



Whitsundays - golden years ahead



Andrew Barger - Director Industry Policy

Bowen Major Projects Summit, 5 May 2011



Who is the Queensland Resources Council?

- > The Queensland Resources Council (QRC) is a not-for-profit peak industry association representing the commercial developers of Queensland's minerals and energy resources
- > Coal, metals and other minerals miners; mineral processors; oil and gas producers; explorers; electricity generators; site contractors
- > Providers of goods or services to the sector
- > 250 member companies

| HOME | INTRO

| LOCAL STORIES | ECONOMIC REPORT | TAXES & ROYALTIES | SHAREHOLDER RETURNS | DRIVERS OF GROWTH

| SPEND BY POSTCODE | LAND USE

WHAT ARE QUEENSLAND RESOURCES WORTH TO ME?

In 2009-10 the sector purchased **\$17.4 billion** worth of goods and services from **Queensland businesses**

www.queenslandeconomy.com.au



Enter your town or postcode

SHOW ME
THE CONTRIBUTIONS

Enter a town or postcode to see what the Queensland resources sector delivers to your area, or select from the map below.



RESOURCES OPERATIONS



SPEND & JOBS BY AREA



ROYALTIES GENERATED



FUTURE INVESTMENTS



BRIAN MCBOW

FIFO mine employee - Lives on the Gold Coast, works for a mining company in Central



GLEND A BELL

Mine Employee - Lives in Emerald, works near Emerald



PHIL ABERNETHY

Managing Director - Absorb, Brisbane



What are Queensland's minerals and energy resources worth?

In 2009-10:

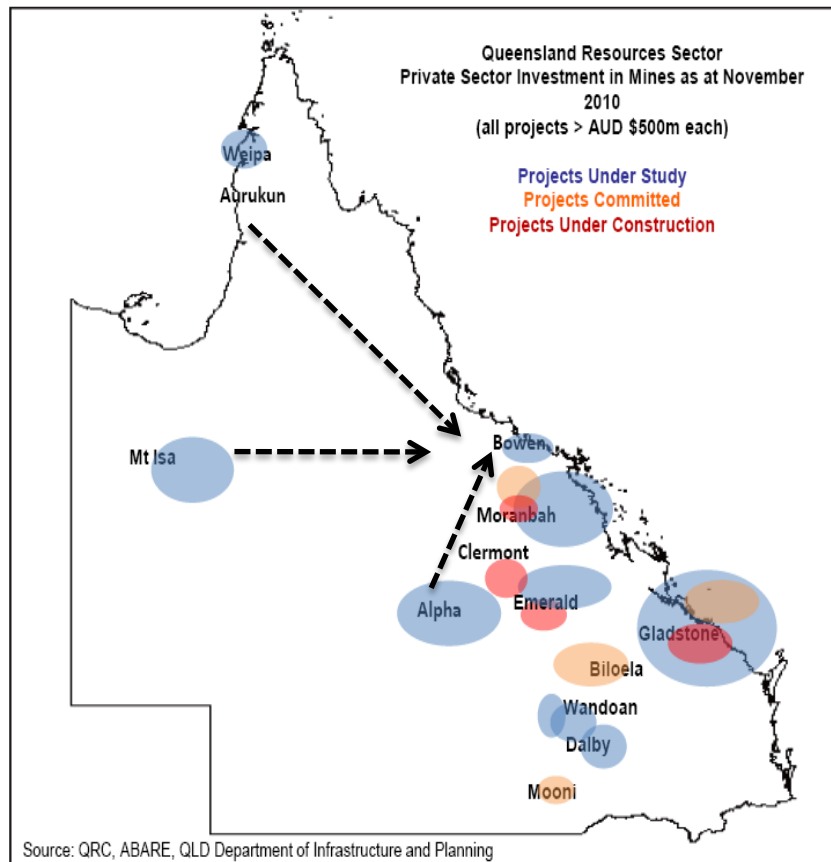
- > 21 percent of Queensland's economy – directly and indirectly
- > 13 percent of employment in Queensland – directly and indirectly

