

PREM13D03447



Hon Jay Weatherill MP
Premier of South Australia

Dr Kathleen Dermody
Committee Secretary
Senate Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Dr Dermody

The Government of South Australia is supportive of Defence legislation to provide a clearer regime for new users seeking access to the Woomera Prohibited Area.

Providing clarity and certainty of access for non-Defence users has been a long-term ambition of the State Government and close working relations have been established with Defence over the past four and a half years to ensure that the proposed regime facilitates ongoing mineral and energy resources activity while complementing the State Government's mineral and energy resources investment goals and regulatory framework.

We cannot emphasise enough the importance to South Australia that this innovative coexistence framework brings to the future infrastructure and economic development of our State's world-class resources province. The passage of this legislative amendment will formally support the practical implementation of this framework.

In this time of extremely challenging global financial circumstances for the mining sector, industry confidence in a stable and predictable State and Commonwealth regulatory framework is paramount.

The Defence Legislation Amendment (Woomera Prohibited Area) Bill 2013 will ensure that mineral and petroleum explorers are afforded a secure and transparent regulatory process to access one of the most prospective regions in Australia with an international profile as it hosts world-class Olympic Dam style copper and uranium mineral deposits.

There is also no question that the Woomera Prohibited Area is strategically important for a number of existing resident user groups. Beyond Defence, the area is also inhabited and used extensively by pastoral operators, rail and road companies, conservation and aboriginal groups. Although outside the framework of this legislation, Defence has demonstrated its intent to work with these existing users to clarify current arrangements and permissions, which have to date been largely informal.

The State Government recognises that the Woomera Prohibited Area is a unique Defence facility which should be preserved for important test and evaluation activity. Restricting non-Defence access at certain times and in certain areas is appropriate in the face of national security and personal safety imperatives. The proposed legislation and associated Rules provide reasonable measures for Defence to continue its valuable work while managing increased non-Defence activities.

We acknowledge the genuine commitment that Defence has shown to implementing the recommendations of the *Hawke Review* and welcome the Australian Government's ongoing commitment to allow access to new users, particularly the mineral and energy resources sector. Please find enclosed for the Committee's consideration a formal submission which outlines the State's views on *Defence Legislation Amendment (Woomera Prohibited Area) Bill 2012*, draft *Woomera Prohibited Area Rules* and other coexistence matters.

Should you require further details please do not hesitate to contact Dr Paul Heithersay, Acting Chief Executive of the Department for Manufacturing Innovation Trade Resources and Energy,

Yours sincerely

Jay Weatherill
PREMIER

Tom Koutsantonis
**MINISTER FOR MINERAL RESOURCES
AND ENERGY**

15/1/2013

23/1/2013

Encl.

GOVERNMENT OF SOUTH AUSTRALIA

SUBMISSION TO THE

**SENATE STANDING COMMITTEE ON FOREIGN
AFFAIRS, DEFENCE AND TRADE
INQUIRY INTO DEFENCE LEGISLATION AMENDMENT
(WOOMERA PROHIBITED AREA) BILL 2013**

