

**To: Infrastructure Western Australia**

**Re: Foundations for a Stronger Tomorrow – Draft State Infrastructure Strategy**

22 September 2021

## Introduction

AMEC appreciates the opportunity to provide a submission to the WA Draft State Infrastructure Strategy, “Foundations for a Stronger Tomorrow”. The Strategy culminates more than a year of work, to present a detailed analysis of Western Australia’s infrastructure priorities to 2042. In this submission we have listed a number of infrastructure initiatives AMEC recommends be considered as a priority and included within the Strategy.

## About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 400 members from all around Australia, with the majority having project interests in WA. Our members are explorers, emerging miners, producers, and a wide range of businesses working in and for the industry. Collectively, AMEC’s member companies account for over \$100 billion of the mineral exploration and mining sector’s capital value.

The mining and exploration industry make a critical contribution to the Australian economy, employing over 255,000 people. In 2020 the WA mining sector employed a record 140,940 workers, up from 120,000 in 2018, and generated \$148B from the sale of minerals. In 2019/20 Industry collectively paid over \$39 billion in royalties and taxation, and resources companies invested \$35 billion in new capital, generating more than \$176 billion in mineral exports. \$2.8 billion was spent on minerals exploration in 2019/20, representing an 18% increase from the previous year.

## Draft State Infrastructure Strategy

### General Feedback

The intent behind Infrastructure WA’s (IWA) Draft Strategy is supported by AMEC. It acknowledges the need to adopt a forward-looking approach to infrastructure planning and development to best equip WA to seize future opportunities, without foregoing current opportunities, by considering their associated infrastructure requirements.

AMEC continues to advocate to Government the need to quickly secure future opportunities for Industry’s development across Western Australia, by building on the COVID-19 momentum for reform, which has been spurred by our State’s notable response to the global pandemic. We are currently in a limited window of opportunity to swiftly undertake a number of projects that will further strengthen and diversify WA’s economy, creating long-term benefits, including the royalties that are used to develop schools, hospitals and roads, and the creation of jobs and a highly skilled workforce.

Infrastructure is critical to the development of mining and mineral exploration activity. The success of the sector directly correlates with the availability of Government-supported infrastructure to bolster mineral exploration. It is important that mineral exploration and mining are allocated a fair share of infrastructure priority and funding to further current projects, and encourage future projects. Without mineral exploration future mines will not be discovered, as current mine resources are depleted. Discovery of the mines of the future provides the long-term social and economic benefits mining projects afford to the regions in which they are developed, and the wider Western Australian and Australian economies. AMEC supports the intent behind the Draft Strategy, but recommends targeted consideration be given to both hard and soft infrastructure development strategies, to support the mining industry in driving WA's economic recovery from COVID-19.

There is a pipeline of near-term projects competing for a limited pool of resources and funding, acknowledged in the Draft Strategy and WA's 2021-22 State Budget, recognising the limited window some of these developments are in, and the need to prioritise projects to limit delays. There is impetus to implement measures now, that will strategically work through competition for limited resources and funding. There has been a significant increase in the amount of infrastructure linked to hydrogen projects. AMEC recognises the importance of developing this sector, and considers there are opportunities for potential crossover between the two. Industry welcomes conversations with Government and other stakeholders to address these challenges in a pragmatic manner.

### **Timeframes**

AMEC submitted to the IWA Discussion Paper in 2020, concern about the timeframes behind the Strategy. They indicated hard infrastructure would not be considered in the short-term, and the medium 5-10 year outlook would identify priority infrastructure projects and programs. These proposed timeframes concern Industry, implying that no hard infrastructure will be prioritised for at least 5 years from the release of the Strategy, and large-scale projects such as strategic corridors and strategic infrastructure areas will only be considered over an 11-20 year period. The Infrastructure Australia Priority Projects list<sup>1</sup> includes hard infrastructure projects in the 0-5 year delivery time frame. AMEC recommends aligning IWA's Strategy with Infrastructure Australia's list to provide a strategic, complementary approach to infrastructure development.

### **Mineral exploration and mining sector**

AMEC continues to call on State, Territory and Commonwealth Governments to prioritise and fast-track both soft and hard, common-user infrastructure, required to support the development of producing mines and encourage mineral exploration to replace current mines.

Independent research indicates only 1 in 135 mineral exploration discoveries turn into producing projects, and deposits that are developed into producing mines have an average delay between discovery and production of 13 years. The cyclical nature of mining combined with a trend increase in depth at which discoveries are being made, means Industry is depleting resources at a much faster rate than it is replacing them.

