



Media Statement

Tuesday, 1 May 2007

Massive benefits forecast for WA from Mid West mining projects

Western Australia stands to gain tens of billions of dollars and thousands of new jobs from iron ore mining developments in the Mid West region.

The major economic boost is set out in a detailed projection of the economic and social benefits that will flow from developments currently under way or in the planning stages.

The study, carried out by Economics Consulting Services, was commissioned by the Geraldton Iron Ore Alliance (GIOA), the umbrella group formed by seven companies with major iron ore related interests in the region.

GIOA Chairman Clive Brown, a former Minister for State Development, said the study highlighted an exciting opportunity for the State by drawing together for the first time all the economic and social impacts of the separate projects.

"What we are looking at here is nothing less than the development of WA's third world-scale mining province," he said.

"This is potentially of global significance.

"The Mid West has the capacity to rank with the Pilbara and the Goldfields in its contribution to the long-term prosperity of the State, the nation and developing economies in Australia's region."

The study measured the key benefits over a 25-year period as:

- Up-front capital investment of \$5.5 billion;
- Operating costs of \$36 billion (at 2007 dollar values);
- 1,360 jobs a year during construction;
- 4,254 direct jobs a year for a conservatively estimated 25-year operational period;
- An additional 12,000-plus indirect jobs a year in WA from the increased economic activity;
- An addition of \$1.5 billion a year to Gross State Product (the overall measure of WA's economy);
- About \$7 billion in taxes and duties to the Federal Government and around \$3.5 billion in royalties and other payments to the State Government; and
- Major improvements to infrastructure in the Mid West, including transport, energy, water and education.

Mr Brown said the GIOA now identified a greater urgency than previously thought in putting essential infrastructure in place to enable all the projects to go ahead under a time frame that would meet known and foreseeable market opportunities.

“The critical factor is for us to be able to prove to potential customers that we will be able to deliver what they need when they need it, otherwise they will buy elsewhere,” he said.

“We have been working closely with the Government on matters such as key infrastructure and the project approvals processes but we now see a clear need to accelerate matters if the Mid West is to achieve its potential.

Mr Brown said that in the short-term there was an urgent need to upgrade logistical delivery infrastructure at Geraldton Port for smaller scale projects.

“However, one of the highest priorities is the development of Oakajee Port,” he said.

“Geraldton will continue to be used but its port cannot be expanded enough to meet the needs of all the Mid West mining projects.

“Everything hangs on the availability of sufficient port capacity. Without that, we cannot convince customers of our ability to meet their requirements – and in that event little, if any, expansion of the region’s existing relatively small-scale iron ore production would be possible.

“With China’s economy continuing to grow strongly, plus growth in emerging countries, the market opening is there now. But it will close if competing suppliers are able to beat us to the punch. If that happened, we could be locked out for generations.

“The opportunity is enormous – and we must move fast to grab it while it is there.”

Mr Brown said Geraldton and its surrounding area stood to make major social gains from the Mid West development plans.

“The GIOA sees Geraldton’s role as the regional hub growing rapidly,” he said.

“We believe most of the workforce for the mines, processing facilities and support services will live in or near Geraldton. Many mine-site workers will probably commute by air between Geraldton and the mines.

“Our study points to a population growth of close to 40 per cent as a direct result of the developments the GIOA member companies have on the drawing board.

“This has important implications because with growth on that scale will come many flow-on benefits, including education, health facilities and long-term jobs and careers, all of which will help to stop the drift of young people to Perth.”

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ABOUT THE GERALDTON IRON ORE ALLIANCE

Formed in December 2005 by a group of companies, the Geraldton Iron Ore Alliance represents seven companies with iron ore deposits in the Mid West region of Western Australia. The primary role of the Alliance is to promote the development of a viable and successful iron ore industry in the region.

Collectively, the members have the capacity to develop a substantial new iron ore export industry, delivering significant economic benefits to both large and small regional communities.

The members include:

- Mount Gibson Iron Limited
- Midwest Corporation Limited
- Murchison Metals Ltd
- Gindalbie Metals Ltd
- Golden West Resources Limited
- Royal Resources Limited
- Asia Iron Holdings Limited

Iron ore is one of the most exciting new growth sectors to emerge in the diverse Mid West economy, which already includes a substantial mining sector. Spanning an area of more than 470,000 square kilometres, the Mid West region is richly endowed with iron ore and well serviced by road, rail and port infrastructure. Geraldton is the region's commercial, administrative and service centre and is located just 400 kilometres north of Perth.