July 2013



**Government
of South Australia**

1. The Woomera Prohibited Area is important to South Australia's defence and mineral and energy resources strategies

- 1.1 The defence and mineral and energy resources sectors are key planks in the State's economic development strategy.
- 1.2 South Australia aims to double the defence sector's contribution to the state's economy to \$2 billion, and to increase the defence workforce from 16,000 to 37,000 by 2020. The upgrade and ongoing development of the Woomera Prohibited Area (WPA) will support achievement of these ambitious targets.
- 1.3 In addition to being a significant component of South Australia's defence heritage, the WPA continues to operate as a major test, evaluation and training range for the Department of Defence (Defence), allied nations and commercial users. In 2007–08 (latest figures), the WPA is estimated to have directly and indirectly supported some 242 jobs and contributed close to \$17.8 million to the State's economy. The WPA is also well patronised, with some 15,400 business visitor nights recorded by local accommodation venues over the same period.
- 1.4 The ongoing development of the WPA, together with the expansion and development of the Cultana Training Area are critical elements underpinning South Australia's intent to provide Defence with a modern and comprehensive test and training environment representative of possible operational theatres.
- 1.5 With planned equipment upgrades worth up to \$500 million, there is no doubt the WPA will experience an increase in demand by Defence users over the medium term. It is a national strategic asset whose importance cannot be overstated.
- 1.6 The WPA incorporates a major part of the State's potential for significant mineral and energy resources, including 31 percent of the Gawler Craton, one of the world's major mineral domains, and the Arckaringa, Officer and Eromanga Basins for conventional and unconventional hydrocarbons and coal. Geoscience Australia has estimated that 62 percent of Australia's known copper resources, as well as 78 percent of the country's known uranium resources are located within the WPA and immediate surrounds. These basins also host increasingly important supplies of groundwater for industry, pastoral and indigenous communities.
- 1.7 The mining and energy resource production sector plays a critical role in the economic development of South Australia and is one of the State Government's seven strategic priorities. Over the last decade, the resource sector has succeeded in increasing production values in mineral and petroleum from \$1.7 billion in 2001–02 to \$6.3 billion in 2011–12.
- 1.8 Over \$4.6 billion or around 37 percent of total merchandise from South Australia are generated from this sector, which has grown strongly in recent years. The recognition of the importance of the growth in mining to the State is also reflected in a number of *South Australia's Strategic Plan* targets, particularly:
 - T41 – Minerals exploration expenditure in South Australia to be maintained in excess of \$200 million per annum until 2015
 - T42 – Increase the value of mineral production and processing to \$10 billion by 2020
- 1.9 The Gawler Craton hosts the immense Olympic Dam copper-gold-uranium-silver deposit, immediately adjacent to the eastern boundary of the WPA. This boundary of

the WPA was amended in the early 1980s to accommodate the establishment of the Olympic Dam mine and Roxby Downs Township.

- 1.10 Ninety-four percent of the WPA is covered by mineral, petroleum and geothermal exploration and production tenements. At 30 June 2013, there were 204 mineral Exploration Licences held by 61 different companies investing a minimum of \$16 million per annum on the search for primarily copper, gold, coal, uranium and iron ore. 25 of these tenement holders have an active Defence Deed of Access, permitting them on-ground access for exploration purposes.
- 1.11 In the past 40 years, mineral explorers have spent more than \$350 million within the WPA, leading to key discoveries including Olympic Dam in 1975, which is estimated to have a current in-ground value of \$880 billion.
- 1.12 There are four operating mines in the WPA – Challenger Gold Mine (Dominion) and Prominent Hill Copper-Gold Mine (OZ Minerals), Cairn Hill Iron Ore Mine (IMX Resources) and Peculiar Knob Iron Ore Mine (Arrium) – all have long-term Deeds of Access with Defence providing guaranteed access for the life of each mine.
- 1.13 In excess of \$1 billion of capital expenditure has been invested in these four projects which now employ more than 1500 people onsite and deliver over \$20 million in royalties to the State annually. These companies are also providing employment, training and economic development opportunities to local communities such as Coober Pedy through the construction of infrastructure and utilities, support and mentoring of indigenous and community leaders; sourcing of local goods and services and active support to community participation programs of clubs and events.
- 1.14 Growing resource industry confidence in the Woomera coexistence regulatory framework is also demonstrated by the 2012 investment of \$135 million worth of total project capital in OZ Minerals' Ankata Project to expand the Prominent Hill copper and gold mining operations underground. Similarly, Arrium has invested \$86 million into the construction of its Peculiar Knob Iron Ore Mine, which it purchased from WPG Resources in October 2011.
- 1.15 Defence discussions are also underway with Arrium to advance the Hawks Nest Iron Ore project, located in the Amber Zone 2 (centreline corridor). While there is an excellent working relationship between Defence and Arrium, ensuring that the new legislation is put in place this year would provide greater confidence in the pathway forward for this important project.
- 1.16 Over the next decade, South Australian geologists have conservatively estimated the potential for more than \$35 billion worth of developments in copper, iron ore, gold and uranium in the WPA, consistent with a resource potential analysis recently undertaken by Geoscience Australia.
- 1.17 Despite the global economic challenges due to declining commodity prices and higher operating costs, a number of resource projects are anticipated to advance to production throughout the WPA in the near future, including:
 - Kingsgate Consolidated has announced that it will implement a new mine plan at the Challenger Gold Mine and focus on the higher grade Challenger West ore body. This is expected to result in an annual production rate of 70,000 to 80,000 ounces from a site that is still the most remote gold operation in Australia.

- IMX Resources and OZ Minerals will partner in a \$2.6 million field program to explore for Olympic Dam-style iron oxide copper gold deposits, involving 4,300m of diamond core drilling and delineation of targets using detailed ground based gravity and other geophysical surveys in the Mount Woods area.
- IMX has also recently announced encouraging results from a Scoping Study on its Mount Woods Magnetite Project, located approximately 15km south-west of IMX's operating Cairn Hill mine. Based on this positive review, IMX is looking to conduct further studies including drilling to better define the mineralisation and economics of the project.

