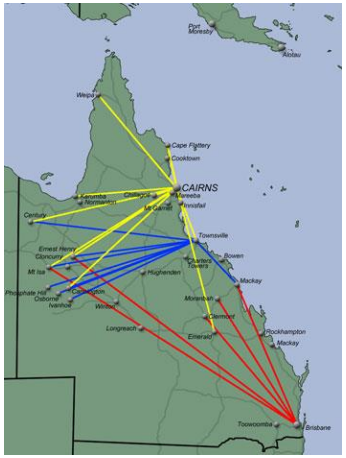
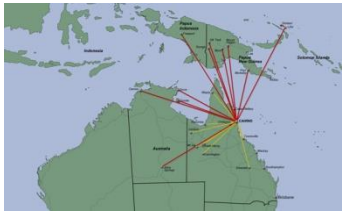




Presentation to the North Queensland Resources Development Conference, Townsville

W.S (Bill) Cummings

CUMMINGS ECONOMICS

Mining & Industrial Services Opportunity Study 2010 Update

Cairns - Far North Queensland

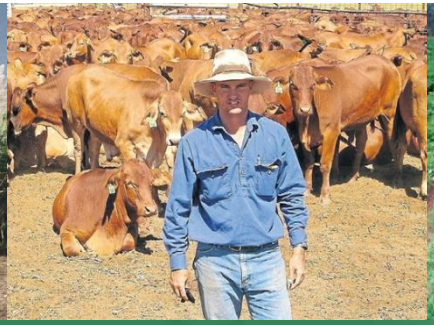
Ref: J2358 | August 2010

FAR NORTH QUEENSLAND ECONOMY

- HISTORICALLY HEAVILY BASED ON MINING
- LATE 1800'S / EARLY 1900'S : AGE OF MASSIVE RAPID INDUSTRIALISATION OF EUROPE & NORTH AMERICA
- HEAVY DEMAND FOR MINERALS

FAR NORTH QUEENSLAND ECONOMY

- 1920's MINING FADES
- PRIMARY EXPANSION TAKES OVER THE LEAD
- TODAY LARGEST AGRICULTURAL REGION IN THE NORTH
- VALUE EQUIVALENT TO TASMANIA



FAR NORTH QUEENSLAND ECONOMY

- FROM 1960's ON BETTER TRANSPORT ACCESS ESPECIALLY AIRCRAFT
- TOURISM COMES IN AS A MAJOR NEW OPPORTUNITY

AT PEAK

- MORE HOTEL/MOTEL ROOMS THAN BRISBANE, ADELAIDE & PERTH
- SECOND TO SYDNEY IN INTERNATIONAL HOLIDAY VISITORS

FAR NORTH QUEENSLAND ECONOMY

- PRIVATE ENTERPRISE BASED ECONOMY
- LARGEST BUSINESS NUMBERS IN THE NORTH (INCLUDING MANUFACTURING)
- LARGEST POPULATION IN THE NORTH
- LARGEST WORKFORCE POOL

FAR NORTH QUEENSLAND ECONOMY

- MORE RECENTLY A CHANGED WORLD
- PERIOD OF MASSIVE RAPID INDUSTRIALISATION THIS TIME IN ASIA, ESPECIALLY CHINA & INDIA
- MASSIVE DEMANDS FOR MINERALS & COMMODITIES

- HIGH COMMODITY PRICES, HIGH COMPARATIVE INTEREST RATES, HIGH DOLLAR ➡ CHALLENGES FOR TOURISM

FAR NORTH QUEENSLAND ECONOMY

2007

- CAIRNS CHAMBER OF COMMERCE SETS UP RESOURCES & INDUSTRY TASKFORCE

2008

- WITH SUPPORT FROM DEEDI COMMISSIONS STUDY ESPECIALLY TO LOOK AT FLY-IN WORKFORCE OPPORTUNITIES

2010

- UPDATE COMMISSIONED BY DEEDI & WITH SUPPORT FROM PORTS NORTH EXTENDED TO LOOK AT SHIPPING SERVICES / PORTS

OBJECTIVES

- IDENTIFICATION OF CURRENT & PROSPECTIVE MINING OPERATIONS
- UNDERSTAND FACTORS AFFECTING FLY-IN WORKFORCE & SHIPPING
- IDENTIFICATION OF FLY-IN & SHIPPING SERVICE OPPORTUNITIES
- ACTION PLAN

MINING & INDUSTRIAL PROJECTS HAVE BEEN GROUPED IN NINE DIFFERENT AREAS

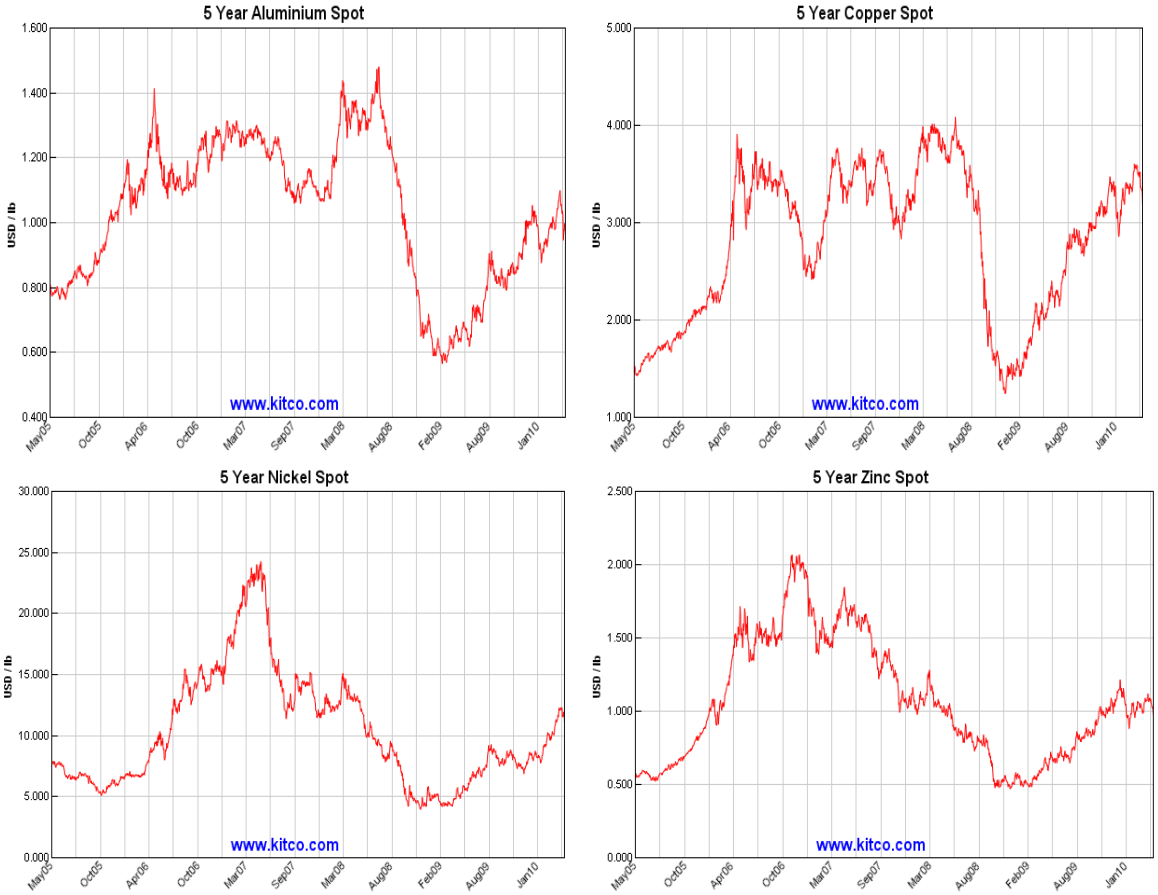
1) Cairns area.
2) Peninsula.
3) North West Queensland/Gulf area.
4) Townsville/Charters Towers.
5) Mackay.
6) Northern Territory.
7) Western Australia.
8) Papua New Guinea (PNG).
9) Eastern Indonesia.

