



2018 Review of the Woomera Prohibited Area Coexistence Framework

Submission to the Commonwealth Department of Defence

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1. Introduction

The South Australian Chamber of Mines and Energy (SACOME) is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil & gas sectors, and associated service providers.

SACOME welcomes the opportunity to make the submission to the Commonwealth Department of Defence's *2018 Review of Woomera Prohibited Area Coexistence Framework* ('the Review').

The Review builds on extensive work undertaken by the Commonwealth and State Governments in consultation with the resources sector to establish a mechanism that facilitates activity by resources operators (and other stakeholders) while ensuring the WPA continues to operate as a significant national security asset for the Department of Defence and Australia's allies.

The WPA is a complex environment in which to undertake stakeholder engagement and management. SACOME supports the stated aim of the Review to deliver a contemporary coexistence framework for management of the WPA and welcomes Defence's commitment to continued coexistence with other stakeholders.

The WPA is rightly recognised as an area of significant mineral prospectivity and overlaps over 30 per cent of the Gawler Craton, one of the world's major mineral provinces. It is estimated that 62 per cent of Australia's known copper resources and 76 per cent of known uranium resources are located within the WPA. In 2010, the South Australian Government and Geoscience Australia assessed that \$35 billion in iron ore, gold, copper and uranium was potentially exploitable from the WPA.

While the overwhelming majority of SACOME members operating in the WPA recognise the Coexistence Framework as operating effectively, the regulatory and access complexities attached to the WPA can impact upon investment decisions made by operators.

Accordingly, the Review's focus on determining and maximising the economic value of the WPA; and on access and investment considerations with the coexistence framework as a means to encourage investment activity in the WPA is welcomed by SACOME.

Preparatory to this submission, SACOME representatives have attended information sessions held by the Commonwealth and South Australian Governments, and SACOME has met with Dr Gordon de Brouwer PSM, Eminent Person appointed to lead the Review process. This preliminary consultation has been both open and informative.

SACOME welcomes the Review's broad Terms of Reference and the opportunity to engage in a consultation process that looks to improve the WPA Coexistence Framework in a meaningful and considered way.

SACOME's submission seeks to represent the views of its member companies and their subsidiaries operating in the WPA, with submission being supported by those companies.

A list of these member companies operating in the WPA is as follows:

- BHP Billiton
- SIMEC Mining
- OZ Minerals
- WPG Resources
- Cu-River Mining Australia
- Minotaur Exploration
- Iluka Resources
- Havilah Resources

In making this submission, SACOME has considered the Review's Terms of Reference and sought to provide feedback that identifies where the Coexistence Framework is working well; and opportunities for improvement of existing arrangements.

SACOME is committed to working collaboratively with the Commonwealth and South Australian Governments in further developing the WPA Coexistence Framework through the Review process.

2. WPA Coexistence Framework

SACOME recognises that the policy objective of the Coexistence Framework is to maintain an effective Defence environment for the testing of war materiel while balancing the economic interests in the WPA of non-Defence stakeholders.

The *Woomera Prohibited Rule 2014* ('the Rule'), establishment of the Red, Amber and Green Zones and the accompanying time-share model has provided both access to the WPA and a broad degree of certainty around how and when this access occurs.

Woomera Test Range personnel and Woomera Prohibited Area Coordination Office (WPACO) personnel are viewed by industry as helpful and flexible. Members have stated they have excellent working relationships with Defence personnel and expressed their enthusiastic support for initiatives like the Woomera Open Day which help to build these relationships.

The broad consensus among SACOME member companies is that the WPA Coexistence Framework is working well, though would benefit from iteration to better facilitate resources sector activity.

2.1 Changes to existing Zone Boundaries

SACOME submits that the Review consider how the zoning system could be altered to better facilitate activity by operators.

Several member companies have raised the idea of changing or reclassifying existing boundaries.