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<sup>1</sup> [https://www.infrastructureaustralia.gov.au/sites/default/files/2020-03/2020\\_infrastructure\\_priority\\_list\\_low\\_resolution\\_-\\_updated.pdf](https://www.infrastructureaustralia.gov.au/sites/default/files/2020-03/2020_infrastructure_priority_list_low_resolution_-_updated.pdf)

There currently exists a limited window of heightened investment on the back of WA's success to date in dealing with COVID-19, to capitalise on WA's mineral resources to develop a pipeline of projects. Doing so successfully will enable WA to reap the economic and social benefits afforded by mineral exploration and mining projects. Priority should be given to ensuring these projects are supported by the required infrastructure, sooner rather than later.

## **COVID-19**

Our industry in particular, has been acknowledged by State, Territory and Commonwealth Governments through COVID-19 as being a leading industry in the response to the ongoing pandemic. WA's 2021-22 Budget surplus was underpinned by a record \$9.8B of royalties. The Budget announcements of \$120M for approvals officers and \$12.5M for the Exploration Incentive Scheme were two of a range of announcements that will assist the mining and mineral exploration industry. The mining industry is uniquely positioned to address WA's Recovery Plan objectives, by creating a pipeline of long-term job opportunities and sustained economic growth, but it needs Government support to provide the road, rail and energy infrastructure required by mining and exploration projects.

COVID-19 has presented an opportunity for the Commonwealth and State Government to fast-track the development of critical infrastructure to enable our industry to continue supporting Australia's economy. The nation's reliance on the Western Australian mining industry continues to be highlighted. We strongly advocate to the State Government to meaningfully engage with Industry to develop critical infrastructure to encourage further short- and long-term exploration and mining projects, and improve the efficiency and productivity of the sector, to maximise opportunities for the entire State.

As we continue to benefit from a combination of opportunities, high commodity prices, record levels of investment and a lack of COVID-19 in the community, infrastructure priority for our sector is paramount. With 12 mines that are in near-term development, priority should be given to supporting these projects into production during this period.

## **Infrastructure Priorities**

### **Non-build infrastructure**

#### **Regulatory and policy reform**

Australia has a significant advantage in the production of resource commodities over other nations, driven by rich and diverse natural mineral resources, advanced mining and exploration technologies, a skilled workforce, favourable geographic positioning and physical environment, and relatively stable economic and political conditions leading to lower sovereign risk.

It is strategically important for the State to maintain and enhance its position in a globally competitive and mobile investment environment. COVID-19 has raised international supply chain concerns around the globe, and Australia, Western Australia in particular, needs to continue to position itself as the most globally competitive provider of minerals. When compared to other international mining jurisdictions who remain locked down, WA could well attract a lot of competing investment – for exploration and project development. It is critical Government does not do anything that might deter this opportunity.

The Department of Water and Environmental Regulation (DWER) and Department of Mines, Industry Regulation and Safety (DMIRS) have announced plans to streamline processes relating to mining, including environmental assessment functions, are regulatory reforms welcomed by industry. These reforms require careful consideration and consultation when being fast-tracked, to ensure a stable regulatory environment is maintained. This will provide needed certainty to proponents, Government and investors, who prefer stable jurisdictions.

Currently in Western Australia, there are a number of projects that are in development or nearing their final approvals. A sensible risk-based approach needs to be applied in practice rather than theory. Ensuring these projects enter construction will have a large multiplier effect on regional and local economies. A robust, streamlined regulatory framework will encourage investment to finance mining operations.

### **Multiple Land Use Framework**

AMEC is supportive of multiple land uses to manage land use conflicts and maximise the potential of land bringing broader benefits to the State, industries and the wider community. AMEC considers that industries such as exploration, mining, agriculture and pastoral can co-exist in an environment where multiple use of land is effectively managed. More recently we have seen new land uses such as carbon farming.

AMEC has previously endorsed the Government's commitment to a Multiple Land Use Framework (MLUF) that was developed by the Council of Australian Governments (COAG) Energy Council in 2013.

AMEC was involved in consultation on this matter and supports the principle of the MLUF to *“enable government, community and industry to effectively and efficiently meet land access and use challenges, expectations and opportunities”*. As detailed in the MLUF, it is critical that multiple land use arrangements are guided by co-existence, engagement and information, and decision making and accountability. The MLUF indicates the implementation of these arrangements will be the most significant challenge.

The development of renewable energy and green hydrogen projects are supported by AMEC. However, a concern for AMEC is the potential adverse impacts that these proposed projects may have on Industry's ability to access land if multiple land use arrangements are not implemented or are improperly introduced.