In Mackay statistical region, the resources sector:

- > Injected \$4 billion in wages; and buying goods & services
- > Directly and indirectly accounted for 42,000 jobs, (46% of all jobs)

In Whitsunday local Government area, the resources sector:

- > Injected \$126 million in wages; and buying goods & services
- > Directly and indirectly accounted for 1,600 jobs, (6.6% of all jobs)



Golden years ahead:

\$AU100 billion-plus investment

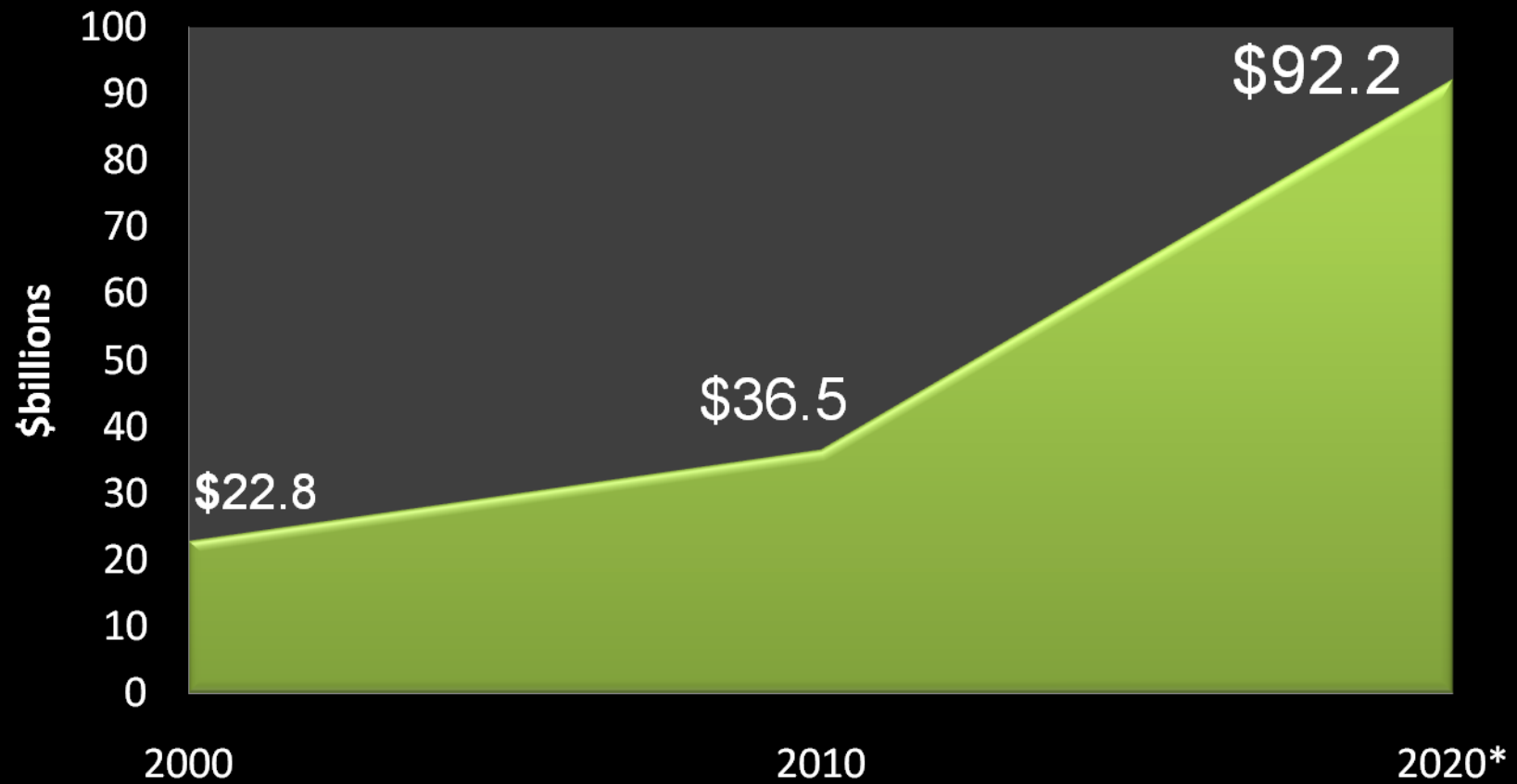
\$32 billion investment secured for CSG-LNG export industry; \$36 billion more on track