Recommendations include:

- Conducting a broad assessment of the most-used areas of the WPA to determine the actual use of zones, with this work informing how the WPA might be rezoned.
- Breaking up the Green Zone into smaller subareas to allow greater flexibility of access. When there is Defence activity anywhere in the Green Zone, no matter how small, the entire Green Zone is out-of-bounds.
- Redrawing external boundaries to:
 - exclude projects currently within the Green Zone;
 - facilitate strategic infrastructure corridors.
- Reclassifying parts of the Amber Zone to Green to allow projects currently within the Amber Zone to be subject to less restrictive access arrangements. For example, the eastern flank of the WPA has been identified as highly prospective and changes to zoning may facilitate higher levels of activity.

- Given the Geological Survey of South Australia (GSSA) is undertaking aerial surveys of the Red Zone in 2018, any significant discovery arising from this activity should be considered in re-evaluating access to the Red Zone. Further, the GSSA should be tasked with establishing a committee with industry representation to assist in re-evaluating prospectivity of the Red Zone.

3. Access

Member companies are generally positive about access to the WPA, though a number of practical improvements are submitted for consideration.

3.1 Permit System

The permit system is seen to be broadly effective by operators; however, some have expressed frustration with delays in processing. Examples of this include:

- The requirement to have approved and escorted personnel determined before a W007 form is submitted for a permit is too rigid as it cannot be changed, as the form must be resubmitted if personnel changes. Additional employees, contractors and suppliers are required to become approved persons to cover for such eventualities, putting an increased workload on both resources companies and WPACO.
- The W004 Escorted Person permit to bring in temporary replacement employees in cases where an employee is sick or injured; and the W007 permit where a short-term visit is required takes up to 14 days to process and requires applicants to be escorted by approved personnel. The length of this approval timeframe often means that the need for access has passed making this approval process irrelevant.

Recommendations for improving the permit system include:

- Changing the existing paper-based permit system to an online system.
- That application forms W003, W004 and W007 be replaced with an online portal application process with applicant ID pictures being the only hard copy requirement.
- Reducing approval times for W003, W004 and W007 permits.
- Streamlining access process by allowing W007 Access Requests to be submitted on a quarterly/half yearly basis for multiple field programs, including programs of work to be carried out prior to and after drilling and rehabilitation activities. Operators must notify the Woomera Test Range when they enter and exit project areas under approved programs. The same process under longer term approval timeframes would be more efficient for operators.

3.2 Exclusion Periods

Exclusion periods present member companies with operational challenges. While explorers are less impacted by these exclusion periods, companies who wish to move to production must plan for and contend with periods of time where they will not be able to operate. This creates logistical and investment issues for any operator undertaking activity in the WPA.

SACOME and its members understand that exclusion periods are a necessary component of operating in the WPA. In the interests of progressing the Coexistence Framework, there is value in considering how change might be made to meet the economic objectives of the Review.

SACOME members have provided the following feedback about their operations as it relates to exclusion periods:

- Projects in the Amber Zone 2 are subject to an exclusion period of 140 days (or 38% of the year). This substantially limits the ability for a mine to operate.
- In exploring the Amber Zone 2, operators will generally avoid doing so in January, February and March. The Amber Zone exclusion period adds additional limitations for when exploration can be undertaken.
- Given it takes approximately 1 month to drill a hole, this drastically reduces the period in which exploration can occur. The short notice period for cancellation and the time needed to re-establish an exploration camp means there is little opportunity to explore in a cancelled exclusion window.
- Projects located in the Green Zone require staff and contractors to either travel to and from Glendambo (~130km) or Coober Pedy (~125km) due to onsite restrictions, resulting in lost time and operational lag.
- The 70-day exclusion window will present operational issues for the developed mines in the Green Zone through the impact on production and transportation of iron ore from the mine. Presently, the exclusion periods are known in advanced and can be planned for.
- When access is cancelled, it is normally done with little notice and re-establishing camp is not possible due to the time required and contractor commitments. This results in operational delays and expense through lost opportunity.
- As a matter of operational practice, operators ensure that equipment is removed from the Zone a day ahead of the notification, however, a 24-hour notice of cancellation creates considerable difficulty around equipment removal. If equipment was permitted to remain in the Zone this would allow for field programs to operate more efficiently.

