

MOUNT ISA

Diversification and Transformation Strategy

THE SMART SOLUTION TO THE CRITICAL QUESTION



MOUNT ISA
City of Opportunity

mountisa.qld.gov.au

AUGUST 2024

A proposed \$2 billion Australian Government grant from the Future Made in Australia budget allocation to fund the Mount Isa DTS and to drive additional private sector investment and international co-funding as well as the private sector. We refuse to be defined by this event.



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SUMMARY

A proposed \$2 billion Australian Government grant

Timing is critical, and inaction will be hugely costly at a national level

Australian Government leadership essential

A slow or timid response will fail

Analysis has been done and multiple reports are available

More than 60 proposed projects, programs and initiatives developed

28 of these projects prioritised with a minimum initial capital value of \$2.7 billion

Action needed now, Glencore copper mine closing in 10 months

Mount Isa is a proven and highly productive investment destination

Mount Isa underpins a massive value chain from Darwin to Townsville

Common-user infrastructure is the primary pathway

New governance structure straddling all levels of government required to implement

Mount Isa well placed to deliver on key government policy priorities

Private capital and co-financing available when investment conditions are satisfied

MOUNT ISA DIVERSIFICATION AND TRANSFORMATION STRATEGY (DTS) PROPOSED INVESTMENT

To save and transform Australia's Mount Isa, the Mount Isa Diversification and Transformation Strategy (DTS) has been designed with the following proposed four key features:

- **Investment:** A \$2 billion Australian Government grant from the Future Made in Australia budget allocation to fund the Mount Isa DTS and to drive additional private sector investment and international co-funding.
- **Leadership:** Australian Government establishment and leadership of a dedicated Commission, pulling together leadership and expertise from across the three levels of government to steer the Program, working with existing state and federal government delivery agencies, and incorporating forms of private sector expertise.
- **Delivery:** Key investment and policy metrics to drive expanded critical minerals processing, accelerate new mining operations, increase renewable energy production, initiate new decarbonisation activities, and attract international co-investment capital.
- **Broad Value Chain Impacts:** Recognising the extensive economic interdependencies of the region, Mount Isa-focused investments are designed to shore up economic security and generate economic benefits in Mount Isa, the immediate North West Minerals Province and along the entire value chain from Darwin to Townsville.

Council has pre-identified and given preliminary assessment to more than 60 priority projects, programs and initiatives for immediate delivery or initiation which coincide with Council's economic diversification and transformation agenda and which also align with the Australian Government's wider policy ambitions. Of these 60 identified priorities, 28 projects, programs or initiatives with an initial minimum capital value of around \$2.7 billion have been identified as immediate priorities based on their assessed near-term impact and deliverability. Examples of likely investments to be delivered or catalysed or accelerated as part of MIDTS will include a new copper and critical minerals smelter, new sulphuric acid production facilities (which are an essential input to critical minerals processing and ammonia production), new renewable energy projects plugging into new transmission lines, new decarbonisation initiatives, new transport and infrastructure projects, and new critical minerals value-adding processing capability and technical know-how.



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 Mount Isa's future prosperity will depend on having diverse economic sectors and multiple major industry players
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BACKGROUND

In late 2023, Glencore, the operator of Mount Isa Mines, announced major changes to its operations, with the closure of its underground copper mine and copper concentrator in Mount Isa. The mine is expected to cease operations in 2025, and the smelter in 2030. There will be a significant impact on the economy and society of Mount Isa, with the immediate loss of 1,200 direct jobs and the potential for even greater job losses in the downstream sectors supporting the whole mining region.

Larger effects will be felt further afield. Many other projects and businesses that are underpinned by the operations of the copper mine and smelter in Mount Isa will be profoundly and adversely affected, as will the economy in Townsville, the corridor between Mount Isa and Townsville and, to a lesser but not immaterial extent, the economies of Cairns and Brisbane. The Queensland and Australian Treasuries will experience direct negative

effects due to the Glencore business decision, with their combined taxation and royalty incomes declining by several hundred million dollars per year.