Coal expansion on equivalent value path

Metalliferous industries expanding in response to demand

Abbot Point will be a major focus of growth, hence the premium price paid on the lease.

Queensland resources sector value of production



QLD Resources Sector Production and Value of Production (A\$billion)

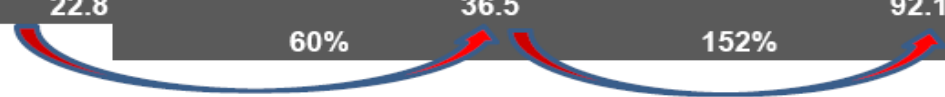
	1999/00		2009/10		2019/20 ^f	
	Production	Value (\$b)*	Production	Value (\$b)	Production**	Value (\$b)*
Alumina (kt)	3,156	0.9	4,508	1.3	6,508	1.9
Aluminium (kt)	40	0.1	333	0.7	333	0.7
Bauxite (kt)	10,915	0.3	17,068	0.5	34,000	1.0
Black Coal (Thermal) (Mt)	45	4.0	77	6.8	237	20.9
Black Coal (Coking) (Mt)	67	10.0	116	17.3	207	30.9
Copper content (kt)	431	3.0	255	1.8	299	2.1
Gold (t)	34	1.4	15	0.6	23	0.9
Lead (kt)	301	0.7	436	1.0	510	1.2
Silver (t)	1,073	0.7	1,469	0.9	1,520	0.9
Uranium (lb)	-	-	-	-	12,000,000 [^]	0.6
Zinc (kt)	217	0.5	857	1.9	933	2.1
Coal Seam Gas (PJ) (Domestic)	na	na	125	0.4	173	0.6
Crude Oil and Condensate (ML)	na	na	632	0.2	875	0.3
Synthetic Oil (Oil Shale) (Mbbls)	-	-	-	-	18	1.8
Liquified Petroleum Gas (ML)	na	na	187	0.1	209	0.1
Liquified Natural Gas (Mt)	-	-	-	-	30	22.5
Processed Natural Gas (PJ)	na	na	105	1.4	148	2.0
Electricity (MWhr) (Domestic NEM)	43,689,301	1.3	54,611,627	1.6	57,000,000	1.7
Total		22.8		36.5		92.1

