

**University of Western Sydney  
Geography Teachers Association NSW Annual Conference**

***'Developments and Challenges for the NSW Minerals Industry'***

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Good morning ladies and gentlemen, and thank you for the opportunity to talk to you today on behalf of the NSW minerals industry.

I am the CEO of NSW Minerals Council, an industry association representing around 100 of the State's mining producers, operators, explorers and service providers.

We support the development of a strong State economy and an effective regulatory framework in which the industry can operate.

And we advance the industry's social licence to operate by communicating the benefits of a responsible minerals industry.

I'm excited about meeting with you today because the success of the minerals sector relies on a strong understanding of the geography in which we operate.

Across the state, our world-class geologists engage in a treasure hunt, scouring the land in search for new minerals deposits that could literally turn into gold.

Our industry is faced with many challenges - of complex legislation and regulation, increased taxes, charges and levies, and of course the need to maintain the highest possible environmental standards.

We understand that if these challenges can't be overcome, potential mines will never happen, no matter what riches lie beneath.

Understanding our geography helps us make decisions about how we meet many of these challenges.

It also provides insights into the links between mining and the historical development of our State.

As the original mining State, NSW has a rich mining heritage.

Mining has played a central role in the advancement of NSW, and the geography of mining has contributed to the State's development.

Many cities and towns across the State owe their very existence to the fact that mineral deposits were located nearby.

Similarly, the construction of many key infrastructure projects like roads, ports, and railways are closely linked to the need to transport minerals deposits to customers and markets.

The first recorded European discovery of coal was at Newcastle by convicts on the run from Port Jackson. And in 1798 the first shipment of coal was exported from Newcastle destined for India.

After Newcastle was settled as a place of secondary punishment for renegade convicts, the Hunter Valley was gradually opened up to development.

Access to the Hunter Valley in the early years of the nineteenth century was almost entirely by sea, until in 1826 Hunter Valley settlers petitioned the government for a road linking the Hunter with Sydney, and so it was that from 1826 to 1836 the 250km (Old) Great North Road was built by teams of convict labourers.

In the Illawarra coal was discovered in 1797 by shipwreck survivors who used it to build an emergency campfire near what is now Austinmer. After their rescue, colonial explorer George Bass investigated the region's coal seams and mining commenced in 1848 at Mount Keira, with the first export shipment leaving Wollongong a year later.

In the Gunnedah region in north-west NSW Coal has been mined continually for the past 130 years.

Coal was discovered by farmers who were boring for water in the Gunnedah region in the 1870s, and was initially used to power the steam trains that transported local farm produce back down the valley to Newcastle. The discovery of rich deposits led to an expansion of mining and the region and is now undergoing a significant long-term resurgence.

The great Australian gold rushes that helped shape our nation began with the discovery of gold near Bathurst in 1823. These early findings were kept secret by the government at the time, due to fear of a mass outbreak in search of the gold. The colonial government believed a gold rush would be damaging to the pastoral industry and would incite the convict population into violence, but later altered its position following the goldrush in the United States in 1848.

Further payable quantities of gold were found in 1851, sparking a national gold rush that ushered in a new phase of development of the regions here in NSW and across the country.

At Broken Hill, some of our most well known corporate success stories came from humble beginnings. The famous deposits of silver, lead and zinc were discovered in 1883 and first mined in 1888, leading to ongoing development in the far west of the State.

These are just some of the examples of the many key regional communities that owe their very existence to the close proximity of mineral deposits. Most continue to do so.

Mining not only underpins the economic development of these regions, but also provides an important buffer for these communities when their other key industries face challenges, for example in times of drought and commodity price fluctuations.

The minerals that we use in our lives are often overlooked or taken for granted, yet our modern world is literally held together with materials that come out of mines.

Take any home in any developed city and a quick glance reveals just how many minerals we use in our everyday lives – iron, steel, and cement for construction - gold, silver, lead, nickel, zinc and copper for components in manufacturing, glass - everything from the television, mobile phone, laptop or tube of toothpaste cannot happen without mining.

So nearly everything is connected to mining in some way. The storage and transport of the food we eat and how we cook it, the electricity we use, our recreational activities, the tractors that plant our crops, the roads that connect us, the wires that carry power and information – all these things depend on minerals extraction.

