastructure Corridors initiative seeks to resolve South Australia's jurisdictional disadvantage by providing industry with expedited and de-risked project development pathway by resolving approvals, land access and logistics issues.
- The South Australian Government allocated funding in 2020-21 for preliminary scoping and business case development, with this work currently being progressed by the Department for Infrastructure and Transport.

Land Access

SACOME calls for continued, bipartisan rejection of a landholder right to veto; and no new moratoria to be introduced in South Australia.

SACOME calls for amendment of the Aboriginal Heritage Act so that Work Area Clearances and Cultural Heritage Surveys are afforded formal legal status to provide greater certainty in accessing and operating on Aboriginal land.

Project Outline

- Land access remains a politically charged issue in South Australia, with fractious public debate surrounding amendments to the Mining Act, reignited by the recent Parliamentary Select Committee on Land access.
- SACOME declaratively rejects implementation of a landholder Right to Veto, recognising that ownership of mineral and petroleum rights are vested in the Crown; and opposes the introduction of any new moratoria in South Australia.
- Given amendments to the South Australian Mining Act came into effect on 1 January 2021 with bipartisan support and following nearly four years of consultation with stakeholders, SACOME calls for no further changes to the regulatory framework to be made until the amended Mining Act has had sufficient time to be fully operationalised.
- These amendments significantly increased landholder protections and levels of compensation; and implemented a comprehensive framework of landholder and community engagement obligations for operators as prerequisites for project approval.
- SACOME cautions that further changes to land access arrangements, either through changes to planning laws as recommended by the Parliamentary Select Committee on Land Access; or through creation of targeted moratoria similar to that enacted over the Limestone Coast, have potential to undermine South Australia's standing as a stable regulatory environment.
- Misalignment between the Aboriginal Heritage Act, the Mining Act and the Petroleum and Geothermal Energy Act continues to result in legal uncertainty with regard to agreements for Work Area Clearances and Cultural Heritage Surveys as they have no formal legal status under the Aboriginal Heritage Act.



South
Australian
Chamber
Of
Mines &
Energy

SACOME

Level 3, 115 King William Street Adelaide, South Australia, 5000

www.sacome.org.au