



NEW SOUTH WALES  
MINERALS COUNCIL LTD  
MININGENUITY™

# Mining Export Infrastructure 2010

DETAILING THE EXPORT INFRASTRUCTURE DEVELOPMENT PATH FOR NSW:  
MATCHING OUTPUT WITH PIT-TO-PORT JOURNEY

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NSW MINERALS COUNCIL  
17 FEBRUARY 2010

# NSWMC

## ABOUT US



NEW SOUTH WALES  
MINERALS COUNCIL LTD  
MININGENUITY™

- Not-for-profit industry association
- Represents \$23 billion NSW mining industry
- Members include producers, operators, explorers
- Work with government, industry, community, media and other stakeholders
- Fosters a dynamic, efficient and sustainable mining industry



## Estimated total mineral and metals exports from NSW 2003-2009

Mineral	Coal (Value \$'000)	Petroleum (Value \$'000)	Iron and Steel (Value \$'000)	Copper (Value \$'000)	Aluminium (Value \$'000)	Zinc (Value \$'000)	Total (Value \$'000)
2002-03	3,853,000	684,000	281,000	345,000	1,453,000	33,000	<b>6,649,000</b>
2003-04	3,727,000	641,000	296,000	317,000	1,397,000	8,970	<b>6,386,970</b>
2004-05	5,494,000	894,000	356,000	324,000	1,530,000	2,100	<b>8,600,100</b>
2005-06	6,729,000	1,281,000	472,000	390,000	1,979,000	2,340	<b>10,853,340</b>
2006-07	6,200,000	1,242,000	644,000	520,000	2,458,000	9,200	<b>11,073,200</b>
2007-08	8,185,000	1,635,000	883,000	589,000	2,092,000	6,799	<b>13,390,799</b>
2008-09 (p)	12,578,000	1,474,000	889,000	488,000	2,074,000	2,160	<b>17,505,160</b>

(p) preliminary figures

Source: Industry and Investment NSW (I&I NSW)

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## THE COAL SUPPLY CHAIN



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Image courtesy of Pacific National