OPERATING – ADVANCED - EXPLORATORY

DEPTH OF INVESTIGATION.

RAPIDLY CHANGING SECTOR.

MINERAL PRICES



NUMBER OF PROJECTS IDENTIFIED

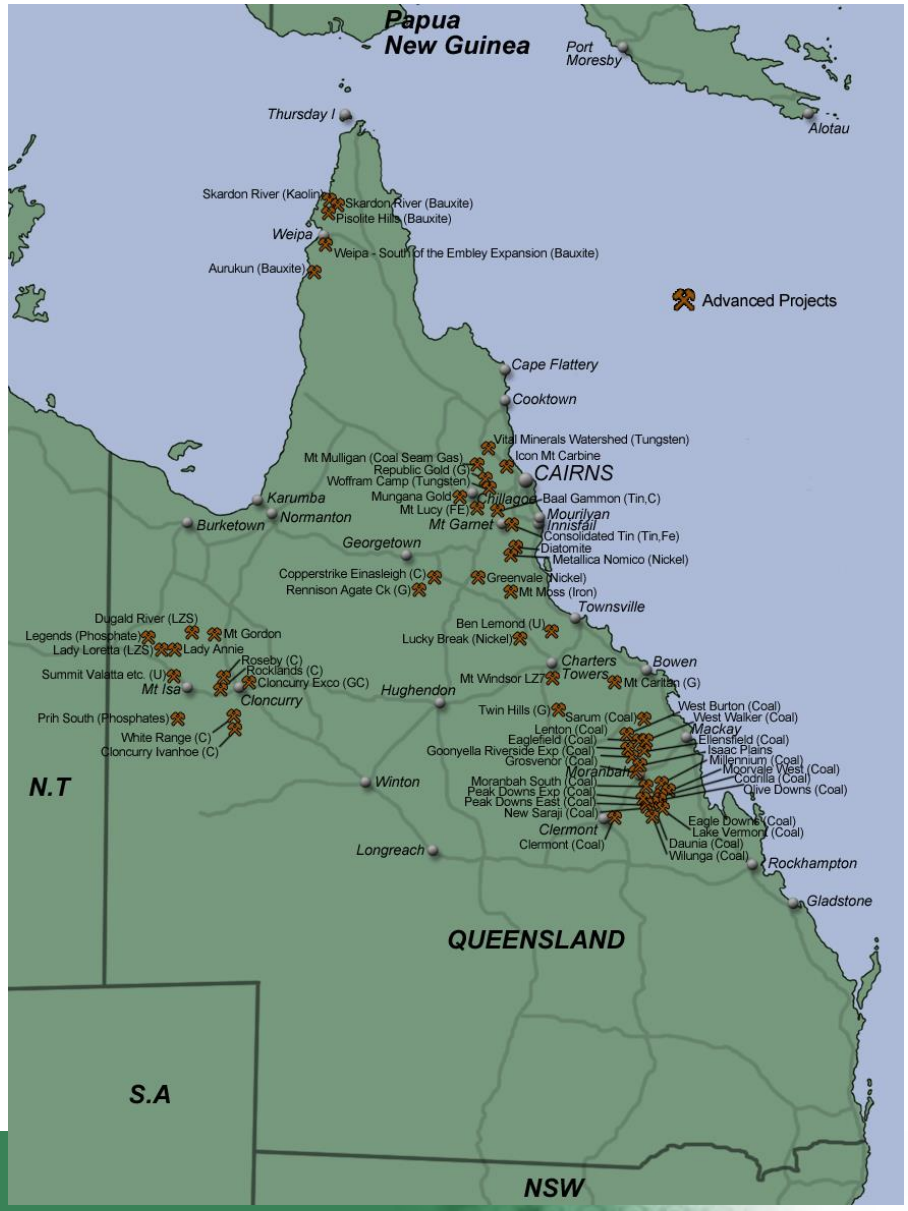
The study identified 80 operating mines not including those in the Pilbara and in Eastern Indonesia other than Papua Indonesia, and a further 106 classified as advanced projects.

	No. of Operating Mines	No. of Advanced Projects	Total
Cairns Area	6	13	19
Peninsula	1	5	6
Gulf	1	4	5
North West	6	9	15
Townsville/Charters Towers	5	5	10
Mackay	23	27	50
Northern Territory	19	24	43
Kimberley	7	9	16
PNG	10	10	20
Papua Indonesia	2	-	2
Total	**80**	**106**	**186**

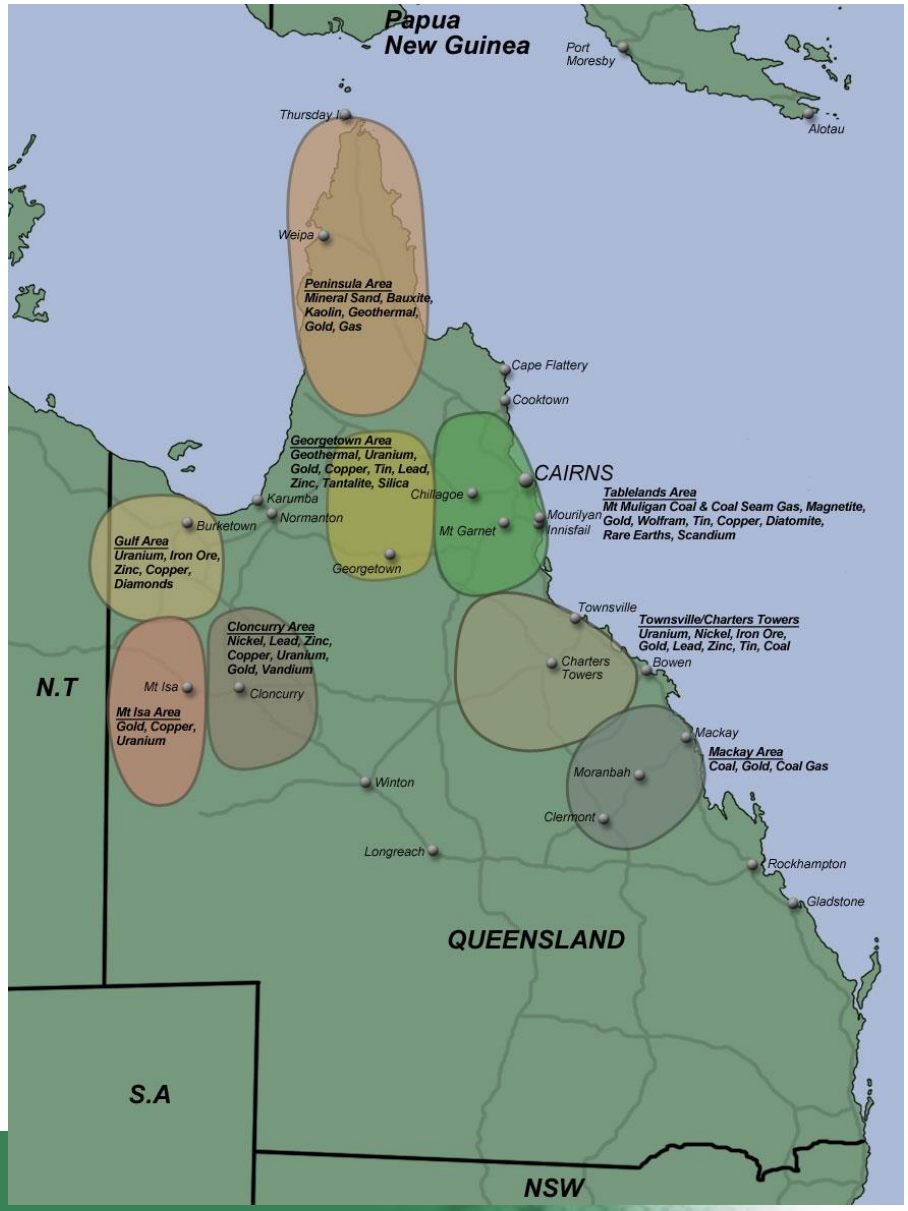
Source: Cummings Economics from industry information.

