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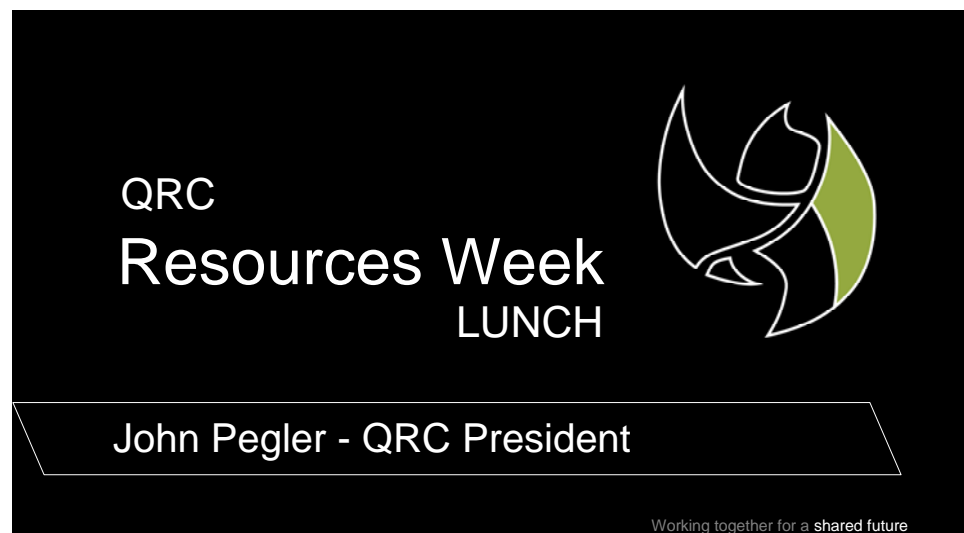
2006 QRC RESOURCES WEEK LUNCH

**BRISBANE CONVENTION AND EXHIBITION CENTRE
MONDAY 15 MAY 2006**

12.50pm

RESOURCES WEEK REMARKS AND LAUNCH OF WOMEN IN
RESOURCES ACTION PLAN

JOHN PEGLER, PRESIDENT,
QUEENSLAND RESOURCES COUNCIL



The banner features a black background with white text and a logo. The text reads "QRC Resources Week LUNCH" in a sans-serif font. To the right is a logo consisting of three stylized, overlapping leaf-like shapes in white and light green. Below the main text, a white-bordered box contains the text "John Pegler - QRC President". At the bottom right, the tagline "Working together for a shared future" is written in a small, white font.

QRC
Resources Week
LUNCH

John Pegler - QRC President

Working together for a shared future

Thank you Michael and good afternoon ladies and gentlemen.

Welcome to our guests, the Honourable Anna Bligh, Deputy Premier, Treasurer and Minister for State Development and Innovation; the Honourable Henry Palaszczuk, Minister for Natural Resources, Mines and Water; their respective department heads Gerard Bradley, Stuart Booker and Bob McCarthy; Shadow Minister for Transport and Infrastructure, Michael Caltabiano; and to my fellow QRC Board members, including Vice President John Smith. May I also convey apologies for Vice President, Charlie Sartain, who is in Argentina today.


In the aftermath of the tragic event a few weeks ago at Beaconsfield, let us all acknowledge our condolences, sympathies and best wishes to the families who comprise this Tasmanian community. We are yet to understand causes of the incident. Speculation from our distant position is completely unhelpful. The rescue vividly demonstrated the expertise of all the persons involved, the effectiveness of the mutual assistance schemes involving neighbouring mines and States, as well as the technology available. The event itself is sobering. In Queensland, it will be vital that we import the lessons when they are known, and that we use them to further reinforce our relentless dedication to our goal that people return home from work in good shape at the end of every shift.

There are more pleasant duties today. We are going to acknowledge the efforts of some young people – one who has already etched her name into Queensland's mining history, and some rising stars, whose names I expect we will all jot down for future reference.

Skilling the Future is the theme of the second QRC Resources Week lunch.

There are few things more fundamental to the continuing success and sustainable growth of Queensland's minerals and energy sector, and I will have more to say on that soon.

However, I would like to stray from the theme for just a few minutes to highlight the QRC's position on another fundamental issue for our industries - that issue is water.