Mining is also playing an important role in tackling global poverty.

There are currently 1.4 billion people in the world who do not have access to electricity.

A lack of power in developing countries not only slows down economic growth, it also causes significant health problems as people rely on burning fuel, often in very small and enclosed spaces, for cooking and light.

Nothing does more to alleviate poverty and increase living standards than the provision of affordable and reliable energy – and Australia's exported thermal coal provides cheap and reliable energy to some of the poorest parts of the world, including in India and China.

Just last month the United Nations held the Rio+20 Conference on Sustainable Development, where world leaders came together to focus on ways to reduce poverty and advance social equity in an ever more crowded planet.

Here in Sydney, to mark the conference, a small group of political activists gathered outside Foreign Minister Bob Carr's office, to protest for an end to coal mining.

I found the deep irony of the protest to be that the objectives of the Rio conference were to find ways of reducing poverty when mining for energy sources is a key to poverty alleviation, particularly thermal coal.

For me personally, as a proud representative of the mining industry, one of the biggest tasks I face is to communicate how critical the mining industry is for poverty alleviation and the enormous contribution mining makes to our high standard of living here in Australia.

With a per capita income of around \$70,000 per annum, Australia is by this measure the fifth richest country in the world.

Unemployment levels are historically low, and the envy of many countries around the world.

In Australia we can't look past the spill-over effects the mining boom is having on the economy.

While most of the world remains in a state of financial uncertainty, the minerals industry is creating jobs, growth and prosperity here at home.

In NSW, mining is the fastest growing industry for jobs. The number of people working directly in mining in NSW has more than doubled in the past four years, and there are around 91,000 people directly employed in NSW mining and minerals processing.

And for every job created in mining, up to three additional jobs are created in industries that support mining, like transport, construction, manufacturing, services, and hospitality.

Hospitality, for example, is a sector heavily benefiting from mining activity. Like the local cafe in the Hunter Valley that makes the miner their early morning coffee or the local restaurants, pubs and hotels where local miners spend their higher than average wages.

Let me give you a couple of real examples.

Earlier this week I visited Maxwell Recruitment, a growing local business currently employing eleven staff members in offices in Singleton and Hamilton in the Hunter.

In just two years Maxwell Recruitment has been able to establish itself as a conduit between the labour demands of the mining industry and qualified engineering tradespeople seeking employment.

I also visited Sub Zero Mining Services - a Muswellbrook based company that operates an extensive earthmoving fleet and heavy engineering services for a range of coalmines across the region.

Established in 1999, Sub Zero Mining Services is a home-grown local success story, and today the Group is recognised as an industry leader that directly employs around 560 skilled women and men across their operations.

These are great examples of the important link between a strong NSW mining industry and flourishing local businesses across regional NSW.

And as the demand for our resources from places like Japan, China and South Korea continue to grow there will be huge opportunities for the next generation of people looking to join our ranks.

The Federal Government estimates that the resources sector will need an extra 77,500 people by 2015 to support industry growth, and at least 11,000 of those will be needed here in New South Wales.

This growth will be good for the State and our economy, but the strength of NSW mining and the contribution it makes cannot be taken for granted.

Mining is a highly competitive global industry, and we compete for investment not only against other States here in Australia but also with many other countries around the world.

In such a fiercely competitive environment, mining must have a fair and competitive taxation system, so we can continue to contribute to our States long term prosperity.

The economic contribution of mining in NSW is significant, and growing.

In 2010-11 coal was NSW's number one export in terms of value, worth \$14.1 billion.<sup>1</sup>

To put this in perspective, the export value of all NSW merchandise in 2010-11, including agricultural and manufacturing production, was \$36.4 billion, with coal accounting for 30% of total value.<sup>2</sup>

As well as providing the State's most valuable export commodity, mining is also a valuable source of growing revenue for the State Government.

In addition to its corporate, payroll and other taxes, the industry pays the State Government mining royalties - forecast to total \$8.87 billion over the coming four years.