OPERATING MINE LOCATIONS, QUEENSLAND

ADVANCED MINE LOCATIONS, QUEENSLAND



MINE EXPLORATION LOCATIONS, QUEENSLAND



MINE OPERATION LOCATIONS, OUTSIDE OF QUEENSLAND

FACTORS AFFECTING LEVELS & TYPES OF WORKFORCE

- THE RANGE OF WORKFORCE TYPES NEEDED
- THE RANGE OF SUPPLIERS OF PERSONNEL & SERVICES
- THE KEY DECISION MAKING PARTIES
- THE RANGE OF AVIATION SERVICES AVAILABLE

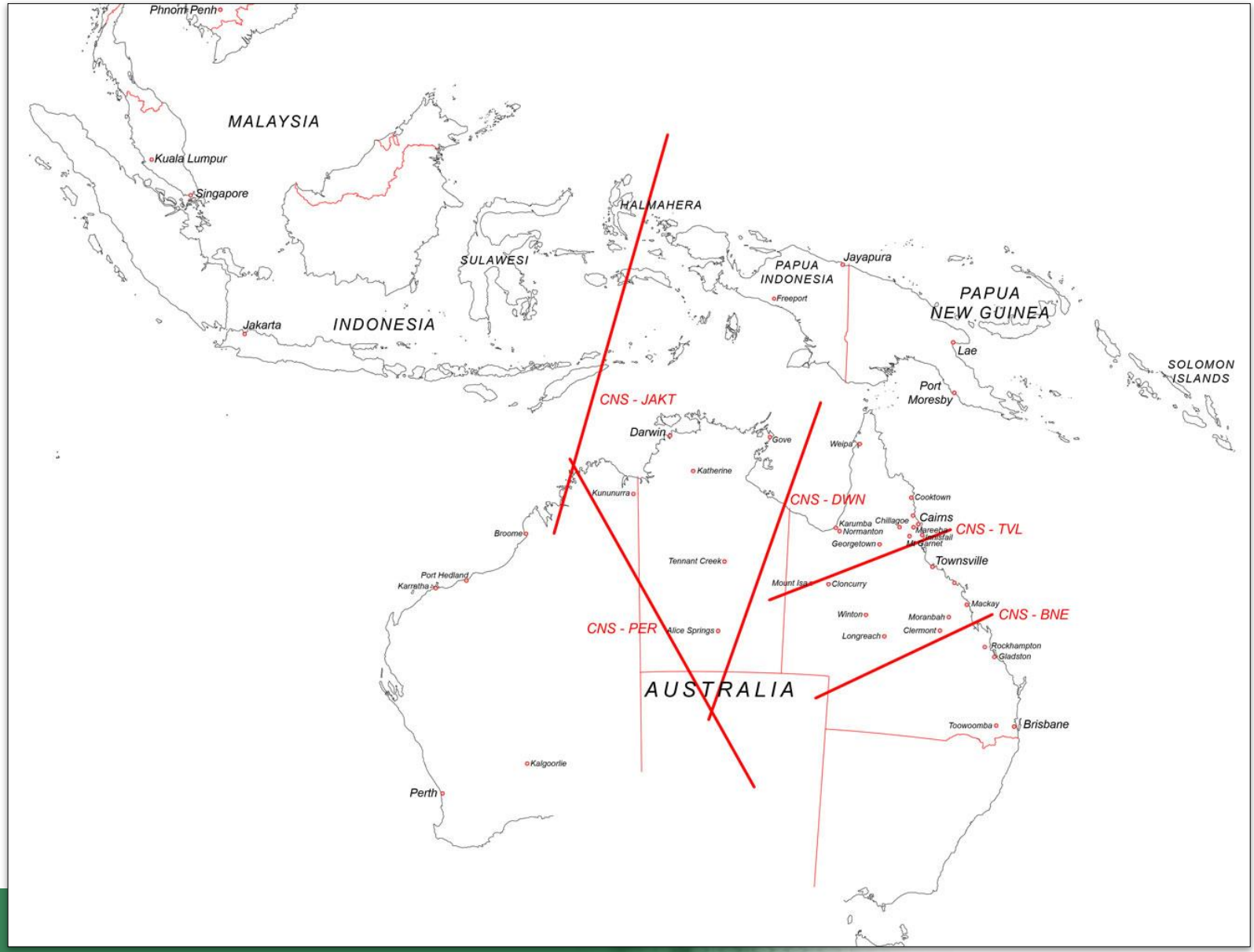
LABOUR PERSONELL SUPPLIERS IDENTIFIED

- NEED FOR UPSKILLING
- DIFFERING SKILL LEVELS NEEDED, DIFFERENT AREAS
- IMPROVE PERCEPTIONS OF CAIRNS
- OPPORTUNITIES TO USE SUPERIOR AIR SERVICES AVAILABLE
- LIFESTYLE & JOBS FOR PARTNERS

MINING COMPANIES

- DIFFERENTIATE – PROFESSIONAL, SUPERVISORY, TRAINING, TRADES, PLANT OPERATORS
- NEED TO EXPAND WORKFORCE VOLUMES TO BE SELECTED AS A POINT-OF-HIRE
- NEED TO IMPROVE “MINE READINESS”
- IMPROVE PERCEPTIONS AS A VOLUME SOURCE