The value and security of the local economy is at risk in the face of the mine closure and subsequent expected impacts. Mount Isa City Council has determined that it needs to diversify its economy and achieve structural transformation to avoid diminishing levels of wealth, population, and standards of living, as well as the likely onset of increased social problems. In recognition of the shock to the economy, the Queensland Government has announced an initial small support package to the Mount Isa region, with up to \$20 million for a mine workers adjustment program as well as for community projects and up to \$30 million to accelerate development of resource projects in the North West Minerals Province over the next five years.

ANALYSIS

Very soon after the Glencore announcement, Mount Isa City Council initiated an analysis of six key economic sectors as well as commissioned analyses of two critical overarching themes to determine the most strategic investment pathway forward for the diversification and transformation of Mount Isa's economy. This work built on extensive prior analysis completed over many years on the functioning of the Mount Isa economy and how it underpins the value chain from Darwin to Townsville which, in turn, underpins the social sector services delivered to a very large geographic portion of northern Australia.

The six economic sectors or pillars of Mount Isa's economic base that were subject to the most recent focused analysis were: resources, critical infrastructure, energy, agriculture, tourism, and small business operations. In addition, specific additional analysis was undertaken in relation to two other areas: lessons for and possible approaches to Mount Isa's future structural adjustment; and, optimal policy settings and investment opportunities to help Mount Isa expand into a leading role

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in the new economic future with a focus on renewable energy, circular economy and decarbonisation.

In addition to the eight separate consulting reports emerging from these analyses, there is also an extensive library of recent analysis

conducted by the Queensland Government and various bodies such as Regional Development Australia (RDA) and Mount Isa Townsville Economic Zone (MITEZ). A library of these materials can be made available.

The multiple reports all set out strengths and weaknesses, opportunities and constraints facing the economy. Most importantly, they focus on the future.

In particular, they

assess investment opportunities, especially where these opportunities align with state and federal government priorities. The reports all variously set out pathways to realise investment and accelerate project development.

The particular aim of this summation report is to synthesise the arguments and findings of the sectoral reports without regurgitating in entirety their detail. Given the interrelationships

between the sectors – as one example, infrastructure is an essential component of energy and resource sector projects – there is some inevitable overlap between the six reports.

Mount Isa's future prosperity will depend on having diverse economic sectors and multiple major industry players whose individual market power cannot excessively disrupt the economic future of Mount Isa and the North West Minerals Province. Importantly, tight availability of labour and housing shortages will need to be addressed, and is a common theme across all the pillars and indeed across all regions in Australia.

The future of Mount Isa will not depend on the success of one company, mining project, or type of mineral. Rather, the overall ecosystem will benefit from a deliberate and long-running public sector investment program that shores up confidence and focuses on improving access to well-priced and highly efficient common user infrastructure which, in turn, crowds in domestic and international private investment.

TRANSITION DIMENSIONS

Mount Isa City Council commissioned analysis of a transition framework in response to the closure of Glencore's Mount Isa copper mining operations, informed by best practice from past industry closures. Council also commissioned advice on how Mount Isa can become "future ready" and which emphasises opportunities related to circular economy, renewable energy and decarbonisation.

The analysis emphasises that the impending closure of Glencore's Mount Isa copper mining operations is expected to significantly impact the region's economy, posing considerable risks to the community, including increased unemployment and economic disruption, and leading to psychological and social stress and intergenerational issues.

Based on past similar shutdowns in other regions in Australia and elsewhere in the world, there is an increased risk of long-term unemployment particularly where there was dependency on a single industry or a single employer. The assessment determines that for each direct job lost in the mining industry, an additional job in Mount Isa is also lost.

Research on best practice indicates that effective transition strategies should be grounded in early intervention, prolonged support, and regional economic diversification. Past industry closures have also shown the importance of fast-tracking investment in projects including civic improvements, transport, communications, health, and education infrastructure, especially where there is not enough existing work to provide short-term employment opportunities. The need for investments in many of these areas are canvassed in the various pillar analyses so far conducted.