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Water – Fundamental to the Resources Sector

Queensland miners are the state's:

- **most responsible water users**
- **highest value-adders to water resources**
- **use only 5% of Queensland's water to generate more than 10% of state's income**

Plainly water is front and centre in the State Government's priorities, evidenced first with the change to Minister Palaszczuk's portfolio title to that of Natural Resources, Mines and Water, and more recently by some important water infrastructure decisions.

Water is fundamental to our sector, from exploration to processing.

Our requirements vary significantly. A mineral processing operation or power station may use many millions of litres of water per day, whereas mining operations with no on-site processing may use very little. On the other hand, a coal seam gas operation may actually produce thousands of litres of water a day.

Queensland's miners are among the state's most responsible water users. The sector is the highest value-adder to water resources. On average, each unit of water on site is used seven times.

At the state level, the operation of the mining industry is not water-intensive. The sector occupies just point-6 of a percent of Queensland's landmass and uses 5 percent of its water to generate more than 10 percent of its total income, while employing one in every 14 Queenslanders.

Some 85 percent of the state's regulated water allocation is directed to agriculture. - around half that dedicated to sugar cane production.

Ten percent is consumed by our urban populations. Five percent is used for industrial purposes, including mining, minerals processing and energy production.

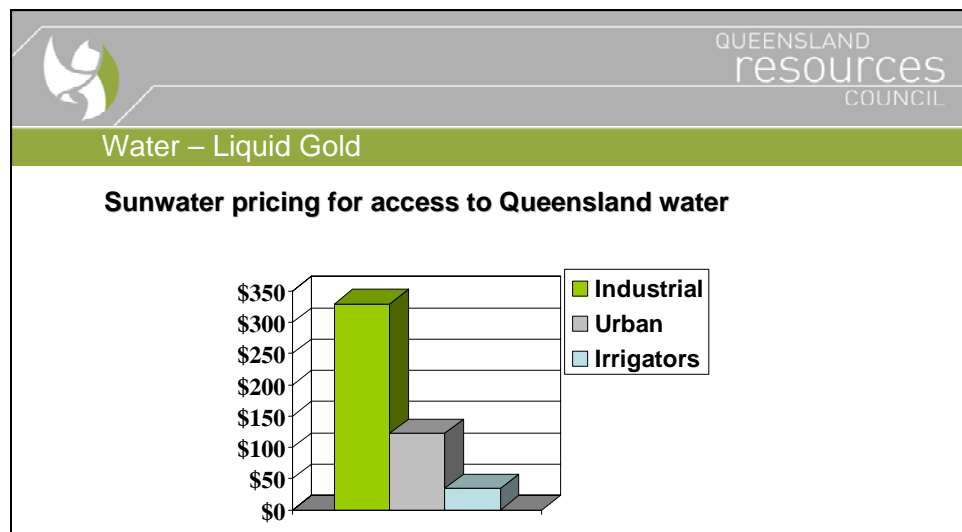
Launching Queensland's Water Plan in August 2005, Premier Beattie compared the state's water resources with liquid gold.

We believe the analogy is spot-on.

In my address to the QRC Annual Lunch last November, I foreshadowed the development of a QRC Water Strategy. In developing this overall industry strategy, it has become apparent that water *is like liquid gold*. It is revered, hoarded, recycled, priced on purity, a magnet for speculators, both difficult and expensive to transport effectively, heavily regulated and fundamentally linked to issues of security.

To date it has generally been economic and relatively straightforward for the resources sector to secure water.

This is because, like other industrial users, we pay the full-cost for the consumption, augmentation and development of water infrastructure in Queensland.



Sunwater's pricing for access to 40 percent of the state's water resources highlights a number of points:


- Industrial users pay an average price of \$329 per megalitre and in doing so, provide 40 percent of total revenue.

- Urban users pay an average price of \$122 per megalitre, providing around 10 percent of total revenue.
- Irrigators pay an average price of \$35 per megalitre, providing 50 percent of total revenue.

Those of you with a penchant for mental arithmetic will be interested in having the following results confirmed. Domestic users pay almost three and a half times more for water than irrigators. Industry pays almost nine and a half times more. I should note that price of water for irrigation reflects a lower certainty of supply. In times of drought, irrigation is the first sector to have the tap turned down.