Recommendations include:

- Implementing flexible arrangements with regard to exclusion periods and removal of equipment, particularly where notification to vacate is minimal.
- Introducing classifications based on the category of mining activity within the defined boundaries to facilitate reductions in the exclusion period. For example:
 - an Extractive Minerals Licence and/or remotely operated mining activities with smaller exclusion window.
- Consideration of flexibility across the process for entering an exclusion period. These periods could be facilitated similar to the way in which a control tower facilitates airport traffic. For example:
 - If the Range is closed for a period, then all activities are not active for the entire closure period. This may present an opportunity for greater co-existence through technology, particularly regarding infrastructure and the use of autonomous or remote operations, thus lessening the impact of exclusions on continuous operations

3.3 Security Clearances for Foreign Nationals

Given the sensitive nature of the WPA, SACOME recognises that access by foreign nationals will be a question of balancing national security interests with the operational and economic interests of resources companies.

Establishing clear access guidelines in this regard would provide greater certainty in relation to how access by foreign nationals will be administered and provide a more streamlined approvals process.

SACOME members have recommended that:

- Defence publish clear guidelines on how applications for site visits by non-Australians are administered and the associated timelines within which these applications will be considered and approved.
- Establishing a formal agreement process including the requirement for copies of passports to be provided to Defence/WPACO.

3.4 Existing Deeds of Access

Those SACOME member companies currently operating under a Deed of Access would like to ensure that, as with the Hawke Review, this Deed remains unchanged.

Given their operational effectiveness and the maturity of systems that underpin their compliance, operators have expressed a strong preference for maintenance of the status quo in this regard.

4. Investment

While the WPA offers considerable economic opportunity for the resources sector, limitations on access create legitimate issues for any company wishing to invest in the area.

The level of investment required to move from exploration to production is significant for any operator. Companies operating in the WPA are presented with difficult investment decisions given the limited access they have to their projects sites.

In considering how to encourage investment in the WPA, SACOME submits that the Review should consider both how to encourage exploration activity as a means to understand the nature and location of resources wealth in the WPA; and give consideration to the investment environment created by the WPA within the context of progressing projects from the exploration stage to the production stage.

4.1 'Project Life Cycle' Approvals Framework

SACOME recommends implementation of a 'Project Life Cycle' Approvals Framework as part of the broader Coexistence Framework.

SACOME suggests that such a framework could set out the approvals process from initial exploration activity through to mine development and operation for each zone in the WPA. At present these processes are unclear for each zone (with the exception of the Red Zone in which resources activity is not permitted).

SACOME submits that this approach would provide exploration companies a better understanding of processes for project development and greater certainty regarding the approvals process.

Better defining the approval processes for development of a new mine (and the many considerations that underpin mine activity including infrastructure, utilities, access etc.), and the types of constraints that are likely to be imposed on operations would better inform resources operators when they come to assessing investment in the WPA.

In the case of an Olympic Dam-sized deposit being discovered in the Green, Amber or Red Zone, development of such a deposit would be of State and National significance. It is an open question as to what process an operator would need to follow for development of this resources given there is no standardisation of process between the South Australian and Commonwealth Government/Department of Defence.

Operators would benefit by understanding these processes ahead of time, as well as whether mine development would be excluded due to the deposit being located in the Amber or Red Zones. In the case of such a deposit being excluded from mine development, investment in exploration becomes a potentially expensive and futile exercise. There is a 'chicken and egg dilemma' that needs resolving as part of encouraging investment in the WPA.

4.2 Changes to Access Periods

Changes to the length of access periods could lead to greater levels of investment and activity by resources operators.