Literature on large-scale job loss indicates that the aftershocks of industry closure do not tend to emerge fully until 18 months to two years after the closure. Thus, decision-makers should consider a full range of solutions, not just focusing on short-term employment but ensuring long-term economic

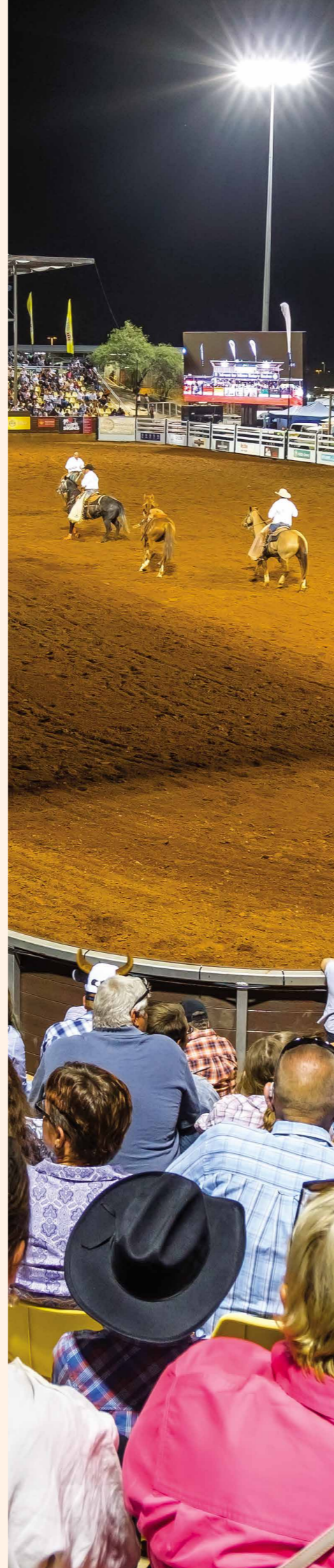
prosperity and community resilience.

Short-term opportunities for managing the immediate mine closure may exist within the construction industry and machinery operator and driver occupations. Some partial and temporary absorption of the displaced workforce could be achieved by additional Council beautification projects. However, quality employment for affected workers is required beyond the early intervention response, with workers needing retraining and the development of new industries based on understanding the relationships between different jobs in the region, and how best to apply the skills available in these jobs in new areas of strategic, regional, or national importance.

A collaborative approach involving all levels of government, community leaders, industry stakeholders, and the affected workforce should be adopted to ensure a coordinated response that leverages local strengths.

Some of the possible policy responses include:

- Expand infrastructure and fast-track 'shovel-ready' projects to stimulate immediate job creation and long-term regional economic growth.
- Provide dedicated services to support the mental health and psychological well-being of affected workers and their families.
- Incentivise industries predicted to expand in the next decade (such as technology, healthcare, education, sovereign capability, and renewable energy) to leverage local skills and provide sustainable employment alternatives as well as develop comprehensive retraining and upskilling programs for the displaced workforce, particularly targeting sectors with the potential for growth.
- Consider repurposing Glencore's existing copper mining assets for other productive economic activities, e.g., a site for developing renewable energy.



FUTURE READY IMPERATIVES

The key insights for a "future ready" Mount Isa are focused on renewables, critical minerals and sovereign capabilities for the future and the need for a coordinated and long-term response that prioritises investments in skills and enabling infrastructure (transport, energy and community), as well as in the resources sector.

It is clear that the net zero transition and the emergence of decarbonisation has emerged as a top priority for business and government, with regions competing to secure their position in the new economy. Mount Isa has a key role to play in Australia's efforts to secure strategically aligned supply chains and revitalise sovereign manufacturing capabilities. In particular:

- The supply of affordable and reliable renewable energy is critical to Mount Isa's future, and underscores the importance of CopperString 2032 and other proposed projects seeking to address this need.
- The mineral reserves of the North West Minerals Province and the tailings stockpiles in the region are a key advantage that will enable the decarbonisation of Australia and the world.

- Bottlenecks, costs and weaknesses in transport infrastructure, waste management and resource processing must be addressed to maintain and enable industry growth.
- Infrastructure and the community will need to adapt to predicted climate impacts of more hot days, more intense and variable precipitation and flooding.
- Key vulnerabilities must be addressed in the Mount Isa community to ensure it retains and continues to attract people and businesses, including access to affordable and adequate housing, affordable travel and freight options, access to health care and social services, and healing between Indigenous and non-Indigenous residents.