I mention these prices to illustrate that the resources sector is a critical catalyst for the provision of new water infrastructure; the dams and weirs which serve urban and agricultural demands as well as industrial needs. To date, industry has been too reticent in presenting our important role in providing the essential base level of demand for new water infrastructure.

It is also important to note that water prices which are based on water characteristics rather than the sector of use is an essential precursor to a rigorous business case for investing in water saving research, technologies and practices.



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Water – Liquid Gold



The QRC has developed its water strategy with the following principles in mind:

- ✓ **Water is an intrinsic community asset**
- ✓ **The resources industry has a major role in underpinning regional water security**
- ✓ **The industry will continue to collaborate with local communities**

QRC has developed a set of principles which underpins an industry water strategy. Let me outline those principles.

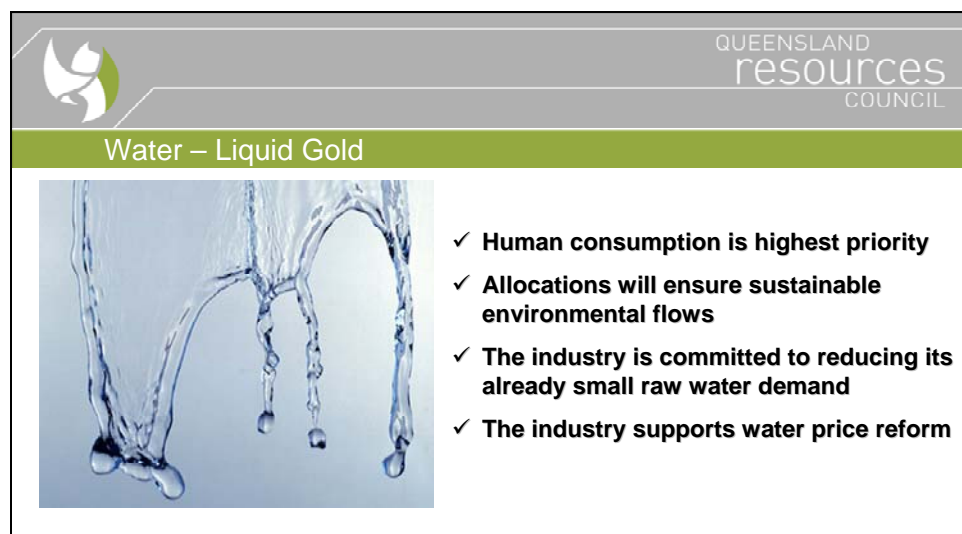
QRC acknowledge that the resources industry is just one of a number of competing interests for a finite supply of water, particularly within specific local catchments.

QRC recognise that potable water for human consumptive use has, and should continue to have, the absolute highest priority.

QRC supports the national process of reforming water pricing to fully reflect all costs in an open market system. As a result of these ongoing reforms, Queensland water should flow to those uses which best demonstrate to the Queensland community the most advantageous blend of social, cultural, environmental and economic value.


QRC advocates clearly defined water rights. These must be underpinned by the latest understanding of the hydrology of the catchment systems. These allocations must include sustainable environmental flows to maintain healthy river and groundwater systems.

Water allocations should be as divisible as possible – allowing markets the maximum flexibility in leasing, transferring or sale of water.



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Water – Liquid Gold



- ✓ **Human consumption is highest priority**
- ✓ **Allocations will ensure sustainable environmental flows**
- ✓ **The industry is committed to reducing its already small raw water demand**
- ✓ **The industry supports water price reform**

QRC recognise that water remains an essential natural resource. Any water user needs to be sensitive to the impact on other

stakeholders as the wider Queensland community has a legitimate interest in seeing water used wisely.

Water of any quality has value. The resource industry is actively investigating sustainable ways of reusing and recycling water. The industry's 'fit-for-purpose' approach not only reduces the demand for fresh water, with benefits to the local community and ecosystem, but also delivers onsite greater water security.

QRC recognises intrinsic uncertainties exist in water systems as a result of climate variability and demand variation.

If some of that sounds familiar, it's probably because it reflects the notion of a fair go in a regulated environment.

The QRC water strategy will aim to confirm the resources sector as the State's most efficient water users.

