Dr Shepard, Committee, Ladies & Gentlemen. MESCA is the Mining and Energy Services Council of Australia and my name is Brendan Rutherford, the Executive Officer. May I also introduce my colleague, Mr. Adrian Price, who is here today in his capacity as the Hunter Regional Manager of the Australian Industry Group. Like Ai Group, MESCA is an industry body committed to maximising domestic content and Australian industry participation on major mining and energy projects.

MESCA is a non-profit, Membership based Industry Association and provides a comprehensive suite of project updates and information services, sales leads and promotional opportunities to assist Members lift their company profile, win business and increase local content contributions.

It's a support service accessible to members who focus their business development activities on providing innovative supply solutions to mining and energy projects. MESCA members also enjoy the backing of policy support and representation through Ai Group, benefiting from being part of a significant collective and national recognition as the voice of industry to all levels of government.

Since commodity prices have been in a state of turbulence lately, with a bias to decline, we have seen a number of high-profile projects shelved and smaller projects postponed. Meanwhile, as proponents focus on increasing productivity while reducing their exposure to risk and operational expenditure to an absolute minimum, we see capital expenditure hovering while looking for the most attractive international address.

Particularly following the previous 3 years of minority government, Australia is no longer the favoured destination of international capital, with tough competition from developing, emerging and established economies such as Peru, DRC, Chile and Indonesia who have all worked assiduously to dramatically improve their foreign investment attraction strategies.

One of the greatest impediments that have emerged recently to the development of new Mining & Energy projects is the global famine of capital investment. Projects with incredible potential which have advanced well into the approvals stage, have no capital backing behind them at present – However, in the case of Wallarah 2, no such impediment exists as we see this proponent prepared and ready to invest $800 Million in this state-significant development.

So, we all know that Australia is no longer in isolation as the favoured destination of investment, with tough competition from other economies; Mining and Energy sectors continue to forecast intensifying skill shortages, a stubbornly high dollar, softer commodity prices, a declination in profit forecasts and increasing pressure on costs. This provides context to other challenges for our industry with the introduction of the Carbon Tax and the Mining Resources Rent Tax (MRRT), which in its current form only extends to selected commodities. This coupled with exclusion zones and the glacial pace of approval processes...
has proven to be an impediment to planning, exploration and development activities. These factors have contributed to foreign partners reassessing Australia as a destination for investment in new mining and energy projects.

Ladies & Gentlemen, my colleague and I are here today to lend the Wallarah 2 coal project, not only our personal support, but also as representatives of local and national industry, the support of our thousands of constituent businesses.

Interjections -

We believe this project should be approved as it will provide a much needed boost to a depressed local economy. We have seen mine closures & others put into care & maintenance in this region resulting in significant job losses. We would see enormous benefit for this local geographical community to have access to both the employment and supply opportunities through the construction and production phases of the development.

Wallarah 2 has been waiting for approval for many years now. This delay has been a significant blow to the confidence of the local business community where significant investment is required to sustain and bring new employment.

We see benefits in supporting the approval of this project through key economic indicators:

Regional Employment Growth
Business Confidence
Domestic and Foreign Investment attraction
Mining Royalties to the NSW State Government
Advancement in developing new Technologies
Creating greater manufacturing & production Efficiencies
Conspicuous statement of Political stability (election in 12 months)
Politically consistent and attractive to Investment
Key Indigenous community employment engagement the importance of which can’t be overstated.

Greater Community Engagement – Wallarah 2 have repeatedly proven themselves a solid local citizen.

Given Wallarah 2 coal has conducted 3 Project Briefings with MESCA and significantly more with other local & regional associations over the past 5 years, the big piece of the puzzle
that’s missing which is of critical requirement to the supply community is when this project will finally be approved so everyone in this region and beyond can benefit from this development. The timing, progress & maturity of a project will always determine when every link of the supply chain is best placed to submit their offerings. From initial Civil Earthworks right through to the final electrical & communications installations.

The Wallarah 2 Project Team has always engaged with both the local and supply communities in a respectful, inclusive & meaningful way, with complete transparency about the scope and requirements surrounding this project. The only critical variable surrounding this project, which is of particular concern to the Suppliers, is the timing...Supplier confidence and awareness of accurate and reliable development milestones ensure local suppliers are well placed to assist with the proponents’ requirements. The more transparent the proponent is about their project requirements, and how they do business, how to get pre-qualified, what they look for in a supplier, the better prepared the local supply community will be to meet these requirements – Speaking on behalf of local suppliers and greater industry, we sincerely could not ask more of this particular proponent.