1.18 There are 11 Petroleum Exploration Licences (PEL) held by seven different companies, with a further 15 applications pending. One company is currently active on the ground in the WPA. There are three Geothermal Exploration Licences (GEL) held by two companies, although neither has sought on-ground access from Defence this year. In the period 2004 to 2012, Petroleum and Geothermal exploration expenditure was \$4.2 million and forecast expenditure from 2012 to 2017 is expected to be a further \$124.7 million in work program commitments.

1.19 Several petroleum projects are emerging within the WPA, including Linc Energy's shale oil project in the deeper troughs of the Arckaringa Basin. Over the next five years, the company intend to acquire over 1000 kilometres of 2D seismic data and drill four to six wells to further define the shale oil resource potential. In addition, testing by White Energy has indicated that the Lake Phillipson coal is suitable for coal gasification. Mined coal gasification is one of the options being considered for commercialisation of the Lake Phillipson coal deposit within the WPA. Any of these projects has the potential to underpin future competition within Australian gas markets, exports of Liquefied Natural Gas, and the security of Australia's transport fuel supplies.

1.20 Over the last five years, demonstrably as a result of the State Government's PACE initiative, South Australia has achieved recognition as the top-ranking Australian jurisdiction for mineral and geothermal energy potential and has consistently ranked in the global top ten most attractive minerals investment destinations and as the most attractive Australian jurisdiction for petroleum exploration.

1.21 South Australia's high profile also reflects the global perception that the State Government is pro-mining and pro-development and committed to ensuring access to land for exploration along with efficient and timely approvals for minerals, petroleum and geothermal projects.

2. The State Government is working alongside Defence to implement mining-Defence coexistence in the WPA

2.1 Defence has longstanding, effective and harmonious working relationships with the mineral and energy resources sector. Relations however were tested in the mid-2000s following significant growth in mineral and energy resources activity within the WPA, including construction of the Prominent Hill mine. This increased activity also coincided with expanded Defence use of the area.

2.2 In February 2009, to facilitate better communication and collaboration, the State Government established a Woomera Working Group comprised of representatives from Defence SA, then-Primary Industries and Resources South Australia, Air Force Headquarters, Aerospace Operational Support Group, Defence Support Group, and the Department of Resources, Energy and Tourism.

- 2.3 The State Government has continued to work closely with Defence during and since the 2010 *Hawke Review of the Woomera Prohibited Area* to ensure ongoing certainty of access for the mineral and energy resources sector, to minimise red tape through joint development of business processes, and to support Defence develop and implement the legal and legislative measures required to fully implement the Hawke-proposed coexistence framework.
- 2.4 Signifying the importance of this policy framework, the State Government maintains dedicated representatives in both Woomera Prohibited Area Coordination Office and on Woomera Prohibited Area Advisory Board, to ensure ongoing and consistent representation of State interests.
- 2.5 The State Government has been extensively consulted on the draft legislation and Rules with feedback incorporated in the bill before the Australian Parliament and recently released draft Rules.
- 2.6 The State Government has actively supported Defence's external consultations on the draft legislation and rules, which reflect the Hawke Review and subsequent 2012 Deeds of Access consultations with the mineral and energy resources sector. To date, the State Government is not aware that any major issues with either document have been raised by the mineral and energy resources sector.
- 2.7 The State Government has also recently commenced a major \$2 million regional geophysical survey within and adjacent to the WPA including the Red Zone, taking vital measurements from more than 34,000 gravity ground stations. This new data set will provide better data to investors on the geological potential of the region, particularly underexplored areas of the WPA, and inform ongoing successful implementation of the coexistence policy.