* at 2009/10 prices

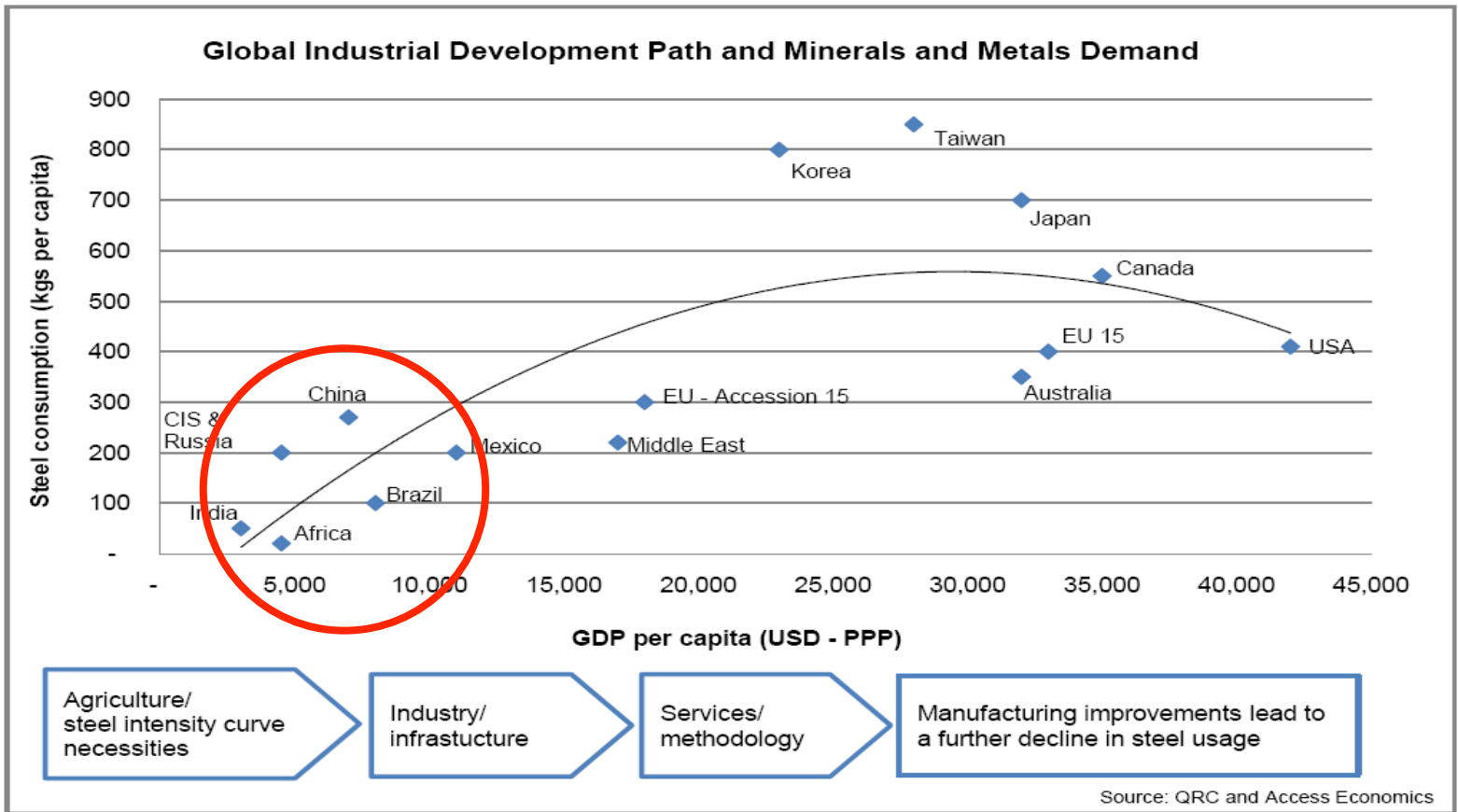
** based on current investment plans

[^] preliminary figure that could change significantly if/when mining optimization studies are concluded