Achieving a "bright future" for Mount Isa will require significant coordination, collaboration and huge levels of investment from industry, government and the community. The sustained level of commitment and coordination needed should not be underestimated. Conversely, the failure to deliver this will produce costs of a greater quantum.

EXTENSIVE CONSULTATION UNDERTAKEN

Council, partner organisations, other related local governments, and consulting partners have undertaken extensive and wide-ranging consultation with community and stakeholders. The consultation has occurred in Mount Isa as well as all key centres such as Brisbane, Townsville and Darwin, with key industry players, and across all economic sectors. A list of consultations undertaken by various consultants and partner organisations can be made available. Consultations for recent analytical work occurred between January and June 2024 but it also builds on consultation undertaken by key partners in preceding periods for other related projects. Consultation has also been undertaken by the Queensland Government's Department of State Development and Infrastructure.



DEMOGRAPHY AND CONFIDENCE

Mount Isa needs to avoid entering a death spiral. If there is a loss of population, workers, services or amenity, this will make it even more difficult to achieve a successful transition to the new economy that is proposed. A loss of workers and services in turn would make it hard, indeed impossible, to attract financing for small businesses or housing investments. Therefore, while concrete progress on funding, projects and industry support is vital, so too are indications of government support to shore up business confidence.

SMALL BUSINESS

Mount Isa's small and medium enterprises (SMEs) tend to be focused on supporting the mining sector and serving the local communities in the broader catchment (including the surrounding regional LGAs of Bourke, Boulia, Cloncurry, and Doomadgee – the total catchment population is around 27,000 people). The SMEs include, for example, retailers, auto servicing and repairs, professional services, and health care providers, as well as accommodation, manufacturing/engineering and labour supply services for the mining sector.

The continuation of Mount Isa's SME segment is reliant on the

sustainability of the local and regional communities, which will be affected by both the availability of labour and the demand for their products and services. Small business is the region's biggest employer.

In total, consultants identified that 23 quite substantial SMEs will be directly impacted by the Glencore closure. The majority (21 of the 23) are located directly in Mount Isa. Some businesses have a branch location in Mount Isa but otherwise have multi-site/locational operations (e.g., some have operations in Townsville). A total of 11 SMEs are local Mount Isa businesses or franchise operations solely located in Mount Isa. These 11 local businesses or franchises are most likely to be subject to greater levels of impact on performance and forward viability. Within the 11, there is a concentration of businesses within engineering/manufacturing/fabrication, labour hire and accommodation solutions.

Reforms to the way that the SME sector does business in Mount Isa should be considered: longer hours for retail trade (7-day retail trade); reducing red tape; upgrading commercial buildings; and, providing a regular shuttle loop service between the airport, the city centre and suburbs to improve accessibility for residents, including access to shops and schools, and for visitors and passengers.

Longer term, SMEs should focus on attracting visitors, with opportunities canvassed including a motorsport complex, an RV friendly town status, cultural tourism, and a focus on outdoor lifestyles. Expansion into health and community services is also required as there is an insufficient supply of such services in the region, particularly complex-needs aged care, primary care, domestic and family violence services, and mental health services. Childcare services also require expansion and represent another opportunity.

TOURISM

The analysis of the tourism sector highlighted several opportunities. While tourism investments may not soak up lost jobs from a contracting mining sector, it will boost confidence, especially for SMEs, it is a labour-intensive industry, and will expand the economy's diversification. Key recommendations revolved around strengthening Mount Isa as a destination – stronger branding and marketing, stronger governance, and more investments in destinations. The analysis showed that several key "enabling" investments would provide a good return including supporting Indigenous tourism via a Kalkadoon Cultural Centre, and a tourism master plan for Lake Moondarra.