3. The State Government is working with Defence to support deeper engagement with existing users

- 3.1 The State Government recognises and supports the intent of the *Defence Legislation Amendment (Woomera Prohibited Area) Bill 2013* to regulate new user access to the WPA.
- 3.2 There are also however significant existing and long term non-Defence interests within the WPA governed largely by informal permissions and access protocols, these groups include but not limited to:
- two aboriginal groups (Maralinga Tjarutja and Anangu Pitjantjatjara Yankunytjatjara) with freehold land ownership over a significant portion of the WPA
 - three native title holders (Antakirinja Matu-Yankunytjatjara, Arabana and Gawler Ranges) and one registered native title claimant group (Kokatha Uwankara)
 - 25 pastoral leases – nine are family-owned, eleven held by corporations, three held by aboriginal groups, one is managed by a conservation group, and one held by a mining interest
 - commercial and private tourists, particularly interested in 4WD activity and access to the Tallaringa Conservation Park¹, and

¹ Tourists will be subject to permit requirements under the bill. The State Government supports this arrangement given the transient and temporary nature of this activity

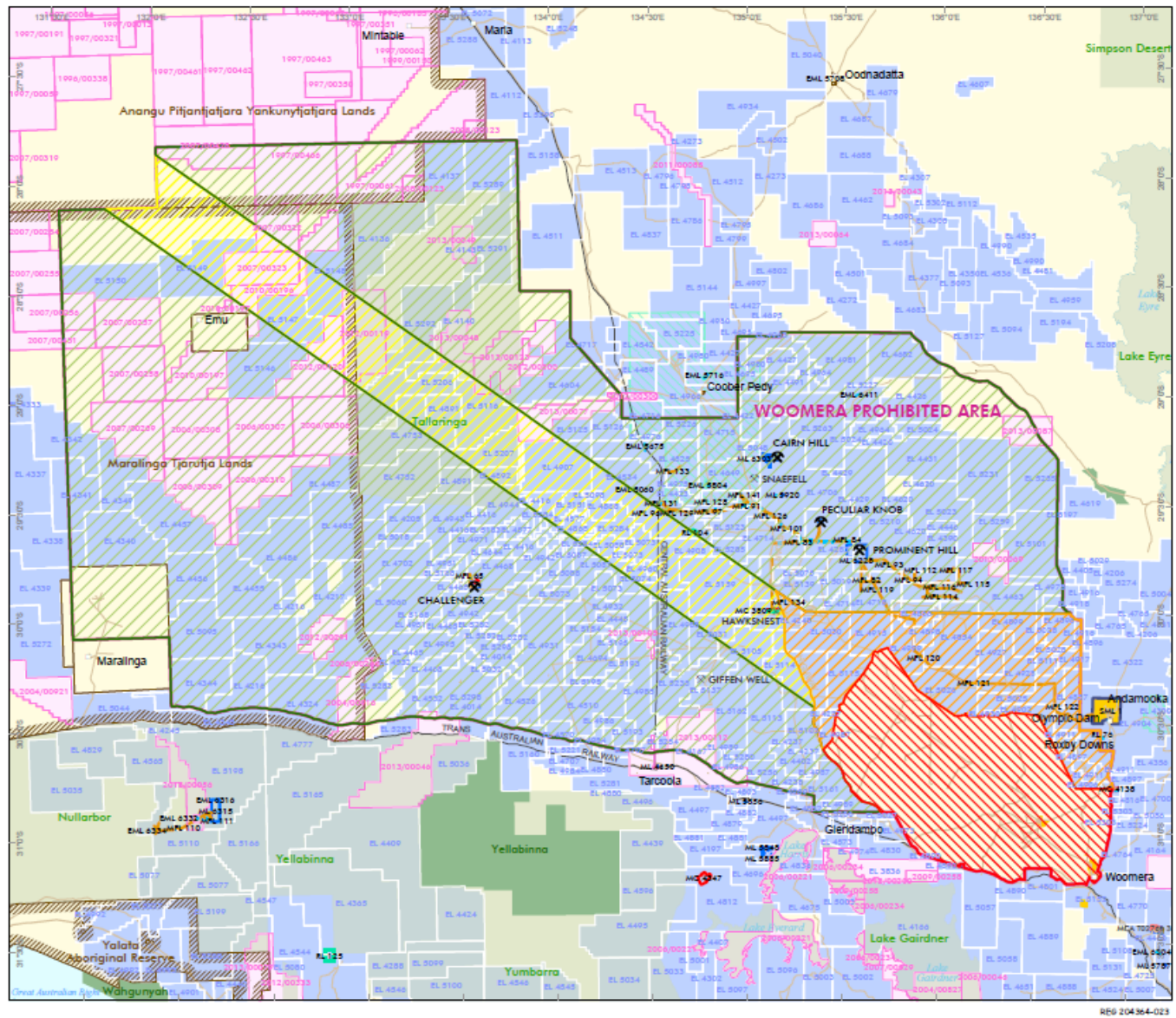
- numerous transport corridors, including the Stuart Highway and Adelaide to Darwin rail line, which will have Standing Permissions established to guarantee ongoing free right of access.
- 3.3 Since the release of the draft bill and rules, a number of these groups have sought clarification from Defence on existing permissions and access arrangements, as well as possible impact of the new legislative framework on their activities. The bill requires existing users to establish an authority (granted before the commencement of the proposed amendments) for the purposes of Part VII of the *Defence Force Regulations 1952*.
- 3.4 Many existing users cannot easily establish the origins of their access authority and it is important that the long established practices of these existing users are not adversely affected by the proposed legislative changes. The State notes for example, concerns raised by the operators of the Adelaide to Darwin rail line regarding potential impact on their maintenance procedures and practices.