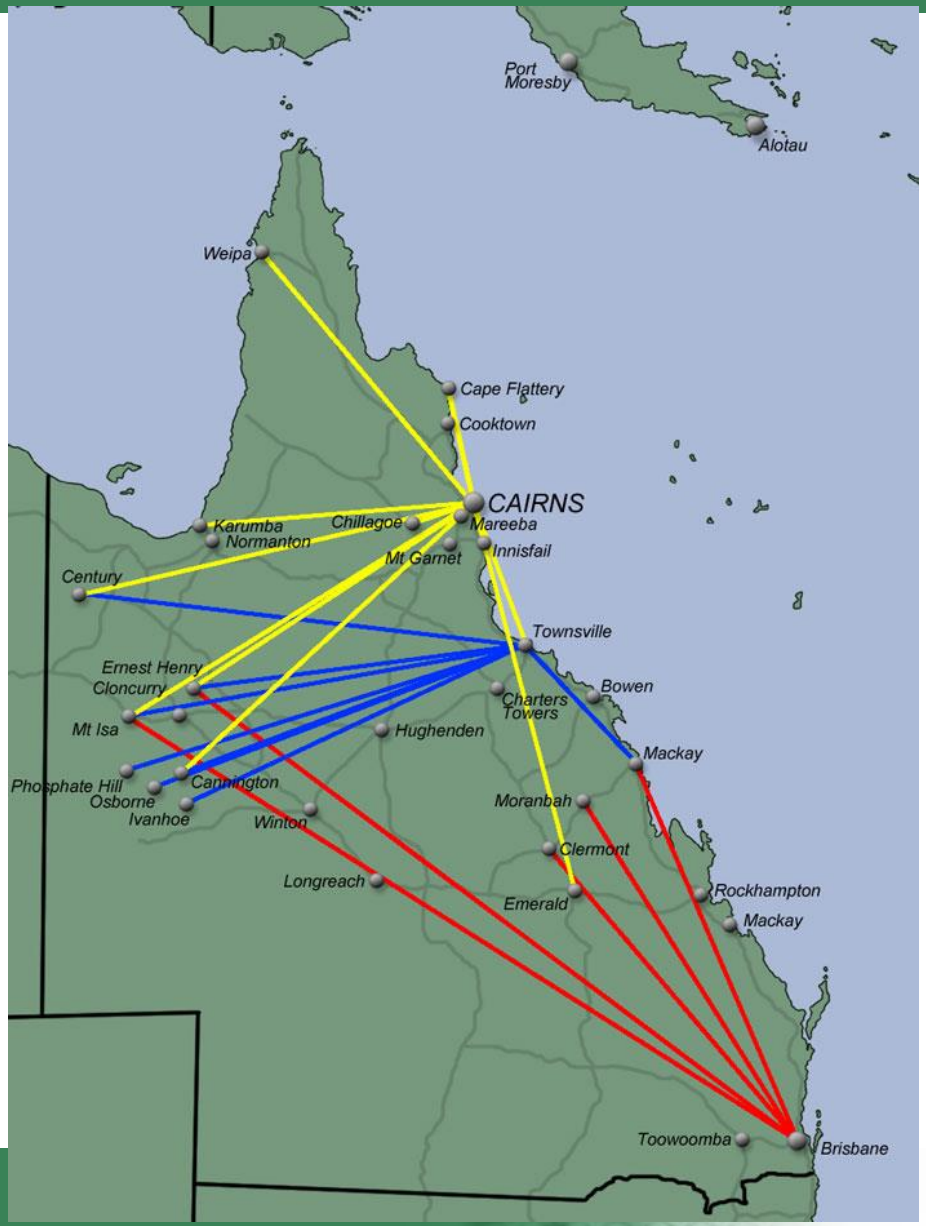
LINES OF EQUAL FLYING DISTANCE



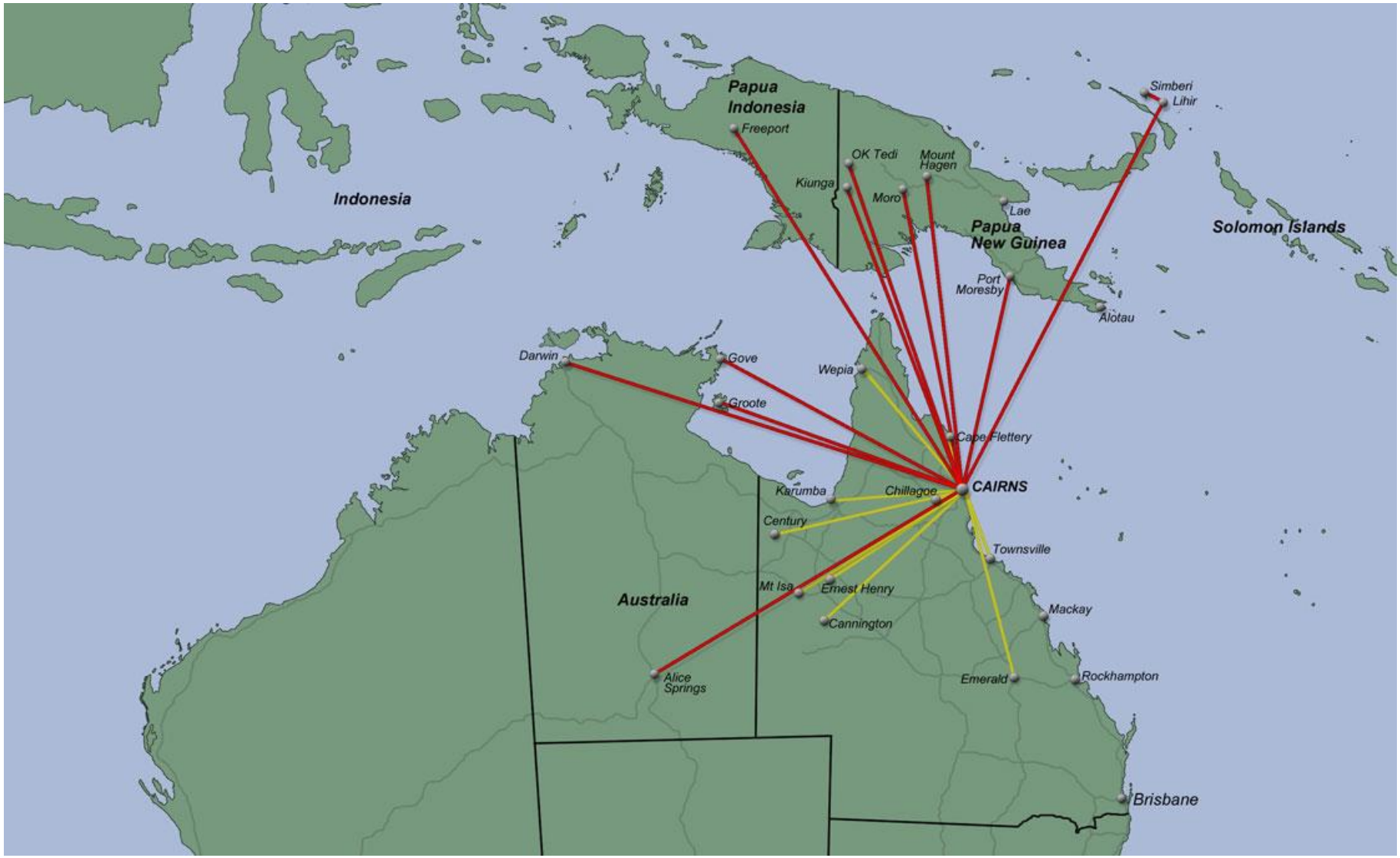
CAIRNS AIR SERVICES

- SUPERIOR CONNECTIVITY INTERNATIONAL, DOMESTIC & WITHIN THE NORTH
- RANGE CAPACITY & WILLINGNESS OF LOCAL AVIATION OPERATORS

MINING RELATED AIR SERVICES, QUEENSLAND AREAS



MINING RELATED & OTHER RELEVANT AIR SERVICES, INTERSTATE & OVERSEAS



Summary of Number of Mining Centres Linked by RPT on Charters to Mines ex Cairns & Townsville and Estimated Per Week Seat Numbers

		One Way – Seats Per Week	Total
Ex Cairns	**Overseas**		**1,281**
	▪ Lihir	300	
	▪ 2,606 [4] (Part 20%) [1]	(est) 521	
	▪ Mt Hagen	88	
	▪ Moro	36	
	▪ Tabubil	108	
	▪ Timika (Papua)	216	
	▪ Kiunga	12	
	Northern Territory		**900**
	▪ Gove	[3] 700	
	▪ Groote I	200	
	Queensland – Far North		**951**
	▪ Weipa	740	
	▪ Cape Flattery	80	
	▪ Chillagoe	36	
	▪ Karumba	95	
	Queensland – North West		**1,010**
	▪ Century	600	
	▪ Ernest Henry	74	
	▪ Mt Isa	136	
	▪ Cannington	200	
	Central Queensland		**12**
Total 18			**4,154**

ESTIMATED EMPLOYMENT INVOLVED IN 'FLY-IN' SERVICES

		Estimate	(cf est 2008)
Estimated residential mining workforce in the region	1,150	1,300	(1,600)
Estimated workforce flying into mines in the region	150		
Estimated workforce flying in to mines outside the region		1,500	(1,400)
North West Queensland	700		(970)
PNG and NT	800		(480)
Estimated equivalent full time workforce for construction and maintenance operations at mines		500	(500)
Total		**3,300**	**(3,500)**

Source: Cummings Economics from industry information.

PRODUCTION IN THE WIDER CATCHMENT AREA ESTIMATED VALUE OF MINING

Value of Mineral Production, 2007/08 (unless indicated otherwise)		
Northern & Central Qld		
Far North (Cairns)		$0.7 bn
North (Townsville)		$0.2 bn
North West (Mt Isa)		$7.2 bn
Mackay (Mackay)		$10.0 bn
Fitzroy (Rockhampton)		$6.7 bn
Northern Territory		$4.3 bn
Papua New Guinea	(2007)	$7.5 bn
Freeport Indonesia	(2009/10)	$6.0 bn
Total		$42.6 bn
cf Western Australia	(2008/09)	$61.0 bn

Source: Cummings Economics from various sources.

