



Alliance puts \$5.5bn cost on midwest WA mining infrastructure

EDS: ADDS COMMENTS FROM YILGARN INFRASTRUCTURE

By Ben Sharples

PERTH, May 2 AAP - A report commissioned by the Geraldton Iron Ore Alliance estimates it will cost about \$5.5 billion to set up the infrastructure needed to expand the mining industry in Western Australia's midwest.

The study was carried out by Economics Consulting Services and assessed the economic effect, for the region and state, of seven midwest developments in the process of expanding or investigating iron ore mining activities.

The alliance represents seven companies with iron ore deposits in the midwest region of WA.

Alliance chairman Clive Brown said the report identified the requirement for essential infrastructure to enable the projects to go ahead in a timeframe that would meet market opportunities.

"Opportunity that is there, but it's not an opportunity that will last forever," Mr Brown said.

"Now is that time to seize that opportunity."

The \$5.5 billion price tag includes the development of port and rail infrastructure, power supplies and a slurry pipeline.

Mr Brown said most of the required capital would be funded by the private sector but the state government had a part to play.

"We are not saying the government has to come along and stump up \$4.5 billion of the \$5.5 billion that is necessary," he said.

"Obviously the state will have some responsibilities, particularly in the south because the Geraldton Port is a multi-user port and it's operated by the state."

Mr Brown noted there were still issues with the state government surrounding the proposed development of a second port - Oakajee - north of Geraldton to service expected increase in output.

"There are certain demands around portions of the assets, but we haven't yet reached them all," he said.

"We haven't yet arrived at a model that we see is commercially viable."

Mr Brown questioned the virtues of a competing infrastructure proposal for the midwest region being touted by Yilgarn Infrastructure - a private company.

"...if you are competing in an international market and you have to have an efficient logistics arrangement which enables your rail system to be efficient as it possibly can," he said.

"If you're going to be required to use a rail system that adds 100 kilometres or 200 kilometres to the distance, which requires additional operating costs, additional fuel, additional Co2 emissions, additional train sets, which are not cheap ... how do you be competitive if you're required to do that?"

However, Yilgarn Infrastructure chairman John Saunders refuted claims its proposed rail route was "100 or 200 kilometres" longer and would cost more to build and operate.

"Yilgarn's open access multi-user rail infrastructure will be run on an open-book basis to provide the best commercial outcome for all mid-west mines and maximise the future growth potential of the mid-west," Dr Saunders said today.

The alliance comprises Mount Gibson Iron Ltd, Midwest Corp Ltd, Murchison Metals Ltd, Gindalbie Metals Ltd, Golden West Resources Ltd, Royal Resources Ltd, and Asia Iron Holdings Ltd.

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