There are many areas within Western Australia where co-existence of various land uses is being successfully managed through multiple land use arrangements. Government must consider their commitment to the MLUF and the success of current multiple land use arrangements when embracing proposed hydrogen and renewable projects.

The mining and mineral exploration industry manages the simultaneous sharing of land for multiple uses with a number of other stakeholders and projects. The increase in exploration in the Wheatbelt is one example where mineral explorers have successfully negotiated and managed the shared use of land with private landholders. Through productive negotiations and discussions, the shared use of the land for both exploration and agricultural purposes demonstrates the commitment of both stakeholders to maximise the economic and social value the land has to offer.

AMEC has provided ongoing support for multiple land uses that encourage emissions reductions and improved environmental outcomes across the State. Following significant consultation with AMEC, Government's commitment to the establishment of carbon farming projects on pastoral leases, while ensuring that Industry will not be adversely affected, indicates how Industry and the pastoralists can jointly manage land uses to unlock the potential of the land.

The Plan for Parks significant extension of the conservation estate saw substantial overlap with existing exploration and mining tenements across WA. AMEC has worked with members and continues to consult with Government to reinforce the importance of protecting the existing rights of these companies. Managing the use of this land in line with the MLUF principles to ensure that land use maximises the net benefits to present and future generations is critical.

AMEC does not oppose these land uses, or these projects. They each offer important benefits for our industry and the wider community. However, it is important that Government addresses the overlap between these project areas and potentially mineral rich land.

Mineral exploration requires land access, and AMEC is concerned that the establishment of proposed hydrogen and renewable energy projects will adversely impact the mining and mineral exploration industry's ability to access land for exploration purposes. It is vital that a managed MLUF is adopted in the development of these projects to ensure that Industry retains the rights to land access.

AMEC considers this is a critical issue requiring ongoing engagement with the mining and exploration industry. As these projects progress beyond concept and seek to secure land access, AMEC would welcome the opportunity to be consulted to assist in delivering a managed MLUF that benefits all land users.

### **Facilitate training, development and enterprise opportunities for regional groups**

Accessible training and development opportunities in remote locations are scarce. With Government assistance in providing training to groups from various regions across WA, there is an opportunity to upskill a diverse workforce and develop unique, local enterprise. The importance of such initiatives has been highlighted in the Premier's recent WA Skills Summit, and AMEC welcomes the next steps in this process.

### **Hard infrastructure by region**

#### **Goldfields**

#### **Guarantee security and future access of energy supply and networks**

In AMEC's most recent WA budget submissions, we have advocated for the provision of secure energy supplies that will be accessible in the future, to develop future mines. Guaranteed energy security and access is needed in the North West and the Goldfields.

A Government-led coordinated approach to meet future demand, including the appropriate provision of infrastructure, integrated networks and energy generation, will encourage investment. Collaboration between Government and industry will reduce the duplication of infrastructure and energy generation, maximise the potential energy supply for multiple users, and lead to cost reductions across the State.

## South West

### **South West Interconnected System (SWIS) at Kemerton**

The South West Interconnected System (SWIS) is an electricity grid in the southwestern part of WA, extending from Kalbarri to Kalgoorlie. The network is operated by Western Power and owned by the State.

Further enhancements to the SWIS to improve the energy supply and network in the Kemerton Strategic Industrial Area (KSIA) is recommended. The KSIA has been marketed to investors as a turnkey industrial location ready for project proponents. However, to accommodate the range of projects that would find this location strategic, improved transmission infrastructure is required to accommodate the needs of current and future major industry developments.

This recommendation aligns with Infrastructure Australia's high priority initiatives to optimise the National Electricity Market and improve mobile telecommunications coverage in regional and remote areas, both within a short-term timeframe.

SWIS should also be upgraded to accommodate the growing renewables energy demand aligned with the State's sustainable energy objectives. The WA Government's recent announcement of an incentive program for cathode materials for lithium ion-battery development reflects their commitment to renewable sources of energy and WA's downstream potential, as part of WA's Recovery Plan.

### **Greenbushes to Bunbury Port and KSIA Rail Link**

The previously operational rail link between Greenbushes and Bunbury provides the opportunity to remove heavy haulage from the South West road network, onto a dedicated rail network. The South West Development Commission has undertaken review of the Greenbushes rail line reopening as a regional priority project.