CAIRNS AREA

Current	
Cape Flattery	
(Mt Garnet/Balcooma/Chillagoe area)	
Solomons Mines	
Nychum Perlite	
Total	**495**
Prospective Additional (operating 5-year time frame)	
Kagara Chillagoe	
Renison Agate Ck	
Copper Strike Einasleigh	
Icon Resources Mt Carbine	
Nornico Stage 1	
Nornico Stage 2	
Wolfram Camp	
Consolidated Tin	
Jinhua Mt Lucy	
Total	**600 to 800**

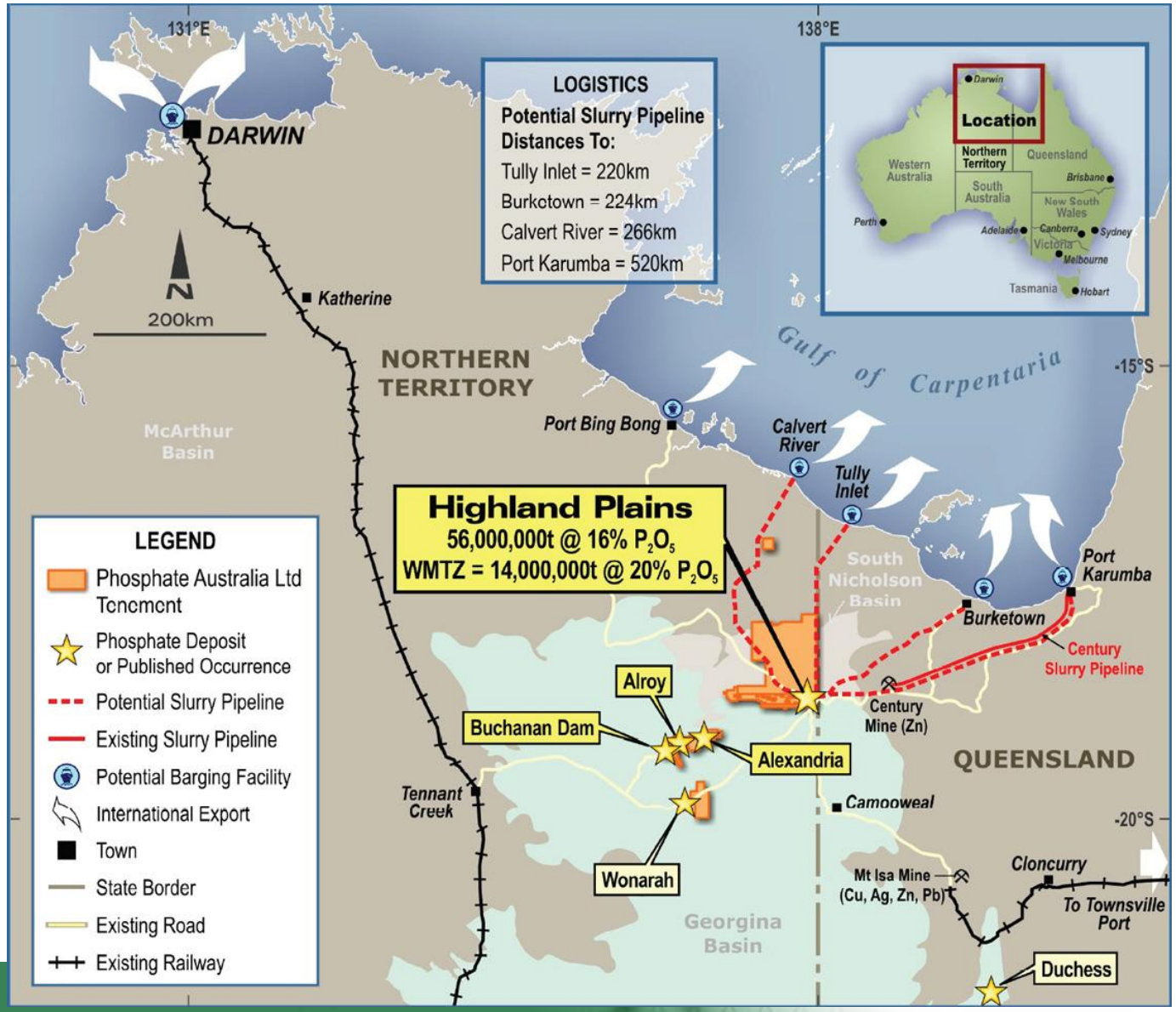
CAPE

Current	Rio Tinto (Weipa)	
	Total	**745**
Prospective Additional (Operating)		
	Rio Tinto (Weipa)	
	Chalco (including port 50)	
	Cape Alumina	
	Minerals Corp & Gulf Alumina (Skardon River)	
	Total	**1,150**

GULF

Existing Mines		
	Century Zinc (MMG)	**930**
Possible New Mines		
	Phosphate Australia Highland Plains	
	Redbank Copper Ltd	
	Westmoreland Uranium (Laramide)	
	Constance Range (iron ore) (Kimberley Metals)	
	TOTAL	**500(?)**

GULF PIPELINES & PORTS



NORTH WEST

Summary Workforce	
Current workforce in the area is estimated as follows:	
Xstrata Mt Isa	
Ernest Henry	
Cannington	
Osborne	
Phosphate Hill	
Total	**5,030**
Identified prospective additional operating employment is as follows:	
Exco Cloncurry	
Dugald River	
Ivanhoe	
Summit Valhalla, etc	
White Range	
Roseby	
Lady Annie	
Legends	
Eloise	
Rocklands	
Total	**2,370**

TOWNSVILLE / CHARTERS TOWERS

Current workforce is estimated as follows:

Current	
Citigold	
Ravenswood	
Thalanga	
Pajingo	
Total	**650**

There is substantial prospective additional workforce demand.

The other prospective projects of Ben Lomond, Lucky Break, Mt Moss and Mt Windsor are likely to involve a substantial increase in workforce demand out of Townsville. Full prospective additional workforce has not been fully researched and an interim estimate of 500 has been included.