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<sup>1</sup> *NSW Trade and Investment – Mineral Resources*

<sup>2</sup> *DFAT, Australia Trade by State and Territory 2010-11; based on DFAT STARS database and ABS Cat Nos 6291.0.55.003, 5220.0, 3101.0 and 5368.0*

NSW Treasury expects that this year alone the industry will provide more than \$1.4 billion in mining royalties. This is direct revenue that allows the government to provide infrastructure and services to the people of NSW.

This is enough to fund 13,000 nurses, or 11,000 teachers or 2,500 buses every single year.

This year's State budget included another \$75 million in new charges and levies, another cost for an industry already facing the July 1 introduction of both the Mining Tax and Carbon Tax.

Our industry expects to pay its fair share of taxes, but Australian jobs and future employment opportunities are at risk if we continue to weigh the industry down with too much tax and regulation.

Australian mining now pays 500% more taxes and royalties than it did 10 years ago.

It seems that some in government see the mining industry as the magic pudding of tax revenues.

The reality is that like any industry, there is a point at which costs become too high and begin stifling investment and growth.

Business investment remains the key driver of the Australian economy and we have to be seen as a good place to invest.

Mining projects in Australia have become among the most expensive in the world to develop.

And high operating costs can make Australia's minerals less competitive to extract than minerals from places like Brazil or West Africa, despite the much shorter distance from Australia's mines to countries like Japan or China.

But despite these additional costs, we do continue to have important competitive advantages, and again, geography plays an important role.

As an industry we need to fully understand Australia's position in the world in relation to its major trading partners, particularly in Asia.

The Asian region is fast becoming the world's economic centre of gravity. The scale and pace of Asia's transformation is unprecedented and the implications for Australia are profound.

Australia's geographic proximity places it in a unique position to take advantage of the growing influence of the Asian region, and our ongoing engagement with this region is absolutely essential to our State's interests.

Japan and China are two of the world's three largest economies. And together with South Korea, Taiwan and India, they represent NSW's major coal export markets.

Here in NSW we are well placed to service our long-term established customers in Japan and South Korea, as well as supplying to the growth economies of China and India.

Whilst the industry's economic contribution is significant, our industry must also have a strong record in environmental protection.

Sustainable mining practices have become an integral part of the ongoing development of the industry, particularly here in NSW, and the need for balance is paramount.

The minerals industry supports a balanced approach to the development of the State's resources. We've always said that if a project doesn't stack up against the science it shouldn't go ahead - and that remains our position.

There's often a lot of public debate about mining, and sometimes the benefits get lost in a storm of negativity and perceived conflict. And if you believe some of the media coverage, you could be mistaken for thinking that mining is engulfing the State.

The facts are that mining uses less than 0.1% of the land in NSW, compared to 76 per cent for agriculture and 7.6 per cent for conservation.

Between 2005 and 2012 there has been an increase from 58 coal mines to 61 in NSW - a net increase of three new mines in the last seven years.



While mines do have a long operation life, mining is ultimately a temporary land use and the post-mining land use is determined by government, with input from the community, before an approval to mine is granted.

Mining companies pay for the cost of rehabilitation. The industry also provides the government with environmental bonds to ensure that NSW taxpayers never have to bear the cost of rehabilitation for mining operations if a company were to become insolvent.

The size of the bond is based on an assessment by government of what it would cost to rehabilitate the land. These bonds have grown significantly in recent years and stand at a record value of over \$1.3 billion.

The industry also owns land throughout the State for a range of purposes including providing offset land to be used for agriculture and conservation.

We partner with community groups such as Landcare to deliver important conservation initiatives like establishing biodiversity offsets to conserve native vegetation and provide habitat for animals and birds.

Through the industry's conservation efforts, we can also offset the impacts of mining but also contribute to improving the State's biodiversity, including protection of endangered species, restoration of local vegetation and tackling environmental degradation.

As an industry we are focused on driving innovation and fresh thinking, and particularly in the area of environmental management and community impacts.

Up until a couple of years ago, our mines didn't have many decent techniques to limit the dust blown from mines sites into nearby towns.

To give you a bit of context – when an open cut mining project begins, the top layer of soil and the rock below it, called overburden, is excavated to allow access to the coal.

This overburden is stored on site so that it can be put back after mining, but it can generate windblown dust while it is stockpiled.