A functional, reliable rail link between the Greenbushes lithium mine and the KSIA will create a secure transport linkage direct from the mine site to the downstream processing facility, and then to export facilities at Bunbury Port. This rail line would be a common-user transport link for other South West regional industries, such as agriculture.

WA has a number of lithium projects ready to meet increasing demand for renewable sources of energy, and prioritising the development of a modern, low emission rail system connecting lithium mines to downstream processing and ports for export will further optimise WA's critical mineral competitiveness.

## Kimberley

### **Sealing of the Tanami Road's intersection with Great Northern Highway**

This was a priority initiative on Infrastructure Australia's priority project list, and identified as an infrastructure gap in the 2015 Northern Australia Audit. The Commonwealth Government's \$5 Billion commitment to the Northern Australian Infrastructure Facility is an acknowledgment that the development of Northern Australia is limited by a lack of infrastructure. With Commonwealth financial support, this project will deliver critical infrastructure to remote areas of WA and the Territory, providing substantial economic stimulus.



Two-thirds of this road remains unsealed, and crosses the NT border, extending to the Stuart Highway. A large portion of this road is unformed, with the road being notoriously difficult to drive on and frequently washed away in the wet season.

Sealing the Tanami Track will provide multi-user benefits beyond mining, supporting tourism and pastoral operations, as well as the Indigenous communities living along the track. This project is one of the few infrastructure projects that can legitimately claim to be a part of the Closing the Gap initiative, by transforming the connectedness of communities residing in the Tanami.

Development of the Tanami Track will stimulate further long-term development of infrastructure, transforming Northern Australia. In the short-term, the development project will provide much-needed immediate stimulus and job creation to regional areas of the State and the Territory.

## **Murchison**

### **Power from gas via the gas pipeline to Mount Magnet**

The Towns of Cue and Meekatharra both run on diesel power, which is expensive and carbon dioxide inefficient. The current connection of mining networks to power grids creates further energy inefficiencies, as the amount of power required by initial mining services can be three times that of the town's entire supply. Shared power use where the mine site competes with the residents for power creates conflict.

These issues, experienced across most mining towns in the State, could be addressed by reticulating gas. In the case of Murchison, an extension of the existing Mount Magnet gas pipeline. By extending the pipelines and/or enabling gas-fired power stations to be developed nearby, towns and mine sites would both be able to utilise the same power source without competition, and for a much lower cost.

Current Government subsidies providing remote towns with unreliable power sources are extremely costly to the State. The benefits from a stable and lower cost power supply would enable the expansion of mining activity, amortizing the cost of the extension in a commercial manner over time.

### **Secure road and air transport access**

The development of regional roads has long been advocated for by AMEC, with certain roads recognised as priority infrastructure projects still awaiting development. The importance of developing road infrastructure connecting remote towns to industrial areas extends beyond mining, to include pastoral and agricultural activities, and the downstream potential of renewable sources of energy.

Sealing roads with bitumen provides ongoing benefits to the State by improving safety and securing a more stable transport network. When it rains, unsealed roads close and heavy transport is stopped, reducing the efficiency of industry. The long-running practice of ore trucks turning onto Great Northern Highway has now been deemed too risky, inhibiting the transport of goods to / from Murchison. Slip lanes are subject to extensive, costly approvals processes that the many small mines that aggregate to feed a mining plant and the overall sustainability of mining projects is constrained by unchallengeable standards with limited workarounds.

Airstrips are subject to similar safety limitations. With Government assistance to install bitumen and provide lighting to landing strips for 24/7 use in regional centres, the whole region would benefit.

Currently, airstrips can only be utilised during public service hours, and users are charged high local Government landing fees by Shires. It is uncertain what these funds are then used for.

### **Liveability of the town of Murchison due to limited public services**

The growth of the town of Murchison and surrounding localities is constricted by a limited availability of public services. With improvements to the availability of land for development, housing (rental or other), education services, medical services, policing and general amenities, population growth could be encouraged.

With the current high dependence of FIFO workers to the town representing 45% of the static population, there is significant opportunity to attract a local workforce, with the provision of more public services. Currently, less than 1% of a local mining company's workforce is locally sourced. This number would be boosted, and the general workforce upskilled, with more Government-funded training and apprenticeship opportunities available locally. The closest TAFE to Murchison is in Perth, over 8 hours by road from the town. Providing more local development and upskill opportunities would present the residents and employers in the town with a more diverse workforce and create regional job opportunities in line with the Recovery WA plan.

## **Pilbara**

### **Centralised energy waste recycling facility**

A multi-user, multi-commodity, energy waste recycling facility in the Pilbara would improve sustainable development practices in the region. With the heavy presence of mining in the prospective Pilbara area, the need for innovative and more neutral ways to handle waste are required.

