

To: Infrastructure SA

Re: South Australian 20-Year State Infrastructure Strategy

14 November 2023

Introduction

The planning for and development of infrastructure is critical to the viability of the minerals industry. AMEC appreciates the opportunity to provide a submission to Infrastructure SA's consultation to develop its next 20-year State Infrastructure Strategy, to inform the state's infrastructure needs, strategic goals and priorities to 2045, to support the continued growth of the sector.

About AMEC

The Association of Mining and Exploration Companies (AMEC) is a national industry association representing over 560 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 2021/22 Industry generated a record high \$413 billion in resources exports, invested \$3.86 billion in exploration expenditure to discover the mines of the future, and collectively paid over \$63 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.

Next 20-year State Infrastructure Strategy

General Comments

AMEC welcomed the 2020 release of South Australia's first infrastructure strategy, and recommended alignment with the Commonwealth Infrastructure Australia list, to ensure priority projects could be developed in a timely, effective manner. It is important that access to key infrastructure is provided through a combination of federal and state government funding, with private input where appropriate, to facilitate multi-user, multi-stakeholder access, and maximise value.

We welcome through this new strategy, the effective delivery of infrastructure, and the timely development of South Australian projects. These projects are contingent on substantial investment of a scale that only Government can fully support, in order to deliver the transformation that is envisaged. Acknowledgment of the importance of Government support, should underpin the new strategy.

1. What opportunities should we consider to improve South Australia's economic growth?

Mineral exploration is required to discover mineral deposits, and develop those resources and projects into economically viable mines, in optimal fiscal settings. It is a long-term, high-risk investment, however, provides widespread and ongoing benefits to the communities the projects are located in, and the broader state economy. These benefits include the royalties used to develop public infrastructure such as schools, hospitals and roads, and support public services including frontline emergency services, teachers, and regulators.

The minerals sector across South Australia has untapped potential that is underexplored because other jurisdictions have more competitive investment settings and approvals functions. The length of time for approvals increases the cost and complexity, with diminishing certainty due to high levels of regulatory red tape.

However, the geological endowment across the state is ripe for delivering on both the state and Commonwealth government's agendas for a decarbonised economy.

Host to a range of base, raw and critical minerals, South Australia has the capacity to expand its mineral offerings at all stages of the supply chain. As more projects are developed, investor interest will in-turn increase, to the jurisdiction as a whole. The provision of an efficient, robust approvals and project development function for the mining sector, is equally important for infrastructure development and planning. Efficiency of timeframes and cost provides investor certainty and confidence, in a competitive environment.

Due consideration must be given to the infrastructure requirements of existing and developing mineral proponents and projects across regional South Australia, namely the junior and mid-cap explorers and miners. They are located in remote areas of the state, with growing demand for common-use infrastructure to support ongoing research and development as the up-and-downstream potential of minerals continues attracts government and investor interest.

Viable access to transport hubs must also be a key consideration of infrastructure planners, for the junior end of the minerals sector. A strong Government position can ensure access is cost-effective and transparent. Secure, reliable access to transport and infrastructure including ports, freight, rail, roads, energy sources, and communications infrastructure, can support the ongoing growth of South Australia's minerals sector, to meet global demand.

2. What infrastructure constraints are preventing a more efficient, accessible and productive freight sector?

Affordability and capacity are constraints on access to a more accessible, productive freight sector. With the majority of minerals projects in remote regions, sharing infrastructure and freight modes with other users is important, however, the price and availability of these facilities where they do exist, poses a barrier to development.

As projects progress through the development pipeline, the financials around logistical arrangements become more pressing. Access to viable port, rail, and road options for import and export are vital to developing an optimised path to market, in a manner that considers sustainability and community expectations.

AMEC continues to recommend an overlay of the economic heatmap that is being developed by the Department for Infrastructure and Transport, with infrastructure developments and mineral tenements applied for and granted, updated at regular intervals. This will provide current, more accurate forecasts to inform decision making.

Currently, projects across the state are constrained by limited options. A natural, deep-water port at Cape Hardy for instance, has been EPBC (Commonwealth) approved, and previously received an Australian Government financial commitment, but without a fiscal state commitment, the project's development is contingent on private investment and capital raisings via the ASX, by the project proponent. The development could support cape-size vessels, to increase import and export capacity for multiple sectors, while supporting the growth of the Cape Hardy precinct, its Northern Water project capacity, and as a key enabler for the State's renewables priorities.

With the announcement by Commonwealth Minister Catherine King on 14 November of a refreshed infrastructure policy including expectations on financial contribution allocation from the Commonwealth and each state / territory, timely support from the State is more urgent than ever, to ensure those already committed to, large-scale, transformational infrastructure projects, can proceed.

3. How can we enable a sustainable and affordable water supply into the future?

A realistic, informed, well-consulted on overview of current and emerging projects across the minerals sector and other sectors is needed to ensure there is an understanding of current and future water needs and limitations.

The Northern Water Project could unlock more opportunities for the minerals industry, as well as other water users and project proponents across regional South Australia. Its progression to final investment decision in a timely manner should be finalised.