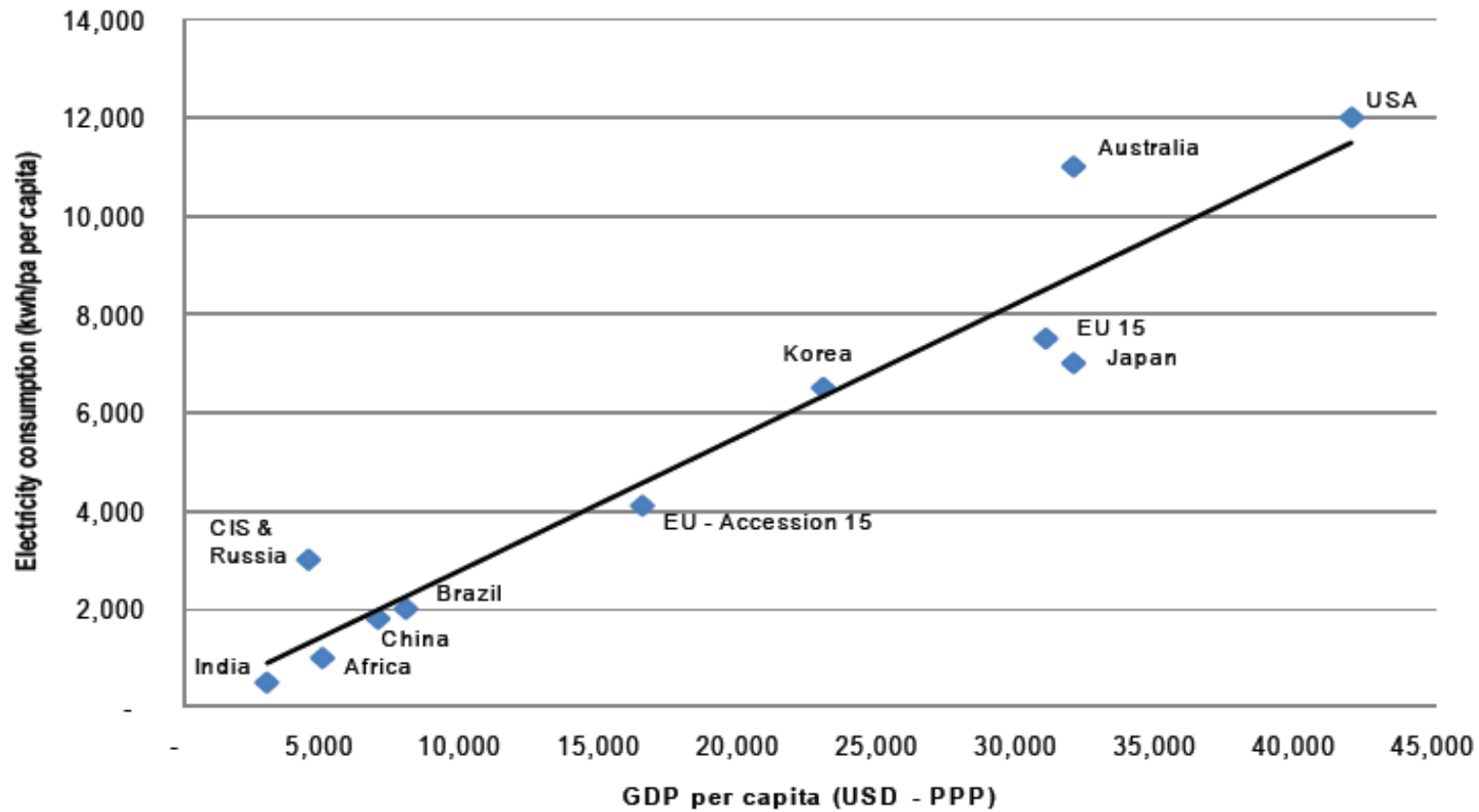
Source: Company reports, ABARE Australian Mineral Statistics and QME website



What's driving the demand?

