

# 3 PROJECT JUSTIFICATION

## Issue:

The statement that the expansion project would make a long-term contribution to a more diverse and resilient regional economy (as was provided in the discussion regarding the consequences of not proceeding with the proposed expansion in Chapter 3 of the Draft EIS), was questioned.

## Submission: 35

## Response:

History provides considerable evidence of mining's long-term contribution to a more diverse and resilient regional and national economy.

The first economic minerals in Australia, silver and lead, were discovered in 1841 at Glen Osmond, now a suburb of Adelaide. Several mines opened as a result of these discoveries, including Wheal Gawler and Wheal Watkins (South Australian History 2006). This was followed by copper discoveries in the 19th century in the Mid North and on Upper Yorke Peninsula that were vital to the early development of the colony of South Australia. Meanwhile, the discovery of gold near Ophir, New South Wales, and then in Victoria in 1851, started an Australian mining boom that lasted for about 15 years, with the revenues generated comprising about 35% of Australia's Gross Domestic Product (GDP) (data sourced from Butlin 1985). The value of exports from New South Wales and Victoria rose by 600% in three years, and gold exports exceeded wool exports for the following 18 years (Maddock and McLean 1984; Cook and Porter 1984). The influx of wealth that gold brought to the region soon made Victoria Australia's richest colony by far, and Melbourne Australia's largest city. Australia's population changed dramatically as a result of the gold rush, rising from 437,655 in 1851 to 1,151,947 a decade later (Vamplew 1987).

Mining and mining-related revenues continued to grow in Australia, with four more notable booms: the minerals boom in the late 19th century; the increased coal, iron ore and bauxite discoveries of the late 1960s; steaming coal, oil and gas in the late 1970s; and the expansion of these industries and others from 2005 to 2007 (Battellino 2010). All these were found to strengthen the economy, increase investment in mining, increase income from mining activities, increase infrastructure to service the mines and increase population growth (Battellino 2010).

In 2009, mining contributed 5.6% of Australia's GDP and mineral exports contributed around 35% or \$131 billion of the nation's exports (ABARE 2010), while more than 130,000 people were employed directly by the Australian mining industry (Minerals Council of Australia 2010).

Referring specifically to the proposed expansion of Olympic Dam, the ore deposit is the fourth largest copper and gold deposit in the world. It is easily the world's largest uranium deposit. The Draft EIS presented the short-, medium- and long-term impacts, some of which included model simulations to predict impacts hundreds of years after the mine's closure. While the Draft EIS is the first step in an application for project approval for a 40-year period, the size of the ore deposit suggests that open pit mining could occur at Olympic Dam for more than 100 years. The economic benefits of the proposed expansion were provided for the first 30 years only, showing contributions of:

- \$18.7 billion to Australia's GDP
- \$45.7 billion to the gross state product for South Australia
- \$22.6 billion to gross regional product for the northern statistical division of South Australia
- \$936 million to gross state product for the Northern Territory.
- Furthermore, private consumption of goods and materials in Australia would be \$21.8 billion higher over the next 30 years in net present value (NPV) terms as a result of the expansion, than if the expansion did not proceed.

The history of how mining has shaped Australia's economy and the current projections for the proposed expansion of Olympic Dam give BHP Billiton confidence that the expansion would indeed contribute significantly to Australia's long-term economy.

**Issue:**

The Draft EIS claims South Australians would benefit as a result of infrastructure creation. The value of such infrastructure, apart from benefiting BHP Billiton, was questioned.

**Submission: 224****Response:**

There is already evidence at Olympic Dam of how infrastructure created for the existing operation has had wider benefits. The Olympic Dam water infrastructure provides a supply to the township of Andamooka and the electricity infrastructure provides a supply that has supported the development and operation of the OZ Minerals' Prominent Hill copper-gold mine. Earlier, a sealed road link to Andamooka was established as a result of the initial development of Olympic Dam and Roxby Downs.

The Draft EIS acknowledged that BHP Billiton would fund the construction of significant infrastructure both inside and outside the Special Mining Lease (SML) area, to facilitate the expansion of Olympic Dam. Some of this infrastructure would immediately benefit a wider community beyond BHP Billiton itself. For example, the proposed new airport between Roxby Downs and Andamooka would result in shorter and more regular flights due to increased passenger demand and the use of larger jet aircraft on the longer runway.

Some infrastructure, such as the proposed rail line between Olympic Dam and Pimba, the Pimba intermodal facility, the landing facility south of Port Augusta, and the sulphur handling facility at Outer Harbor, would be constructed for the exclusive use of BHP Billiton. However, as noted in the Rehabilitation and Closure chapter of the Draft EIS (Chapter 23), the future use of this valuable infrastructure after the mine closed would be discussed and agreed with the relevant authorities and, if deemed appropriate, it would be left in place to provide a long-term benefit to other industries or communities.

Section 3.5 of the Draft EIS also noted that the expansion and associated population growth at Roxby Downs would provide the impetus for South Australian Government expenditure on social infrastructure such as schools, medical services and community health services. Each of these would provide the local community with benefits it may not have otherwise received, or at least not in the timeframes projected. The details of such infrastructure initiatives were outlined in the Roxby Downs Draft Master Plan provided as Appendix F4 to the Draft EIS.