



20th December 2013

Secretariat
Public Infrastructure Inquiry
Productivity Commission
LB2 Collins Street East
MELBOURNE VIC 8003

By email: infrastructure@pc.gov.au

Dear Sir / Madam

Public Infrastructure – Issues Paper

Thank you for the opportunity to provide input to the Productivity Commission's Public Infrastructure Issues Paper.

The Association of Mining and Exploration Companies (AMEC) is the largest representative peak industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises hundreds of exploration, mining and service industry companies.

AMEC's strategic objective is to secure an environment that provides clarity and certainty for mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

It is in this context that AMEC makes the following comments.

Strategic planning and funding framework

The provision of cost effective, efficient and an integrated public and private infrastructure framework is critically important for future national growth and productivity, and should be afforded priority attention by respective State and Federal Governments.

AMEC considers that structured planning for regional transport, roads, rail, ports, water, energy and communication is essential for the mining and mineral exploration sector, as is the provision of essential public infrastructure and services to encourage regional employment and growth.

The importance of such infrastructure cannot be underestimated in order that Australia can compete successfully in international markets in the short and medium terms. This is even more critically important in building the infrastructure needed to export revenue

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generating mineral resources to the rest of the world. Cost effective transportation infrastructure is fundamental to this objective.

AMEC notes the large number of stakeholders involved in regional infrastructure planning at the regional, state / territory and federal levels. Unfortunately, much of that planning appears to lack clear strategic leadership or a coherent and effective planning strategy to meet the increasing demands of the Australian mineral resources sector, with the result that many remote regional resource projects and their assets are 'stranded' as they are uneconomical due to the lack of, or access to appropriate infrastructure.

This is a critical issue that must be addressed, by government (through Infrastructure Australia) providing increased leadership and strategic planning to meet the infrastructure needs of the Australian mining industry.

As such, public policy settings, strategic planning and funding models should be creative and innovative in order to attract much needed investment and development. These funding models also need to recognise the different sizes of proponents (such as explorers to mid-tier and established producers).

Development of viable funding models is paramount. It is not satisfactory to leave it to another stakeholder.

Creative public private partnerships are essential, particularly in remote regional locations where investment attraction is a major challenge. Strong governance frameworks are also an imperative to ensure that the right projects are selected. There should therefore be increased and more effective liaison between decision makers and the resources industry (including AMEC).

Planning should also allow for incremental expansions of smaller projects and not just target major projects.

'Stranded asset' projects

AMEC notes that in the mineral resources sector there are a number of projects involving explorers and smaller emerging miners that do not have access to appropriate infrastructure (such as port, rail or energy), or adequate funding, and are therefore unable to finalise the development to its potential.

Accordingly, these 'stranded asset' projects are not being deployed to maximum economic efficiency, to such an extent that the regional communities, State and Commonwealth Governments are not enjoying full social, financial and economic benefits and subsequent revenue streams that would normally be available in the short and medium term.

We would be pleased to appear before the Commission in order to discuss the issues raised in this submission.

Yours sincerely

A handwritten signature in purple ink, appearing to read 'Simon Bennison', with a long horizontal flourish extending to the right.

Simon Bennison
Chief Executive Officer

AMEC considers that infrastructure provision must keep pace with development, and accelerate mineral project delivery however that does not appear to have occurred in recent years.

Private capital investment

It is therefore necessary for respective Governments to develop strategies and initiatives that attract and encourage private capital investment into infrastructure provision in order to maximise Australia's mineral resource and economic potential.

In doing so, consideration should be given to increased collaborative funding models involving 'public-private partnerships' and other alternatives (such as superannuation funds, equity participation, special purpose infrastructure bonds, Government guarantees / underwriting).

The reduction in skilled labour demand for resources construction projects and the shift towards production does provide an opportunity for governments to move to an increased level of infrastructure development. The time appears to be right as the engineering and construction capacity will be available to undertake such development.

Regulatory framework

AMEC notes that the Terms of Reference of this Inquiry do not appear to include issues surrounding the infrastructure regulatory framework, which affect the overall efficient and effective access to common user infrastructure (such as port and rail). Access by small emerging miners is extremely complex and the current regulatory framework does not appear to be meeting a 'third party use' objective. This is despite the existence and role of the Trade Practices Act (Part IIIA) to promote the economically efficient operation of infrastructure promoting effective competition in upstream and downstream markets.

A number of stakeholders exist in relation to infrastructure matters and clarity is required on the role and relevance of parties such as the Australian Competition and Consumer Commission, National Competition Council, Australian Competition Tribunal, and National Transport Commission, particularly in relation to achieving third party access outcomes.

AMEC considers that a full review should be conducted on the current inefficient and ineffective infrastructure regulatory and approvals framework in conjunction with the mining industry and State and Territory Governments. Such a review should closely assess the effectiveness or otherwise of 'third party access'. In addition, consideration should be given to 'anti hoarding' provisions so that a party cannot sit on rights to infrastructure development.