ENERGY – TRANSMISSION AND GENERATION

A key feature of the energy sector in the Mount Isa region is its reliance on the North West Power System (NWPS), which currently operates in isolation from the National Energy Market (NEM). The reliability of the NWPS has been and continues to be a major concern for users, with load shedding causing frequent energy outages. Energy demand in the NWPS largely comes from the mines in Mount Isa. The largest energy generation sources in Mount Isa are (in order) gas power stations, solar generation and waste heat recycling. Ergon Energy owns and operates the energy distribution infrastructure in the Mount Isa region.

A key action required in the energy sector is to reduce reliance on the NWPS and improve reliability by connecting Mount Isa to the NEM. The construction of a transmission link between Townsville and Mount Isa under the planned CopperString 2032 will transform the energy network and market in the Mount Isa region and help resolve reliability issues associated with the NWPS.

CopperString 2023, however, is not a panacea for immediate job replacement, although it will create construction jobs in the short term, and several permanent jobs for the maintenance of the line. The construction of workforce accommodation for the project started in mid-2024. The project will then proceed in four stages from the first quarter of 2025 through to 2029, when the transmissions lines are installed, starting from the eastern portion of the line toward Townsville. Longer term, resolving power reliability issues by connecting Mount Isa to the NEM, will promote business confidence, new contracting opportunities for mining loads, and benefits for existing energy consumers and other prospective customers in Mount Isa.

It should also be noted that challenges remain to be resolved before the CopperString 2032

project is a certainty, including the procurement of regulatory approvals, financing, and technical issues, given the project is the first instance of a 500kV transmission asset being constructed by Powerlink in Queensland.

Before construction, there are opportunities for reform and restructuring of the unique NWPS committee to benefit and accommodate changes in the region.

There are opportunities for Mount Isa to become a renewable energy hub, given the region's abundance of natural resources for solar and wind. There has recently been an expansion in non-residential, utility scale solar farms due to lower costs of installing and operating solar, the large loads required to fulfil obligations under the Safeguard Mechanism and, in some instances, ESG pressures. APA Group, one of the key players in generation, has completed construction of the Mica Creek Solar Farm, which is a promising development as there is room for expansion at the site, alongside a growing interest in wind power and battery energy storage systems. Hydrogen development is also a potential opportunity for the region.

Mount Isa's exceptional location as an intermodal logistics hub will be beneficial in capitalising on the opportunity to become an energy hub. However, labour and housing shortages will need to be addressed; as noted earlier, this is a common theme across all the six economic pillars.

Overcoming the difficulties of connecting and having sufficient demand in the region to consume the additional supply will be challenges that need to be overcome for Mount Isa to be a renewable energy hub, again highlighting the importance of CopperString 2032. The expansion of mining for critical minerals will help generate significant electricity demand.

THE RESOURCES SECTOR – DRIVING NEW INVESTMENT AND PRODUCTION

Mount Isa's economy is driven by the resources sector, and its position as the largest population centre and "gateway" to the world-class North West Minerals Province. The North West Minerals Province has an estimated \$680 billion worth of known in-ground resources, including over \$500 billion of energy-transition minerals.

The Mount Isa region is also defined by large copper and zinc-lead-silver ore bodies. At present, three copper mines and two zinc mines are operated by Glencore, in addition to concentration facilities for copper and zinc-lead, and smelters for copper and lead. Alongside Glencore's operations many smaller mines operate in the region, extracting copper, zinc, gold, silver, lead, granite, and other minerals. In addition, significant reserves of critical and energy-transition minerals exist within tailings stockpiles in the region.

There are significant opportunities for Mount Isa and the mineral reserves of the North West Minerals Province to contribute the critical minerals and other resources that will enable the decarbonisation of Australia and the world.

The importance of critical minerals is growing globally, with Australia following the example of many other countries in developing critical minerals lists, recognising their significance to decarbonisation and future growth.

The endowments of critical and strategic minerals in the North West Minerals Province include cobalt, copper, gallium, gold, iron, lead, magnetite, molybdenum, phosphate, rare earth elements, rhenium, silica, silver, sulphur, uranium, vanadium, yttrium, and zinc.

An enormous amount of pre-competitive and pre-investment

assessment and exploration of mineral potential has occurred in Mount Isa and the North West Minerals Province over many years. There are hundreds of prospective projects at various stages of development. However, many new projects do not go ahead, normally citing uncompetitive access to water, power, rail and other common user infrastructure.