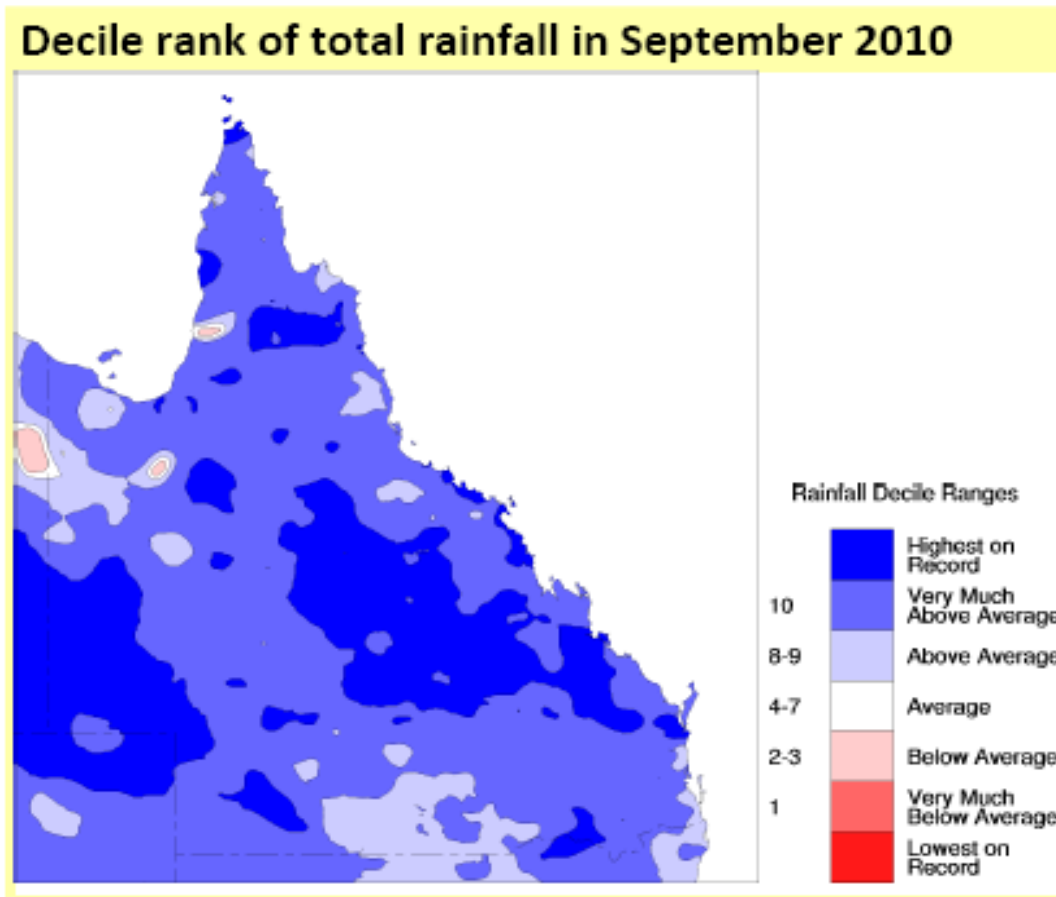


Global Industrial Development Path and Electricity Consumption Demand



Source: QRC and Access Economics

Unprecedented rainfall





Estimated economic impacts on coal sector


Extent of the problem: 75% of coal mines have needed TEPs (special water discharge approvals)

Lost coal production in 2010/11: at least 30 million tonnes or 15 percent of industry potential (\$5b lost production, \$450m lost royalties)

Steady recovery BUT impacts will be with us throughout 2011:
in March quarter 2011 Queensland coal exports down by 30% on March quarter 2010