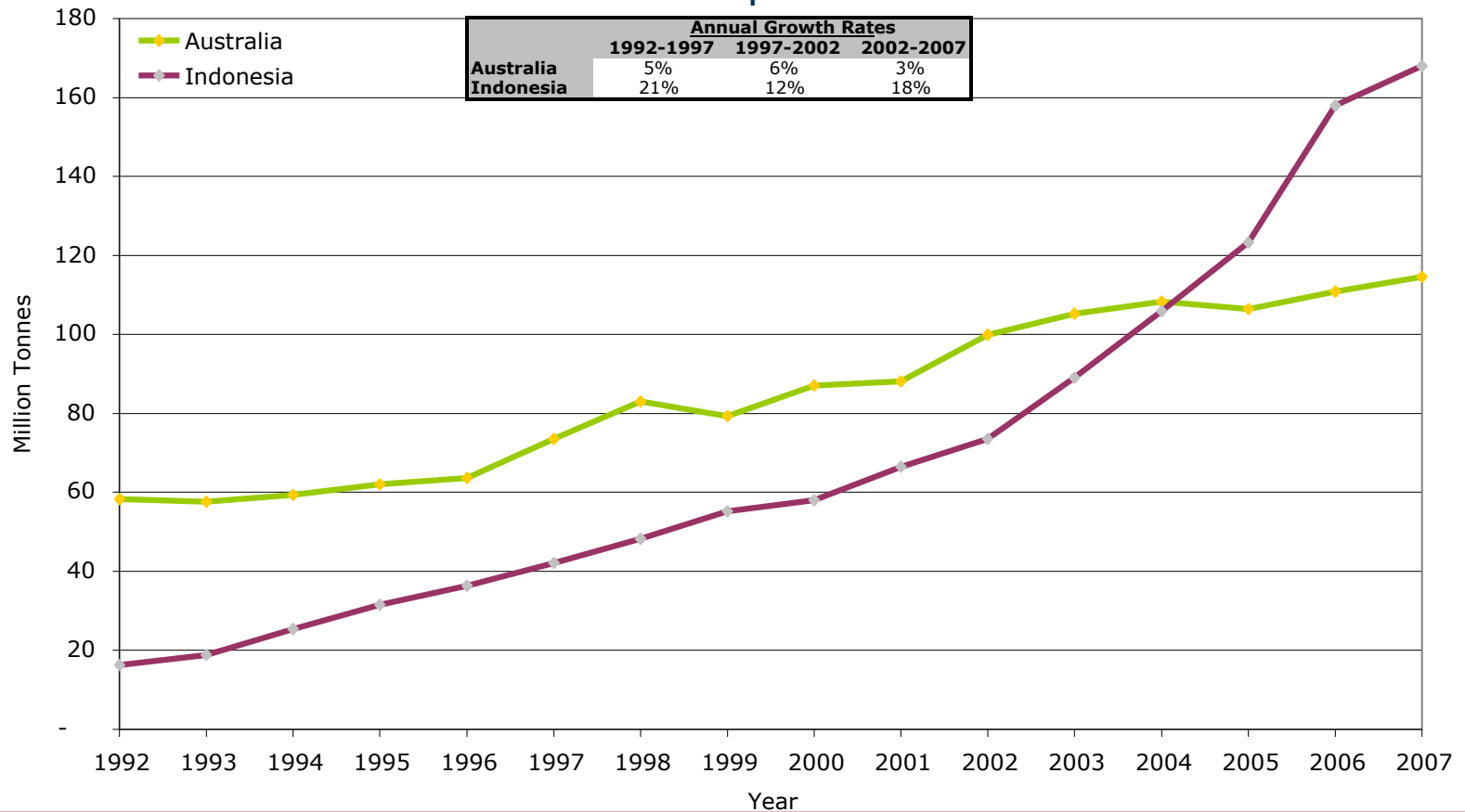


- Coal exports valued at \$12.5 billion in 2008-09, up from \$8.1 billion 2007-08
- Increasing demand from China (320%), South Korea (23%) and India (19%)
- Number one export for NSW
- \$1.28 billion paid in royalties in 2008-09, up from \$489 million in 2006-07
- 30,000 direct mining jobs, 17,000 in coal



Source: Xstrata Coal

### Australia vs Indonesia Thermal Coal Export Growth



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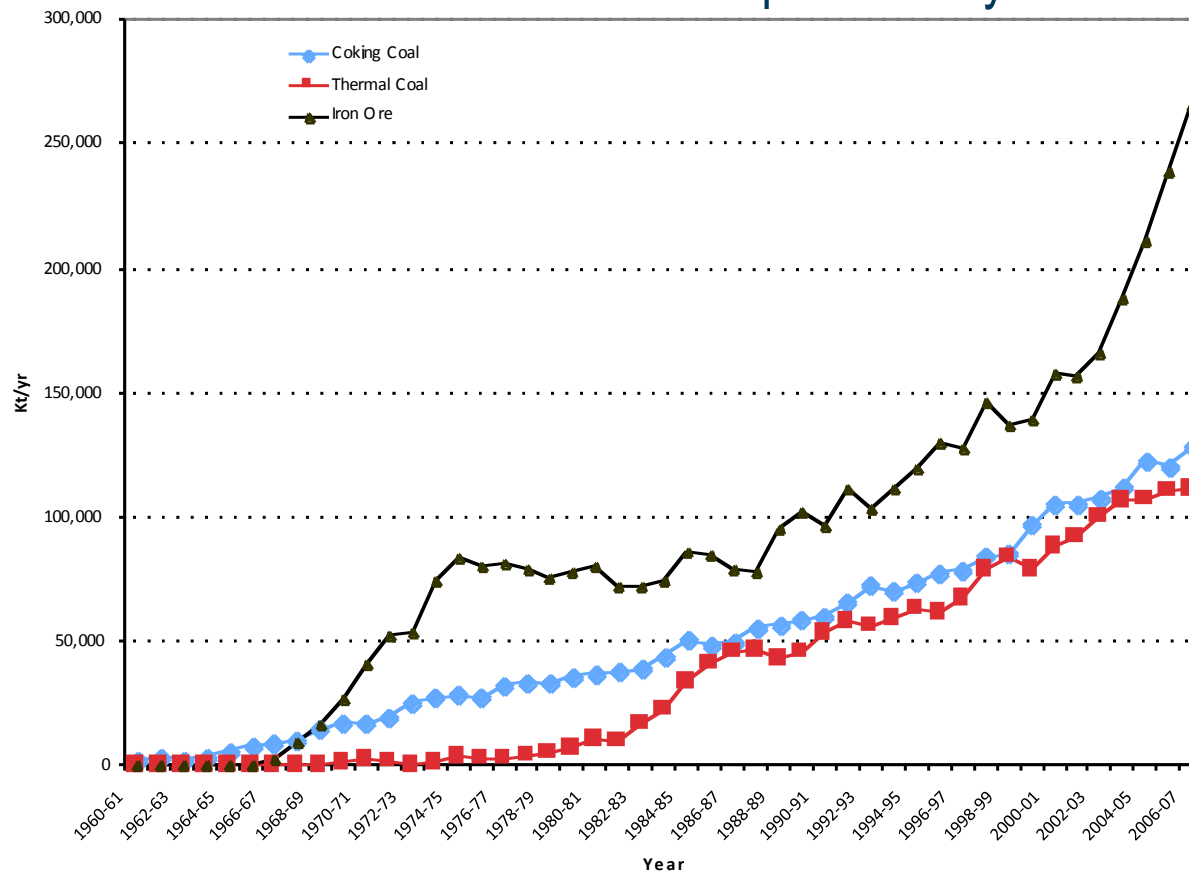
## COMPARATIVE GROWTH



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Source: Xstrata Coal

### Australia Bulk Export History



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## PORT REFORM



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Image source: The Newcastle Herald



- Long term take-or-pay contracts
- Triggers requiring terminals to build new capacity as demand necessitates
- An industry levy to help fund new terminal infrastructure where it is required
- Guaranteed access for new and expanding producers
- Business and planning certainty for existing producers
- Proposal for a 4th coal terminal at Kooragang Island