The purpose is to set a self-imposed industry benchmark – above any minimum regulatory standard – to deter regulatory creep in the future and to demonstrate the sector's capacity to manage water better than any other industry.

The implementation of QRC's water strategy will demonstrate the resource sector's commitment to mining full value from managing Queensland's liquid gold.



Ladies and gentlemen, to return to our theme ...

At last year's inaugural QRC Resources Week lunch, we unveiled a television commercial designed to interest school leavers in resources sector careers.

Federal Minister Ian Macfarlane was kind enough to describe the *Future Directions* program as one of the most positive industry campaigns he'd seen in more than a decade.

The QRC has committed to a second phase of this *Future Directions* program. Over the coming months we will be spreading the message about our sector's career opportunities to thousands of young people – face to face, through our web site, and through printed materials such as that on your tables.

You can see that our materials have not been designed to win a 'best corporate look' award. We are consciously trying to win the attention and interest of our target market. We have carefully tested our materials with focus groups of young people.

Please take home a brochure. Please give it to a young person at home, or someone you know who is thinking about careers.

Today, we are looking better to more and more young people.

An important part of this careers strategy has been our scholarship program. We had a very difficult task to choose just four young people from the vast number of applications.

Our QRC tertiary scholarship winners are here today and on your behalf, I welcome them.

Soon, I will hand over to the Minister for Natural Resources Mines and Water Henry Palaszczuk to present these fine young people with their \$40,000 scholarships. I'm sure these scholarships will make life a little easier through their university years. At the same time, the scholarships will provide them with valuable networks, mentoring and experience along the way.

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Skilling our Future – get a life!

The QRC aims to win the attention of
Generation-Y through:

- ✓ Career opportunities in the resources sector
- ✓ Providing more than 300 corporate scholarships
- ✓ Awarding four QRC \$40,000 scholarships

At the QRC Annual Lunch last November, the Premier did us the honour of launching the Queensland Minerals and Energy Academy.

The academy is up and running. It is introducing resource sector content to students at 19 secondary schools around the state, putting those students into direct contact with QRC member companies and building links to the enormous range of career options that our sector offers.

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Skilling our Future – Queensland Minerals and Energy



✓ 19 schools around Queensland

✓ Direct contact between students and companies

✓ Pathways from school to work

In our determination to Skill the Future, the QRC wants to ensure that resource sector careers are on the radar screen of women as well as men.

In March, Minister Desley Boyle announced the inaugural winner of the QRC's Resources Award for Women in front of more than 200 guests at an International Women's Day Breakfast here in Brisbane.

The award was presented to Tina Markovic, manager of BHP Billiton Mitsui Coal's Poitrel Mine in central Queensland, managed by John Smith's team at BMA.

Tina is Queensland's first female manager of a major mining operation, and would have loved to have been here this afternoon if not for the site work involved in getting a 4 million tonnes per annum mine into production, in scope, on schedule and within cost estimate.

Tina represents the future of the minerals and energy sector in this state and this country.

And that's a story that we intend to tell, and tell again.

In our lifetimes, we are most unlikely to see the gender balance in the general population change and that should bring everyone to a simple realisation.

No industry can afford to be unattractive – or at the very least, irrelevant – to half the young people leaving school every year.

That's why my Board enthusiastically supported the proposal for a Women in Resources Action Plan. The plan is summarised in a flyer on your tables.

This Plan is an Australian first.

We have set a goal of doubling the percentage of women working in non-traditional resources sector roles by 2020.

The plan also responds to the needs of women already working in the industry. These needs were expressed to us in our survey of more than 100 women throughout the sector.

The resources sector provides exciting career prospects for women. We need to increase awareness amongst them of the opportunities available.

Women already working in the sector are our best ambassadors.

‘Our survey showed that 90 percent of the women we interviewed would recommend the sector to other women.

Key features of the plan include:

- Introduction of a set of **leading practice principles on retention of women** for QRC member companies;
- **Promotion of careers** for women in the resources sector through networking functions for careers advisers, senior teaching staff, senior female high school students and women working in the industry;
- Expansion of QRC’s **range of networking events** for women in the resources sector including QRC’s very successful International Women’s Day breakfast. We look forward to working with WIMARQ (Women in Mining and Resources Queensland) on such events;
- **Celebrating the achievements** of women working in the resources sector through Australia’s first ever Resources Awards for Women; and
- A much greater emphasis on resources sector **opportunities** for women in the QRC’s wide-ranging **careers awareness** campaign.