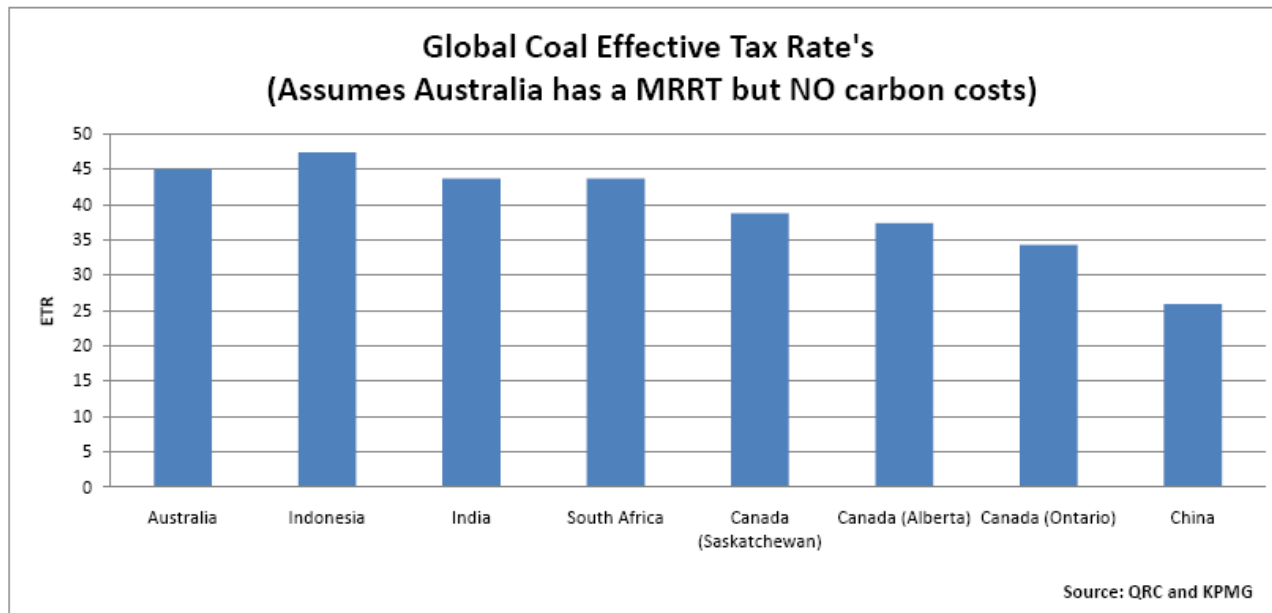


Challenges ahead

- > **Mineral Resource Rent Tax:** package from Federal Government acceptable (work through the detail)
 - > **Carbon pricing:** treatment of emissions intensive trade exposed, especially coal
 - > **Attracting and retaining sufficient skilled employees:** 62,000 mining jobs and over 40,000 resource project construction jobs to be filled by 2015;
 - > **Land access/land use conflict:** a strategic cropping land policy based on sound science, better industry engagement with communities to reduce fears
 - > **Royalties for resource regions:** communities that generate resource wealth expect to capture direct benefits. There should be enough golden egg for everyone
- 


Our carbon pricing concerns – remaining competitive

No global agreement exists and our competitors do not face comparable carbon costs






The Skills Challenge

- > **The big numbers:** 62,000 mining jobs and over 40,000 resource project construction jobs to be filled by 2015 (nationally)
 - > **Key skills shortages:** huge trades, engineer, geoscience shortfalls
 - > **Response to National Resource Sector Employment Taskforce:** adult apprenticeships, recognise role for fly-in fly-out, endorsement of QRC strategies (school/industry partnerships, women, indigenous).
 - > **Modern mine worker demanding choice:** live locally, drive-in drive-out, fly-in fly-out (FIFO)
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Queensland Treasury Bowen Basin Report

- > Non-resident workers were 15% of Bowen Basin population in June 2010 (12% in 2006)
 - > Resident population in Bowen Basin has increased every year since 2006 – up 7.4 per cent
 - > Non-resident much higher in Isaacs (25-30% range) throughout the 5 years – resident population growth +7.1% (in Moranbah +11.5%)
 - > Non-resident workers include construction workers (more typically short-term and hence focus on driving or flying in)
 - > Treasury report covered 16 Bowen Basin towns: three towns have experienced a decline in resident population since 2006 (Tieri -7.4%, Clermont -1.7%, Collinsville -5.2%)
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Strategic cropping land

- > **0.09%** - area of state disturbed by gas and mining
- > 2.2% - area of state under cropping
- > 4.3% - area covered by cropping 'trigger maps'
- > 86% - area of state available for grazing

Strategic cropping land policy must:

- > Focus on 'best of the best' land
- > Use effective, science-based soil criteria
- > Not be side-tracked by food security furore
- > Be part of an environmental impact statement
- > Provide transition for existing projects



Planned coal projects worth \$22 billion currently at risk



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QUESTIONS ARE WELCOME