The development of an energy waste recycling facility would encourage more efficient energy and waste management practices, with low transport costs, and create a pipeline of regional jobs. As this would be a long-term facility, the development through to operation of the project would encourage a wide variety of community engagement, boosting relations between industries and residents.

The opportunity for innovative recycling initiatives, such as the current tyre recycling initiative, will prompt more sustainable ways of dealing with waste and transform industry into the future, for the better.

### **Improve the road network from Perth to the Pilbara**

Large steel structures manufactured in Perth are currently limited in their transport to the Pilbara, due to limited road network options. As such, materials required in the Pilbara are imported from other locations rather than from within WA. The development of road networks capable of supporting road-vehicles carrying large structures presents WA with the opportunity to increase the manufacture of steel infrastructure, for local use. The opportunities are circular and present long-term, multi-user benefits across the State.

### **Develop the Newman to Marble Bar road**

The ongoing safety concerns relating to this road continue to be raised to the WA Government. There have been multiple deaths, raising huge safety concerns for industry due to the state the road is currently in. Safety is paramount to industry, but they need Government to play a role in ensuring this



safety by addressing significant concerns relating to roads that are outside of the mining industry's jurisdiction.

Iron ore, gold, and bulk commodity mining companies, plus pastoral users would all benefit from the development of this critical road.

### **Integrated power network**

As discussed with Murchison, industry is reliant on secure, stable and affordable power to source their operations. The longevity of mining operations in the Pilbara requires readily accessible power supplies.

### **Public access import and export capacity improvements**

The strength of the mining sector throughout COVID-19 was demonstrated by the exports for the State continuing at a steady pace despite much of the world's operations stopping. Logistics in accessing import and export facilities are already experienced by most mining companies in the Pilbara, as the current port is controlled by large mining companies.

Smaller miners with diverse commodities struggle to gain fair access to import and export capacity as a result. As production and demand continue to increase, they need a guarantee they can export their products to the market. The Lumsden Port concept is still some time away, and until that can be addressed, existing facilities can be expanded to cater for the smaller companies who do not have a fair share of access.

### **State-wide**

#### **Designate Strategic Industrial Areas (SIA) and increase the availability of plug and play land**

To further incentivise the development of WA's downstream potential for renewable energy sources and critical minerals, it is recommended to prioritise the establishment of more SIAs and plug and play land with reliable transport and energy networks, ready for project proponents.

Plug and play industrial parks and infrastructure corridors will provide a connection to utilities, fast access to supply chains, fast-tracked approvals and modern employment facilities, incentivising growth and investment in primary and secondary supporting industries. They present an opportunity for long-term economic and social benefits to the region they are in.

The Kwinana Industrial area is a great example of a cluster of supporting industries within close proximity, supplying and providing each other with industrial processing operations services and materials. The strategic location with accessible port facilities has encouraged many supporting services operations to further embed the industrial base of the area. This is also seen in the North West and the Port of Dampier, where an extensive supply base supports the North West Shelf oil and gas offshore operations. The provision of key production inputs and export facilities has proven successful and generated large revenues for several decades.

This will need to be linked with the streamlining of approvals initiative to attract genuine investment into WA's extreme potential. The development of supporting industries will create long-term job opportunities and a highly skilled workforce.

## **Improvements to freshwater supply and storage**

The current regulatory red tape and building approvals required to construct and monitor dams is overwhelming. Mine sites are reliant on natural sources of water as well as storage of water, which across WA, are in short supply.

By allowing the building of dams to be used for water storage, the State Government could permit the harvesting of seasonal run-off to dramatically reduce local water costs for mine sites, agriculture, and towns.

## **Final comments**

AMEC welcomes infrastructure strategies which encourage the development of common user infrastructure projects to encourage WA's great mineral exploration, mining, and downstream potential, along with forward-thinking developments that will allow us to more easily respond to infrastructure demands in the future. The initiatives identified above were derived from feedback obtained as we undertook a critical analysis of infrastructure requirements across the State, and opportunities to create multi-user benefits. As the Strategy is implemented and individual initiatives are subject to consultation, AMEC requests continued engagement with Infrastructure WA to ensure that Industry can continue having a sound voice in infrastructure and strategic opportunity processes.

### **For further information contact:**

Neil van Drunen

or

Samantha Panickar

Director, WA, SA, NT & Industry Policy

Senior Policy Adviser

AMEC

AMEC

0407 057 443

0423 914 249