

To: South Australian Government

Re: Northern Water Supply – Business Case

13 February 2023

Introduction

AMEC appreciates the opportunity to provide a submission to the South Australian Government's preparation of a Business Case for the Northern Water Supply (NWS) project. The NWS has the potential to transform South Australia, and unlock untapped mineral opportunities for the State. AMEC welcomes further engagement as the project progresses.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 540 member companies across Australia, with over 37 member companies with direct project interests in South Australia. Our members are mineral 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.

Mineral exploration and mining make a critical contribution to Australia's economy, directly employing over 274,000 people. In 2020/21 Industry generated a record high \$301 billion in mining exports, invested \$3.2 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$39.3 billion in royalties and taxes.

In South Australia in 2021-2022(FY) mineral exploration expenditure was at an 8-year high at \$122.3 million, a 34% increase from the previous year, and \$2.5 billion was spent on capital expenditure. In 2020-21, over \$237 million was generated in royalties from the \$7.1 billion in mineral commodity sales, representing a record high.

Northern Water Supply – Business Case

General Comments

AMEC supports the development of the NWS to support more sources of water across Northern / regional South Australia. More mines are needed in order to support the State and Commonwealth Government agendas to rapidly transition to decarbonised economies and industries.

In conjunction with the North-South water infrastructure corridor project and infrastructure pipelines being considered by Government, these projects have a forward-looking approach to unlock untapped economic and social opportunities across South Australia's vast expanse.

With emerging demand for land use across a variety of different sectors, AMEC emphasises the importance of stable and affordable access to water, as a baseline requirement for the mineral exploration and mining sector. To capture up-and-downstream opportunities in the critical minerals

and renewable energy sectors, demand for water is also likely to increase. Planning for current, future and emerging uses now, will best-position the State to readily capture emerging opportunities, in a highly competitive local and global market.

Upper Spencer Gulf water supply – Cape Hardy

AMEC considers the three current sites under consideration as potentially feasible NWS options. Cape Hardy would further enhance Government’s decarbonisation agenda, renewable energy growth and green hydrogen manufacturing objectives, support ongoing local skilled employment opportunities and best-position South Australia’s regions as industry leaders in a diversified economy.

AMEC notes from the NWS Study site selection fact sheet¹ that a coarse screen was applied in order to remove potential sites along the eastern and western Eyre Peninsula coastline ‘...that were clearly not feasible from an environmental or cost perspective’.

Sites were excluded if:

- Their oceanographic features would cause significant issues for water quality and environmental management; or
- The expected capital cost was calculated to be more than \$1 billion over the Port Bonython site.

In addition to the above, other important considerations to support the screening process were made with five of these listed.

AMEC questions the rationale and scientific explanation behind Cape Hardy’s exclusion from progression in the development of the Business Case.

The Environmental Impact Statement (EIS), supporting both State and Federal approvals for a bulk commodity export port at Cape Hardy encompassed significant studies into wave, wind, current and tidal movements, seabed sand drift, bathymetric and benthic studies, geophysical surveys of the seabed, vessel approach and anchorage channels, as well as numerous other areas. The EIS also included land-based plans and layouts, power supply options and future expansion for multi-commodity use. Iron Road’s aspiration to see Cape Hardy develop as a hydrogen and industrial hub includes land set aside in the concept plan for a desalination facility. Given the relatively southerly location of Cape Hardy in the Spencer Gulf and the deep water and wave/current activity, hypersaline concentrate discharge would be expected to have good dispersion and relatively low environmental impact in this higher energy environment. In these respects, Cape Hardy presents a low-risk option when compared to the three potentially feasible sites identified through the high-level screening process.

Locating the State’s planned desalination plant at Cape Hardy can meet the long-term objectives of the Northern Water Supply project, supplying water to both northern and southern localities on the Eyre Peninsula, in addition to central areas of the State. Cape Hardy has strong, widespread local community support, including from the Eyre Peninsula Local Government Association (EPLGA) member councils and Regional Development Australia Eyre Peninsula (RDAEP). The project has an

¹ <https://yoursay.sa.gov.au/northern-water-supply>

Indigenous Land Use Agreement registered with the Native Title Tribunal and received EPBC approval (EPBC 2014/7285) on 9 March 2018. The Company recognises the importance of strong stakeholder engagement.

With more water available, emerging industries that have previously struggled to establish in South Australia, will have an increasing supply of water that is fundamental to project development. For example, with a range of magnetite projects ripe for development across South Australia, including its Braemar Region, a lack of available water has posed a significant challenge requiring collaborative State, Commonwealth and industry input. A desalination plant at Cape Hardy can support the emergence of this sector, enabling South Australia to capture significant opportunities for global demand for magnetite. This will in-turn have a multiplier effect, supporting the further development of greater environmental, social and economic benefits for local communities and the State.

Final comment

AMEC welcomes the progression of the NWS, and opportunities to continue supporting the growth and development of mineral exploration and mining as South Australia diversifies and transitions to a decarbonised economy. Cape Hardy is the most advanced and pragmatic option for the State's desalination plant, in line with objectives to deliver wide-ranging environmental, social and economic benefits to local communities and the broader South Australian community. We recommend it is reconsidered, and progressed as the preferred option for the NWS Business Case.

For further information please contact:

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