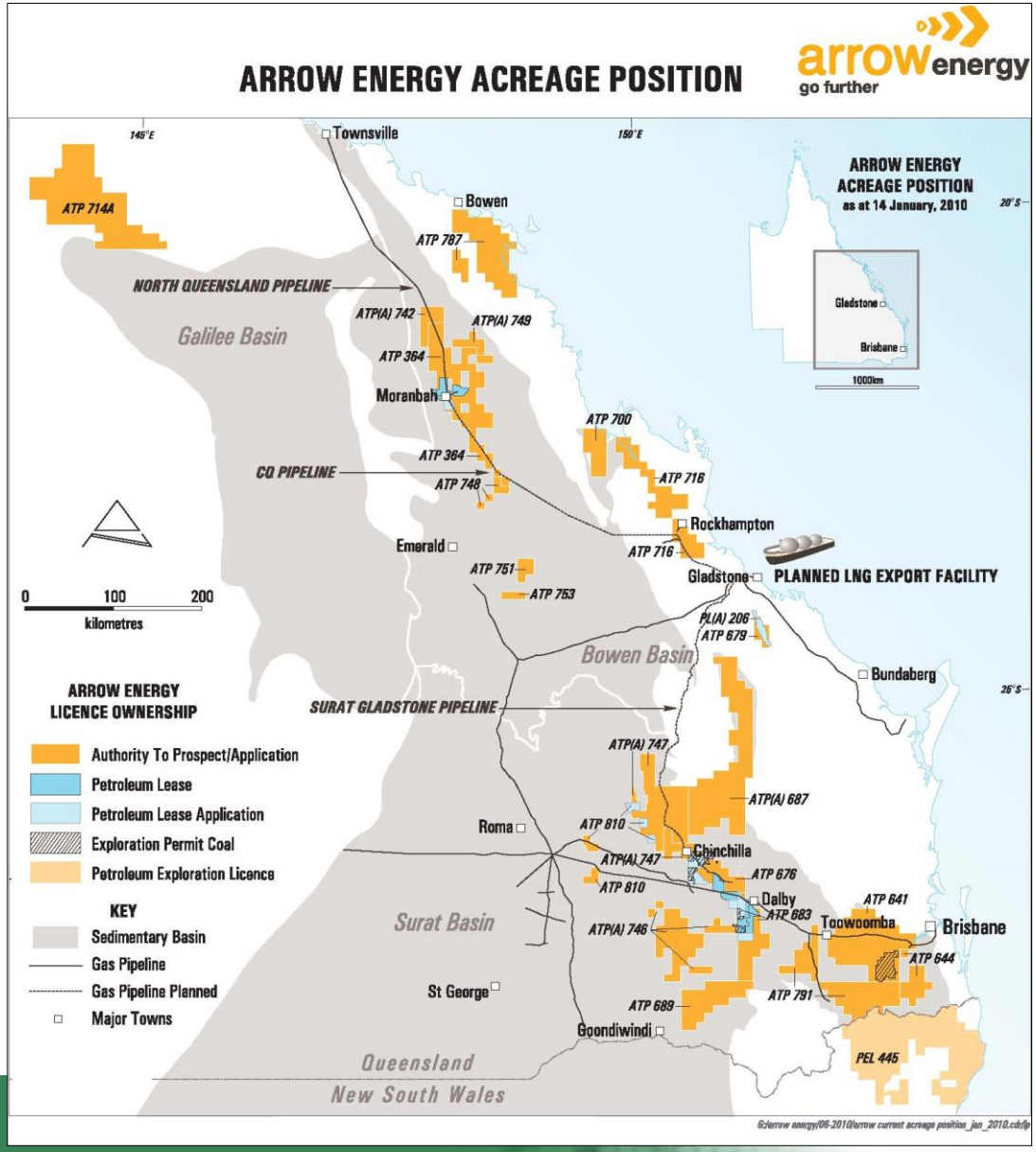
MACKAY REGION

Advanced Prospective	
Clermont	(RT)
Caval Ridge	(BMA)
Codrilla	(MC)
Eagle Downs	(V)
Duania	(BMA)
Goonyella Riverside	(BMA)
Grosvenor etc	(A)
Isaac Plains	(V/AQ)
Olive Downs	(MC)
Peak Downs (expansion)	(BMA)
Peak Downs East	(V)
Ellensfield	(V)
Lenton	(NH)
Millenium (expansion)	(PE)
Moorvale (expansion)	(MC)
Eagle Field	(PE)
Eagle Downs	(AQ)
Moorvale West (expansion)	(MC)

Cont.

Moorvale West (expansion)	(MC)
Moranbah South	(A)
New Saraji	(BMA)
Sarum	(X)
West Burton	(MC)
West Walker	(MC)
Wilunga	(MC)
Vermont	(MC)
Codes Company Names	
Anglo Coal	(A)
Aquila Resources	(AQ)
BHP/Mitsubishi Alliance	(BMA)
Macarthur Coal	(MC)
New Hope Corporation	(NH)
Peabody Energy	(PE)
Rio Tinto	(RT)
Vale	(V)
Xstrata	(X)