The Queensland Government has the most regulatory influence in the resources sector in Mount Isa but the Queensland Government's actual policy and cash investments in the region are low relative to the economic scale and capacity of Mount Isa. The Queensland Critical Mineral Strategy commits to the establishment of Critical Mineral Zones (CMZ), work being led by the recently established Critical Minerals Queensland. The CMZs are designed to achieve efficiency and expedited outcomes where multiple projects are located across the zone and to foster coordination and collaboration between industry, stakeholders and governments. Mount Isa is being mooted as the next CMZ after Julia Creek.

Other key investments for the resources sector include a common user copper smelter: the proposed smelter could be built to process ores from the entire region, safeguarding the copper industry for when the Glencore smelter closes. A proposal to complete a business case has been submitted to the Queensland Government.

A sulphuric acid plant, which could roast pyrite deposits (including from tailings) to produce sulphuric acid for Incitec Pivot Phosphate Hill operations could safeguard the long-term sulphuric acid supply for if/when the Glencore smelter closes, expected to be in 2030. The criticality of the continuity of the sulphuric acid supply chain to Australia's national economy should not be under-estimated. The Queensland Government has recently published

a report on the security of supply and sources of demand of sulphuric acid.

Initial resource sector policy investments should focus on various opportunities that will deliver near-term impacts to prevent population losses, job losses and economic decline, as well as contributing to ongoing structural transformation. There are many of these, but key ones are summarised below:

- Continued exploration of options for critical minerals and characterisation of tailings: Most mine leases in the Mount Isa region have waste in their tailing dams and mullock dumps. Mine wastes contain a wide suite of elements including **gold, copper, lead, zinc, silver, cobalt, antimony, rare earths, uranium, iron, cadmium, phosphates, and magnesium**. Thus, there are opportunities to develop critical minerals in mine tailing dams and mullock dumps. Industry should monitor and utilise the active research programmes on this topic by government and universities. Geoscience Australia maintains a Critical Minerals Atlas and has mapped and defined the resources of at least 63 mine tailings dams in the region. A separate report provides details. The University of Queensland is also progressing a body of work in this space. Geoscience Australia and the Queensland Government's Department of Resources have excellent databases on the region's mineralogy which is accessible at low or nil cost by industry actors.
- Mapping of funding and financing programs: Relatively small federal funding and financing programs are available, including the Queensland Government's \$50 million support package, the Queensland Jobs Fund, and the Regional Economic Futures Fund (\$22m just announced), as well as the Australian Government's Future Made in Australia fund



to support proposals to bring about major new investment in Mount Isa, in particular in relation to **common user infrastructure such as the smelter and production of sulphuric acid**.

- A North West Minerals Province "Studies and Early Works Fund" is essential. The aim of the proposed Fund, centred around Mount Isa, is to **co-fund miners to conduct feasibility studies, scoping studies, sampling, and early works on projects** where costs of studies and risks of failure are high or unknown. The Fund, which should be substantial in scale, will generate value for Mount Isa and the region by bringing forward and de-risking mining projects to the next phase of operation, providing a signal to businesses and community members that future opportunities are present in Mount Isa, and encourage the development of new technologies and techniques to extract critical minerals.
- An Australian-first "Critical Minerals Regional Hub" should be declared. Demand for critical minerals is growing rapidly and Australia is well placed to be a significant provider. A network of hubs across Australia would

provide support for an end-to-end focus on the whole value chain from the mine to a processor to an end-user or manufacturer, thus encouraging critical minerals processing capabilities, and encouraging the development of processing and refining industries. Hubs would assist in coalescing mineral access, key infrastructure, and specialist capabilities and experience, which would drive efficiencies and attract investment at all stages of the value chain. Mount Isa's mineral, technology and infrastructure endowments mean it is **ideally placed to become the first of a series of critical minerals regional hubs across Australia**.