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INDUSTRY INVESTMENT



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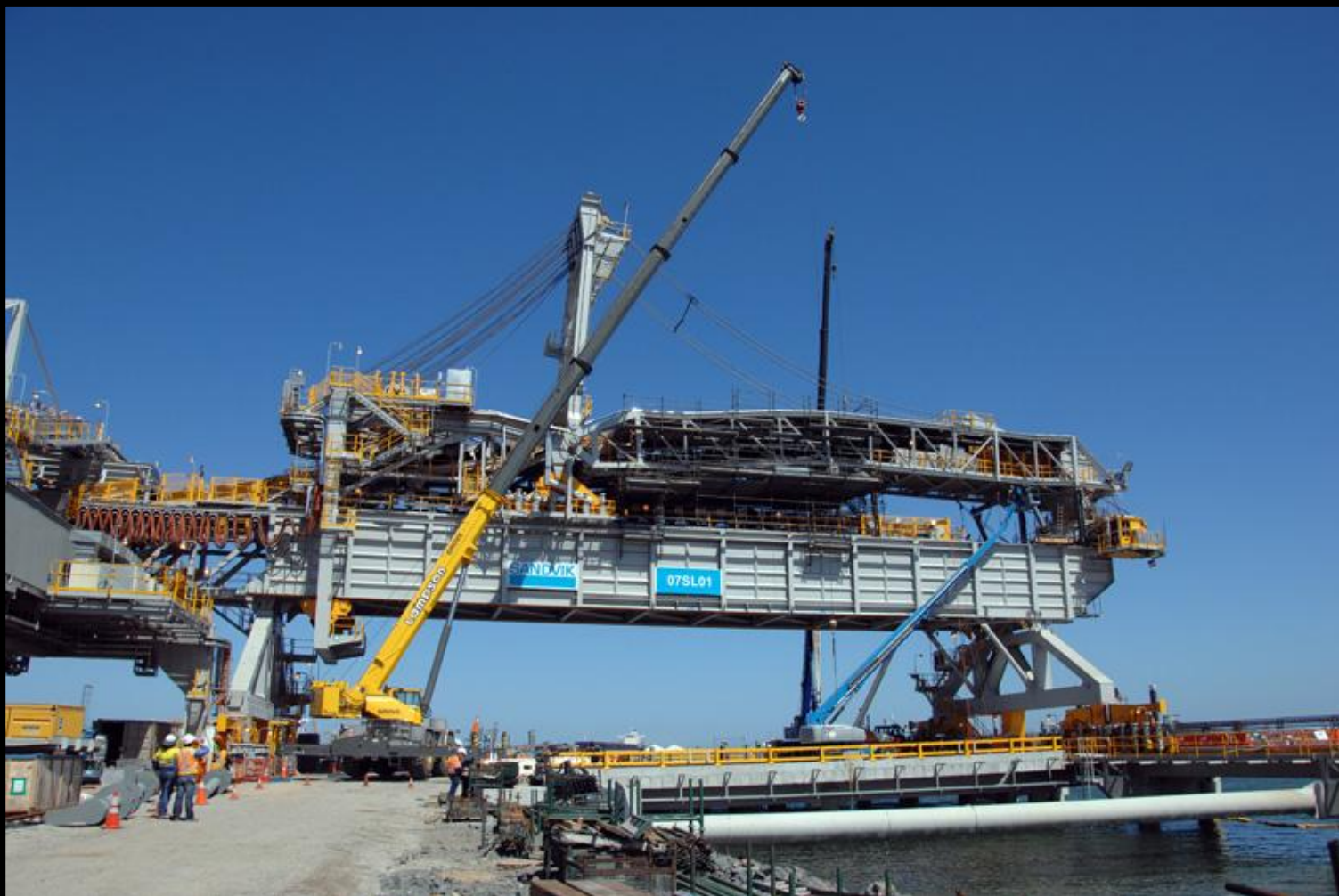


Image courtesy of NCIG

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RAIL REFORM



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- ARTC commenced 60-year lease in 2004
- Hunter Valley Corridor Strategy
- \$1 billion Federal Government stimulus funding
- Target 200 Mtpa by 2012
- Industry and ARTC working cooperatively toward long term certainty



- Hunter Valley Coal Chain Coordinator (HVCCC) incorporated as a new legal entity in August 2009
- Evolved from the Hunter Valley Coal Chain Logistics cooperative model
- HVCCLT:
  - First cooperative organisation of its kind in Australia
  - Centralised planning of coal chain activities
  - Demonstrated efficiency gains



- HVCCC membership includes all current coal producers and service providers
- Responsible for:
  - Determining contractible capacity
  - Measuring performance against system assumptions
  - Use of contractual entitlement and administration of transfers of entitlement between parties.

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## CLOSING



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- Complex issue, difficult reform over a long period
- Model for multi-user, multi-operator infrastructure
- Alignment of capacity and access arrangements
- Role for Government intervention to address demonstrated market failure