PROPOSED PIPELINE CENTRAL QUEENSLAND



NORTHERN TERRITORY

EASTERN	ROPER RIVER, IRON ORE
	PHOSPHATES
DARWIN REGION	VARIOUS
OFFSHORE	OIL GAS
TENNANT CK / ALICE SPRINGS	VARIOUS

WESTERN AUSTRALIA

KIMBERLEY REGION	LNG PLANT BROOME
	VARIOUS

DISTANCE

POSSIBLE COMBINED FLY-IN / TOURISM LINKS

SIMILAR TO PERTH

ANOTHER MEGA HOTSPOT

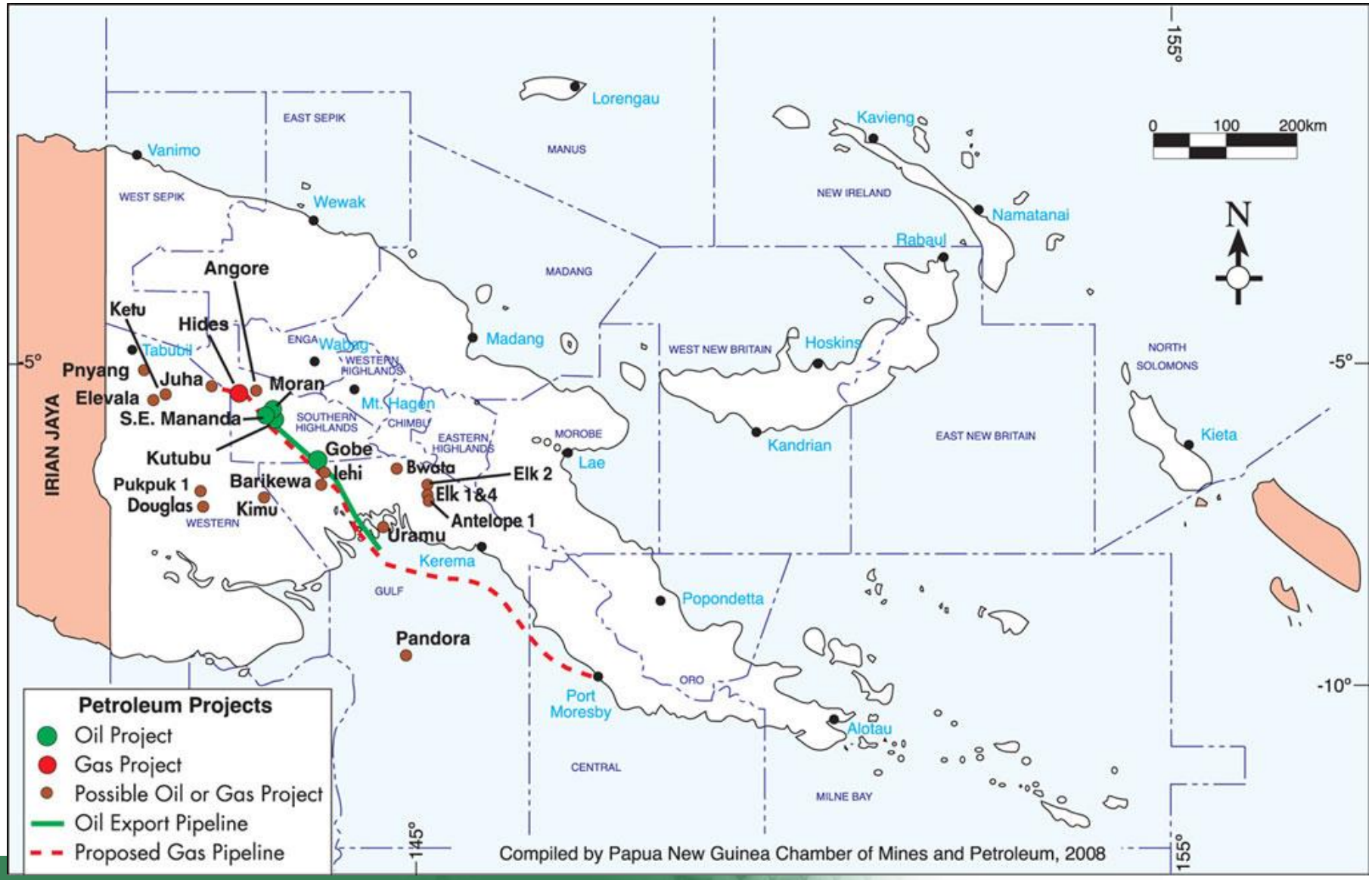
PAPUA INDONESIA

FREEPORT	VERY IMPORTANT TO CAIRNS

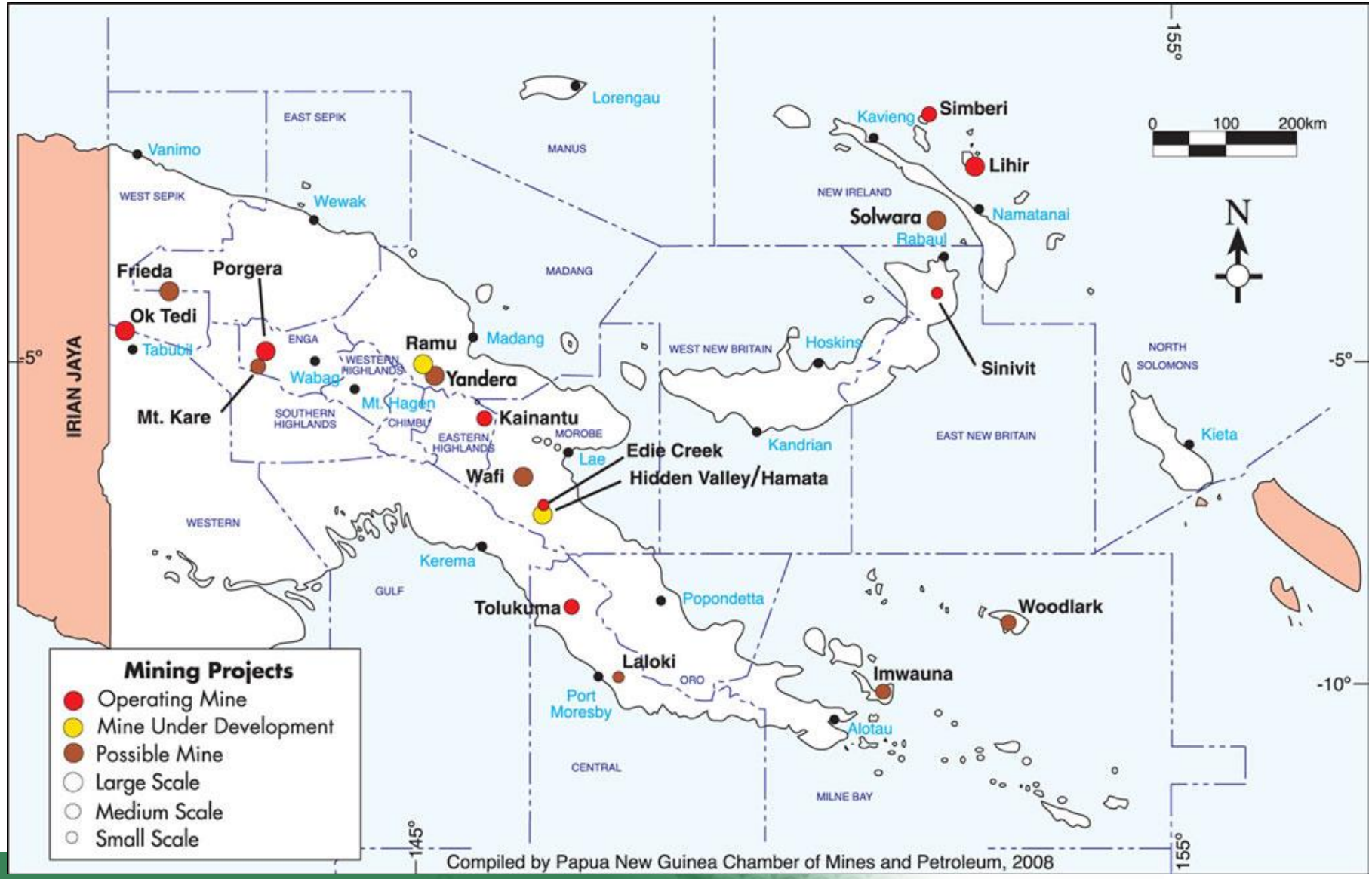
$300M SHIPPED THROUGH THE PORT

$66M BOUGHT LOCALLY

PETROLEUM PROJECTS, PNG

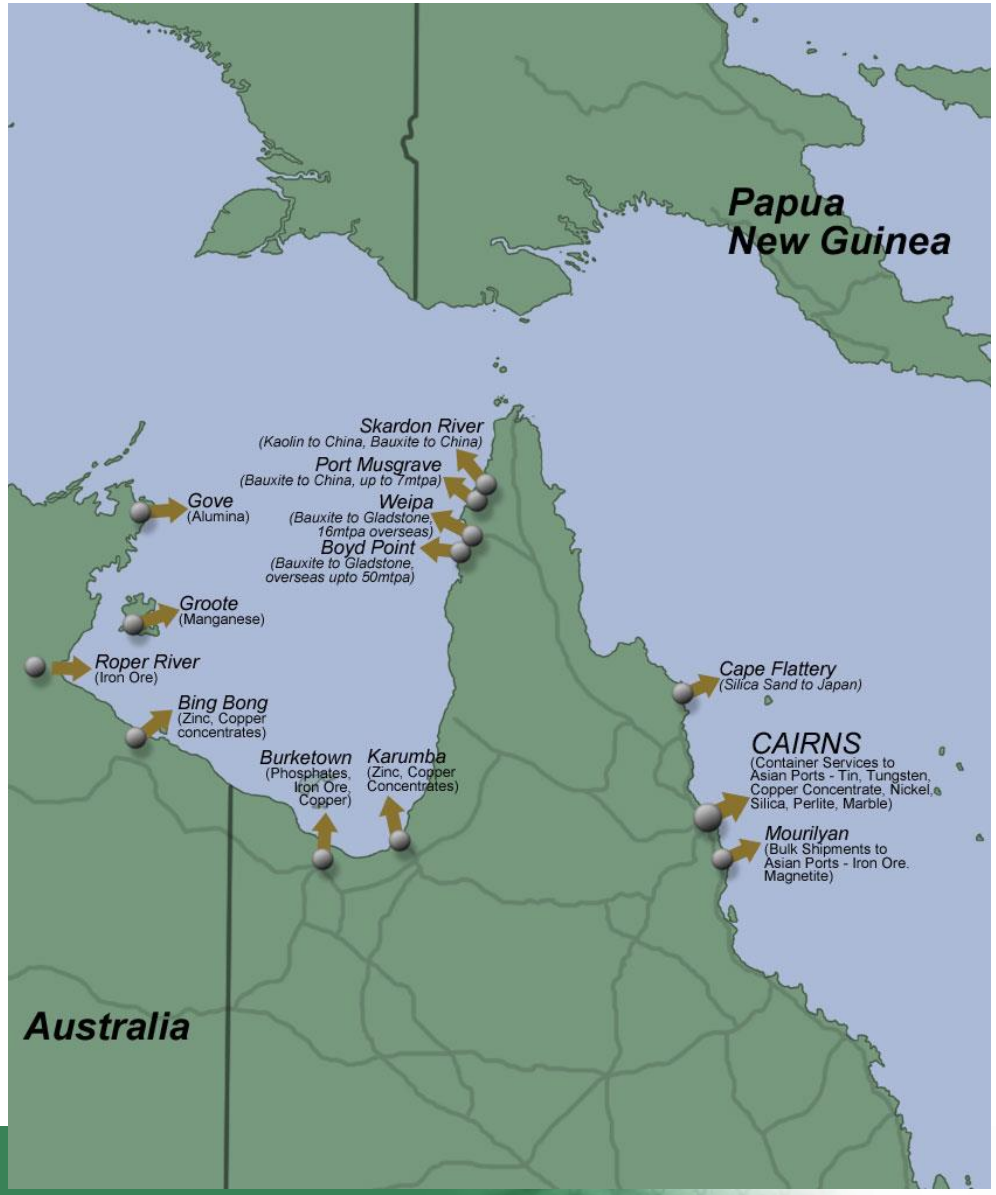


MINING PROJECTS, PNG

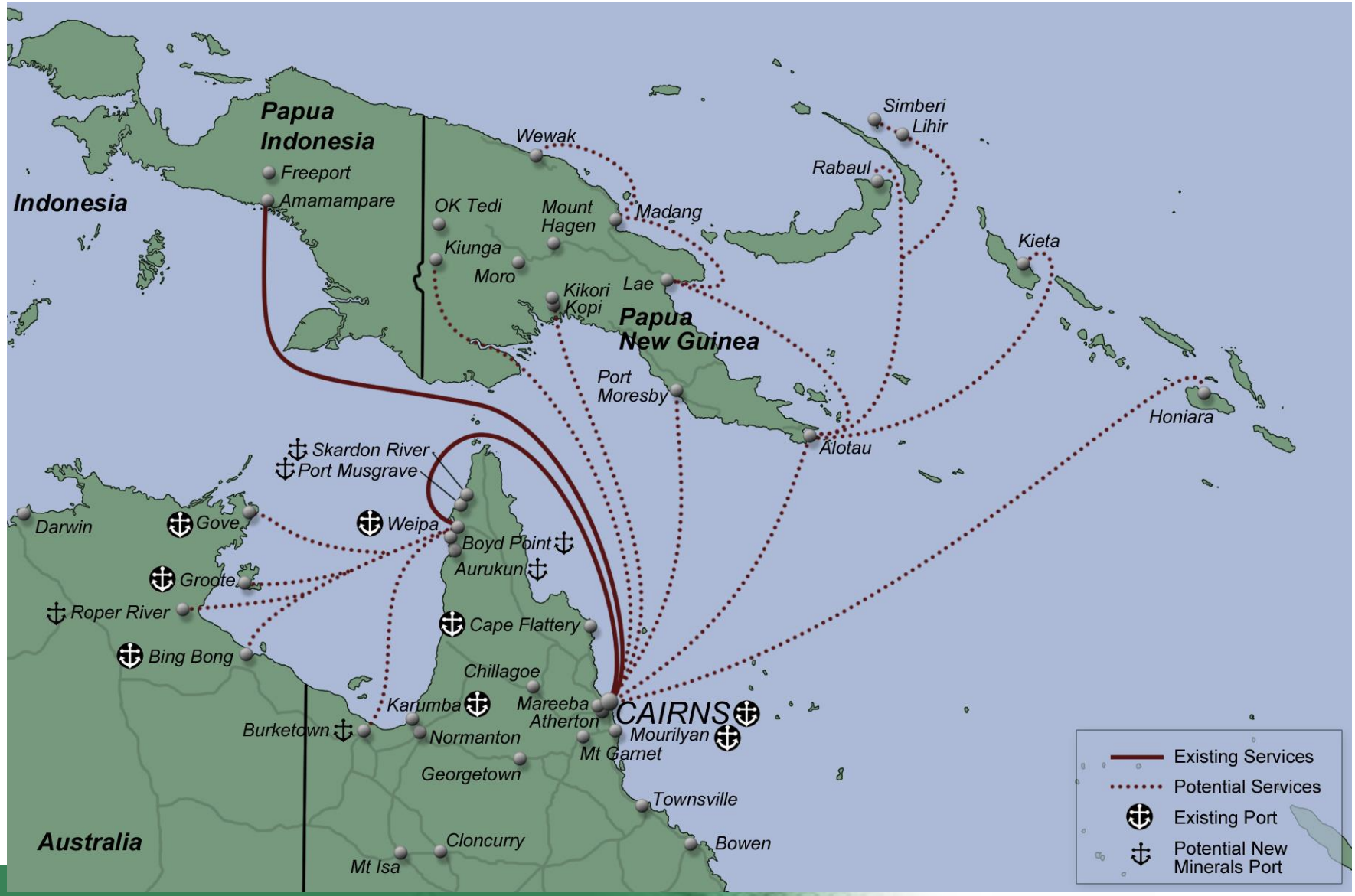