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Skilling our Future – Women - New Faces in Resources



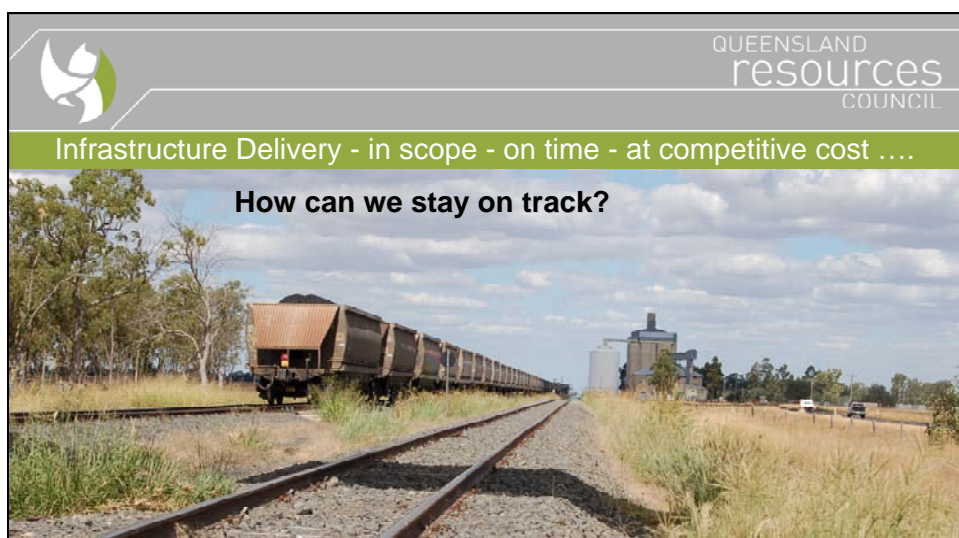
- ✓ Engage more Women in Resources Action Plan
- ✓ Aim to double the percentage of Women in non-traditional roles by 2020
- ✓ Respond to needs of Women in the sector
- ✓ Resources Award for Women

Before I finish, I do want to hand out a bouquet. Industry has been pleased with the range of very important infrastructure announcements by the State Government. However, those of us in industry know that getting to the stage of an announcement is the easy bit. Delivery of a project is much more complicated and challenging. It is plain hard work. Timely delivery is NEVER achieved without a highly systematic approach grounded in well-known project management principles.

The independence of GOC Boards from GOC managements is a profoundly important feature of project governance. Boards should never become functionaries or cheer squads for GOC management. Boards must be independently advised and preferably contain independent expertise which is relevant to project delivery.

It is important that Government through the shareholding Ministers, devise processes of review so that GOC Boards are held explicitly accountable for optimal, timely project delivery.

The Board of QRC appreciates the continuing opportunity for engagement with GOC Boards and with Government, aimed at bringing about effective, timely delivery of infrastructure projects. We were gratified by the announcements. We look forward to celebrating project successes.



And now, please make welcome the Minister for Natural Resources, Mines and Energy Henry Palaszczuk who will present the QRC's 2006 Tertiary Scholarships.

Thank you.



ADDENDUM

The QRC 2006 Tertiary Scholarships were presented by the Minister for Natural Resources, Mines and Water, the Honourable Henry Palaszczuk MP.

The Scholarships were presented to:

Lynnley Orr – a graduate of Tully State High School in north Queensland; Lynnley comes from a mining family but is also passionate about the sea and safety as captain of the local surf club. Lynnley is studying engineering at James Cook University in Townsville.

Damien Kelly – a product of Marist Brothers College at Ashgrove, which is also a Queensland Minerals and Energy Academy school. Damien is expected to be approached by a number of sporting clubs while attending the University of Queensland.

Talia Zammataro – The dux of Mossman State High School in far north Queensland. Talia has moved from one end of the state to the other in pursuit of an engineering degree which she intends to obtain from the University of Queensland.

Michael Wiseman – a true ‘son of the surf’ from Noosa, Michael has seen the light after flirting with the prospect of becoming a dentist or doctor. He is now working towards an engineering degree, also at the University of Queensland.