East-to-west options for affordable natural water sources are required as more mineral proponents compete for scarce supply with other users who will not be directly impacted by the Northern Water Project.

It is important that as further changes and derivations are made to the Murray Darling Water Allocation Plan and water trading rights, transparent access arrangements and access provisions are maintained for mineral explorers and emerging miners.

AMEC recommends these plans are robustly consulted upon, with suitable data to inform decision-making and support capacity building of Government data sets for water, which can be accessed by project proponents seeking to undertake surveys and works of a similar nature or in an affected area.

5. What are the barriers to increased adoption of digital technology to improve productivity?

Typically, junior mineral explorers and miners do not have the cashflow to be early adopters of technological developments. They welcome Government co-funding incentives to encourage uptake of a new technology in its infancy, and risk minimisation wherever possible. The more tested and available a product that is well reviewed across industry, the less of a risk it can pose to companies who have limited disposable expenditure beyond core business.

With a rapidly evolving Commonwealth Government agenda for climate change and the environment, and inevitable amendments to state processes that will require refreshing, the practicality of digital technologies must consider new regulatory and community expectations, and reduce administrative and financial burden wherever possible. User-friendly, sustainable, efficiency-supporting technologies must be cost-effective, whilst demonstrating progress against measurables.

13. How can we think differently about infrastructure investment to support equitable access and a more inclusive society?

Investments require the spending of finances, in order to spur further investments into the minerals sector and other sectors. To make money, the state needs to spend money on more than frontline services. The minerals sector has a proven history of delivering sustained returns to state budgets, and weathering times of financial uncertainty. To be able to do so in South Australia, significant investment into infrastructure relevant to the minerals sector is required.

A more holistic understanding and awareness of the needs and emerging trends of industry, government, and other sectors, should inform planning. This must be subject to regular review at scheduled intervals to inform priority works and shifts in priority, if required. More consistent, concerted communication is required, to ensure industry proponents are kept abreast of plans and this can inform their own planning and capacity to contribute to requests for information, in a meaningful way.

The efficient allocation of budgets, resourcing (including approvals staff), and spending to unlock the long-term benefits and job creation sought under the broader Government agenda can be enabled when infrastructure is viewed as not only an end-product, but also as an enabling / facilitating service.

14. What are the opportunities for infrastructure investment to accelerate attainment of the Closing the Gap targets?

Industry provides direct employment and training opportunities to remote and indigenous communities, and supports indirect opportunities across the nation. These can include capacity building, education, VET-sector training, and transferrable skillsets for workers, as well as connecting with communities and working to embed within the community the project is located within.

As infrastructure is planned for and developed, investment can be attracted to these projects, to support greater provisions of community support as the project scales up.

15. What infrastructure investments will support industries to transition to a global net zero future?

Rail transport options can provide a lower emission alternative than road transport. Accessibility to the national rail network is dependent on infrastructure capability, and Government support. Upgrades to existing networks and capacity are needed to facilitate the transport of bulk items, and increasing users of these networks as demand increases. Resilience and safety must also be key considerations, as multiple users will share the networks.

Processing facilities and multi-user facilities for demonstration of critical mineral downstreaming capacity will be reliant on large amounts of energy, but will ultimately enable South Australian minerals proponents to deliver the minerals the world needs for a decarbonised future. The ability to

test flowsheets and capabilities domestically, at scale, will be transformational for South Australian mineral explorers and miners.

Access to alternate, stable, and affordable energy and water supplies will be critical to the establishment and use of these facilities and projects as they develop. Solar farms, renewable batteries, desalination plants and other emerging large-scale infrastructure projects will have strong industry demand, and provide a welcome alternative for those proponents located off the grid.

26. What are the funding and financing options government should consider in future, to ensure its infrastructure program remains affordable and sustainable?

The South Australian Government should advocate to the Commonwealth for access to funding that is exclusively allocated via the Northern Australia Infrastructure Facility (NAIF). NAIF, by name, excludes the entire South Australian state, despite the majority of the state being considered regional.

With the mid-2023 release of the Commonwealth Government's Critical Minerals Strategy, an Australia Made Battery Strategy being developed, and a range of Commonwealth plans to position Australia as the world leader in critical minerals, the lack of support from both the Commonwealth and State Governments to the projects and infrastructure required to attract investment required to develop the industry domestically, cannot continue if we are to operate differently.

The South Australian Government must play a more active role in co-financing infrastructure projects with the Commonwealth, and realise the projects outlined in the State's own 20-year infrastructure strategy and at a national level, in order to compete nationally and globally. Low interest loans, tax credits, financing facilities and bonds, are all mechanisms that should be considered.

Final comment

AMEC is eager to see the timely development of infrastructure across South Australia, to facilitate project development across the mineral exploration and mining sector. An efficient transport, processing, manufacturing and port infrastructure system, outlined in this refreshed strategy, can attract investment to industry but requires significant State and Commonwealth support. We welcome continued opportunities to ensure progress against the strategy can be measured and delivered.

For further information please contact:

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