To address this issue, BHP's Mt Arthur mine near Muswellbrook tried dropping local seed and fertiliser from a plane, much like farmers do when they are dusting their crops. The seeds took, binding the soil together with the vegetation and the experts say it reduces wind-blown dust by up to 80 percent.

The success of the technique was shared with the neighbouring mines and now there are a number of mines employing this same technique.

This is just one example of an innovative technique that mines are using to minimise dust and continue to improve their land management practices.

As well as minimising our impacts during mining, the industry also wants the land we use to have a long and thriving life after mining. And we believe there is no reason why it shouldn't.

Much of the State's mining land is successfully rehabilitated, and there are many examples of past mines that are now productive grazing land, forests and even parks.

NSW miners value our natural environment, and we work hard to limit mining's impact on our surroundings. But that effort doesn't stop at our mine sites – in fact, it extends all the way to classrooms across regional NSW.

For many years, NSW miners have been helping school students across the state develop and implement sustainable environmental management plans at their schools through various programs.

The NSW mining industry's EnviroSmart Program, was established in 2006 by the Minerals Council of Australia, to promote environmental excellence by schools in regional areas.

Through the program, mining companies nominate schools in the surrounding area to apply for grants of up to \$1,000 towards an environmental project at the school.

The EnviroSmarts Grants highlight and foster environmental excellence as well as educating students about the importance of responsible environmental management and practice.

In 2012, the NSW mining industry offered over 160 schools the opportunity to apply for an EnviroSmart grant. This is a 150% increase from 2011, and the program continues to grow.

The industry is also working closely with schools to develop greater understanding of how we operate, as well as providing support and potential career paths for an increasing number of students.

For example, the NSW minerals industry, through sponsorship and the development of educational resource materials, supports the *Oresome Resources* program, which is aligned to the Australian curriculum and assists teachers in the teaching and learning of minerals and energy topics.

As well as the interactive website, a range of 'Teacher Professional Development' workshops are offered by a variety of organisations throughout the year. Opportunities for teachers include: Face-to-Face Workshops, webinars, awards and the Oresome Explorers Competition

The educational resources can be accessed on-line by all interested web users and at no cost. They have been developed by teachers for teachers to provide syllabus support to the key learning areas of Science, Maths, Technology and the Social Sciences.

The industry also offers mining Scholarships, designed to attract and retain senior secondary students' interested in the minerals industry as a professional career of choice.

The program is sponsored and financed by NSW Minerals Council member companies that choose to be involved in the scheme.

As well as a financial incentive, students participate in a program of activities with industry and tertiary education providers. Mining companies open the mine gates to students and teachers for a tour of a mine, and also provide one-on-one mentoring for the students

The scheme provides for committed students to be supported for a total of three years from Year 11 onwards, and the program offers \$3,500 per student over the three years.

In 2012, 62 scholarships were provided, almost triple the number awarded in 2011, and there are currently more than 90 students participating in the program.

In 2005 the industry also launched a 'Careers in Mining Dinners' Program to offer advice and assistance to students looking to go to university and study a mining related course such as geology or engineering.

The informal and interactive evenings are held throughout the year across the State and attract students, careers advisors, teachers and parents. The evenings consist of presentations by current university students, mining industry graduates, university academics, and company representatives.

There were 11 dinners held in the last financial year, attracting high numbers, and we are increasing this to 17 dinners in 2012-2013.

Ladies and gentlemen, from humble beginnings, the NSW minerals industry is now a \$20 billion industry, continuing a long and proud tradition that dates back well over 200 years.

Our miners are proud of the contribution they make to their local communities, the same communities in which they live, work and raise their families.

When I get out to regional NSW, speak to the locals and tell our story, people are always surprised at the positive things the NSW minerals industry is doing.

As an industry we welcome different perspectives, opinions and ideas. Understanding and appreciating the various viewpoints about what we do will help us all find a way through the challenges that we face.

No industry is without its challenges – and today more than ever, NSW miners have a real sense of the importance of environmental sustainability and social development.

Mining is an industry with an enviable track record of innovation and problem-solving.

We are always striving to achieve new breakthroughs to deliver a sustainable future.

And we're confident that through our spirit of innovation and an open dialogue with the community we'll be able to tackle and overcome the challenges of the future.

**Thank you.**

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