INCREASED INVESTMENT FROM CHINESE & INDIAN COMPANIES

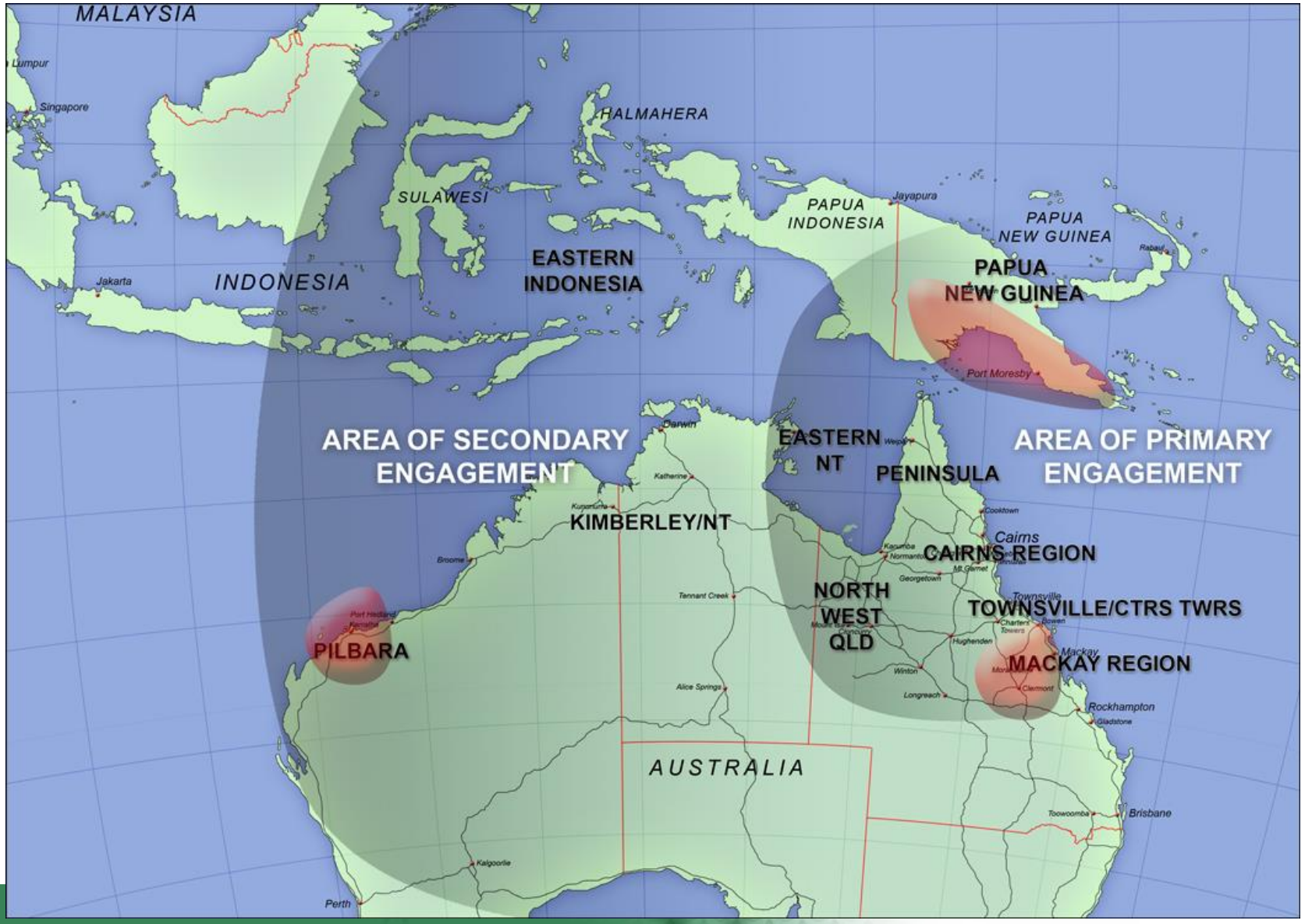
CURRENT & POTENTIAL MINERAL EXPORT PORTS



CURRENT & POTENTIAL SHIPPING SERVICES TO MINING OPERATIONS



AREAS OF PRIMARY & SECONDARY ENGAGEMENT



- CHAMBER TASKFORCE SHOULD CONTINUE
- MARKETING ESPECIALLY FLY-IN & SUPPLY
- SPECIAL WORKING GROUPS FOR:
  - PNG
  - TRAINING
  - CORPORATE OFFICE ATTRACTION
  - SHIPPING DEVELOPMENT (PORTS NORTH)
  - INFRASTRUCTURE NEEDS

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Ref: J2358 | August 2010

www.cummings.net.au

MINING & INDUSTRIAL SERVICES OPPORTUNITY STUDY