- 3.5 While it may not be possible to clarify the authority of all existing users before the passage of legislation (in which case, it is important for the legislation to provide scope for these uses to continue), the State Government is assured by Defence's demonstrated commitment to work more closely with existing users to clarify permissions and access arrangements.
- 3.6 Notably, Defence has been working with the Maralinga Tjarutja Executive and Anangu Pitjantjatjara Yankunytjatjara Executive, as well as the native title holders and registered claimant group to better understand and respect aboriginal cultural and site protection activities within the WPA. Joint land management arrangements and agreements that take these activities into account are being negotiated. Amendments have also been made to the bill and draft Rules to reflect existing traditional ownership, native title rights and the land management role of the Anangu Pitjantjatjara Yankunytjatjara and Maralinga Tjarutja corporations.
- 3.7 Although beyond the intent of the bill and Rules, the State Government is also aware that the Maralinga Tjarutja traditional owners (supported by Anangu Pitjantjatjara Yankunytjatjara) have requested excision of the remainder of Section 400 (historic Maralinga nuclear test site) from the Woomera Prohibited Area. The State Government is supportive of ongoing bilateral discussions between Defence and relevant parties on this issue. The State Government notes that the area is safe for some purposes but remains highly contaminated. The significance of this land to the Maralinga Tjarutja people, major rehabilitation effort and prior land hand back are acknowledged.
- 3.8 The State Government is not aware of any major issues arising from existing users with the bill and draft Rules. All are familiar with Defence shut down protocols and procedures and have been operating in that environment for some time. The State Government is supporting Defence to deepen its engagement with these communities to provide clarity on existing permissions and access arrangements.