Longer windows of access to the Green and Amber zones would change the operational environment of the WPA and potentially lead to greater levels of investment by the resources sector.

The scale of economic commitment and the likely duration of mine operations require significant levels of certainty regarding access to the WPA. This would aid in justifying the investment required to conduct exploration activities or move a project to the production phase.

SACOME recommends that the Review consider greater flexibility of access to the WPA as an option to drive investment by the resources sector. Some of this flexibility may be achieved through the introduction of scaled access based on the type of activity and/or type of technology in use at the project site, providing an option to maintain continuous operations.

4.3 Infrastructure

Several member companies have identified the difficult nature of infrastructure development in the WPA.

Given the critical and expensive nature of infrastructure as it relates to resources projects, SACOME recommends that the Review consider development of an Infrastructure Policy/Framework for non-Defence stakeholders operating in the WPA.

SACOME suggests that this document address approvals processes, development timeframes and other relevant matters as they relate to resources production in the WPA.

4.4 Foreign Investment

In line with the recommendation at 3.3 (above) SACOME recommends that the Review consider development of guidelines on how companies who are either foreign; or funded through investment by foreign interests can access and operate in the WPA.

SACOME additionally recommends that the Review consider the idea of a special permitting system for foreign operators as a means of standardising how these companies access and conduct operations within the WPA.

5. Communication

5.1 Unexploded Ordinance Advice

Members have flagged a lack of detailed advice from Defence regarding the probable locations of unexploded ordinance (UXO) for inclusion in this submission.

Improved communication around UXO and creation of standard operating procedures would lead to better risk assessment processes and increased levels of safety for resources personnel operating in the WPA.

5.2 WPA Advisory Board Representation

SACOME recommends that the WPA Advisory Board includes resources industry representation. As a key economic stakeholder in the WPA, the resources sector has a direct interest in advancing the WPA Advisory Board's stated objectives and a direct interest in implementation of the Coexistence Framework.

While SACOME acknowledges the need to balance national security issues with resources sector involvement in this regard, representation on the WPA Advisory Board in some capacity would lead to greater levels of communication between government and industry on matters pertinent to the operation of the Coexistence Framework.

5.3 Future of Mining

As changes to technology alter the standard operating practice of both Defence and the resources sector, consideration should be given to the use of remotely operated equipment (UAV's) and advanced communications linked with automation, robotics and the IT/OT convergence.

As part of the increasing use of Wi-Fi and standard telecommunications platforms, it may be considered pertinent that a process for determining safe bandwidths, operating frequencies and periods be established through a series of agreed operating protocols.

SACOME recommends establishment of a joint Working Group comprising Defence and resources sector representation tasked with considering how best to integrate new technologies across exploration, infrastructure and operations.

5.4 Notifiable Equipment Requests

Member companies have proposed a reduction in the number of days required to obtain approval (currently 14 days).

An online portal that allows resources companies to have their own login would be advantageous from an operational perspective. In some cases, the approvals for notifiable

equipment are dealt with through Woomera directly, in other cases these are forward to WPACO directly.

SACOME submits that this portal could contain all historical applications that could be filtered to enable people to see what has been applied for and/or approved in the past. This could then become an automated system.

6. Conclusion

SACOME welcomes the opportunity to make this submission to the 2018 Review of the Woomera Prohibited Area Coexistence Framework and supports the aim and objectives of the Review process.

The broad feedback from SACOME member companies is that the Coexistence Framework is operating well and that sound working relationships between resources operators and Defence are in place. This is an endorsement of the Coexistence Framework to date.

In making this submission, SACOME seeks to provide feedback that will aid the Review Team in understanding the operational issues for the resources sector in the WPA, as well as providing practical suggestions for improvement to the Coexistence Framework.

SACOME remains committed to working collaboratively with the Commonwealth and South Australian Governments in further developing the WPA Coexistence Framework through the Review process.