4. Summary

- 4.1 Defence and mining are both critically important contributors to the South Australian economy, with significant State Government resources dedicated to further developing both sectors.
- 4.2 Access to the significant potential of the mineral-rich Gawler Craton and Arckaringa Basin within the WPA are supported by the legislation and draft Rules, which the State Government views as the appropriate next step to formalise new non-Defence user access to the WPA and to protect Defence's strategic interest in the site.
- 4.3 Ongoing bilateral discussions between Defence and existing users are required to clarify existing permissions and operational arrangements. These discussions and negotiations can occur alongside the current legislative process.

MAP ATTACHMENTS

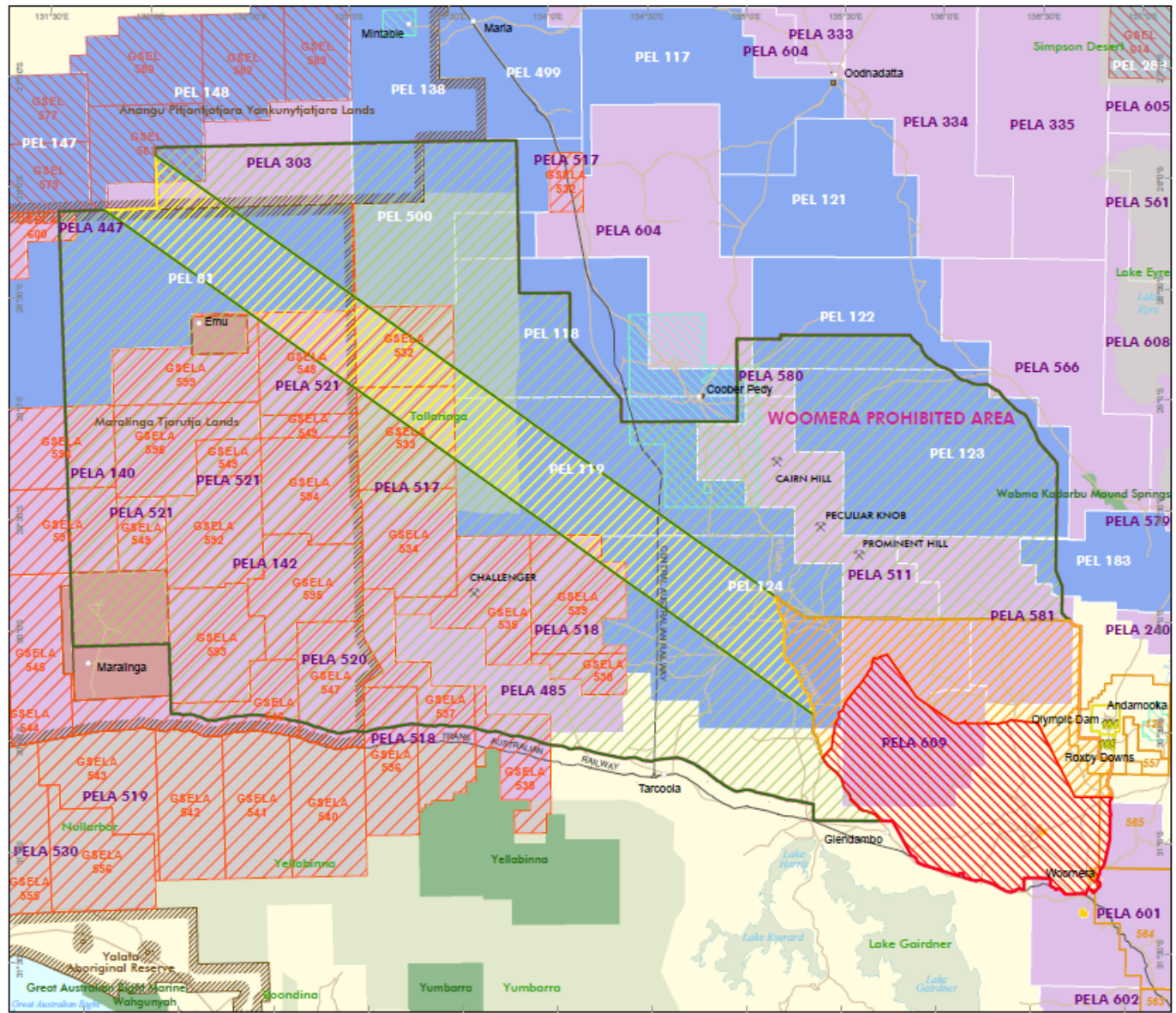
- 1 – Mineral Tenements, Projects and Prospects
- 2 – Petroleum Tenements and Wells
- 3 – Pastoral Leases
- 4 – Aboriginal native title claim areas and freehold land



- Mine
- Mineral development project
- Woomera Prohibited Area
- Aboriginal Lands
- Parks with mineral exploration access
- Parks with no mineral exploration access
- Commonwealth land
- Precious stones field
- Mineral tenements**
- Mineral exploration licence (EL)
- Mineral exploration licence application (ELA)
- Mineral production tenements**
- Extractive Minerals Lease
- Mineral Claim
- Mineral Lease
- Miscellaneous Purposes Licence
- Retention Lease
- Olympic Dam
- Zoning of the WPA**
- Defence Continuous Use Zone: 12 months exclusive access
- Defence Periodic Use Zone 1: 140 days exclusive access
- Defence Periodic Use Zone 2: 70 days exclusive access
- Defence Infrequent Zone: Up to 56 days exclusive access
- Government of South Australia
Department for Manufacturing, Innovation, Trade, Resources and Energy
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Current 10 July 2013
South Australia
WOOMERA PROHIBITED AREA
with
MINERAL TENEMENTS

REG 204364-023



- ⊗ Mine
 - Woomera Prohibited Area
 - Aboriginal Lands
 - Parks with petroleum exploration access
 - Parks with no petroleum exploration access
 - Aboriginal Lands - no petroleum exploration access
 - Commonwealth land
 - Precious stones field
- Petroleum and Geothermal tenements**
- Petroleum exploration licence (PEL)
 - Petroleum exploration licence application (PELA)
 - Gas storage exploration licence (GSEL)
 - Gas storage exploration licence application (GSELA)
 - Geothermal exploration licence (GEL)
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 Department for Manufacturing,
 Innovation, Trade, Resources and Energy

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Current 11 July 2013
South Australia
WOOMERA PROHIBITED AREA
and
PETROLEUM and GEOTHERMAL
ENERGY ACT 2000 TENEMENTS

REG 204365-049