- An Australian Critical Minerals Investment Database centred on Mount Isa will add value. The database would be an analytical and data visualisation platform that integrates up-to-date data on critical minerals – location, depth, quality, quantity, and metallurgy – as well as their related value chain opportunities: processing, logistics, manufacture, export, prices and markets. The database platform would enable effective communication and planning for critical mineral opportunities, risks,

constraints, and options for public agencies and private enterprise, easing the pathways for potential investors in critical minerals. If the platform was based and maintained within Mount Isa, it would provide new employment and training opportunities and otherwise help centre Mount Isa as an international critical mineral centre.

- A Global Critical Minerals Exchange can be established in Mount Isa and act as a regional/national manager, regulator, and arbiter of the critical minerals market, employing futures trading to cover risk in markets vulnerable to supply-chain disruption and price instability. An Australian based Critical Minerals Exchange would increase Australian and international understanding of markets and prices for critical minerals and rare earth elements, reduce risk for investors, speed up related project developments, and centralise Australia's and Mount Isa's place in the global market. This opportunity also allows Mount Isa to leverage its mineral and resource potential into the development of a new, unique technology and digital opportunity.

COMMON USER CRITICAL INFRASTRUCTURE

Much of the critical infrastructure of Mount Isa and the immediate surrounding region – community, health, transport, energy etc – requires improvements to address service gaps, insufficient reliability and ageing to make it fit-for-purpose. Community infrastructure – the CBD, housing and tourism – are ageing and dated, and require improvements to address amenity and liveability. Health and social services infrastructure is insufficient, with inadequate primary care placing stress on hospital services. Some health infrastructure is out-of-date and not fit for service, and essential services, including complex-needs aged care and mental health services, are lacking. Similarly, the judicial infrastructure for domestic and family violence and community rehabilitation is inadequate, and the watchhouse is overstretched.

Transport infrastructure suffers from similar problems, which impacts business productivity. The Mount Isa Rail Line has poor resilience during severe weather events, and is constricted by operational limits, barriers to access and high costs. Some roads, including mine access roads, are often unsealed and only one lane, despite heavy traffic. The airport, while efficient, has limited additional capacity for aircraft, particularly on the days that align to fly-in-fly-out schedule.

Energy infrastructure has been discussed above; as noted, Mount Isa is not connected to the NEM, which makes access to reliable and cheap energy difficult. Resources infrastructure is adversely affected by the uncertainty around Glencore's smelter, which is a critical component of the resources supply chain in the region, including for Incitec Pivot's Phosphate Hill plant, which relies on sulphuric acid from the copper smelter. Historically, there has been underinvestment in water and wastewater infrastructure in the region, which places water quality and reliability at risk, and adversely affects expansion of agriculture.



TRANSPORT AND LOGISTICS

Transport infrastructure is enabling infrastructure for other pillar opportunities to be realised, and hence investment in transport will be crucial to economic transformation and diversification. Given the region's abundance of minerals and mining operations, transport and logistics is a major industry in the North West with rail, road and air all essential to Mount Isa's economy. The proposed Australian Critical Minerals Industrial Precinct is an essential pathway for investment; more detail is provided in the project list table.

The CopperString 2032 connection to Mount Isa, which will enable connection to the NEM and overcome the issues with the NWPS, is also crucial, as discussed above, to ensure access to reliable and cheap energy, which can be difficult under the existing NWPS. Both Northern and Southern Spurs are proposed and should be supported.

Investment in community and social services infrastructure is required to improve amenity and liveability, as is investment in judicial infrastructure to address crime. Although not a major driver of employment, new investment to improve community amenity and liveability will be critical to ensuring that people choose living and working in Mount Isa over fly-in-fly-out as Mount Isa transitions to a more diversified economy. Likewise, adequate health infrastructure and services

will be required to retain the population and attract new workers. A correctional facility has been proposed as a key investment that would reduce crime by increasing sentencing capacity for courts and allow for incarcerated persons to remain close to their family and community.

In relation to rail, energy, and water infrastructure, there are some reforms that may precede investments in physical infrastructure. In the rail sector, the Mount Isa Rail Line has significant latent capacity, with up to half of its potential volume remaining unallocated, and there are opportunities for the economics of rail transport to be enhanced. As noted above, reform of the NWPS Committee could enhance access to energy ahead of broader infrastructure investments. In the water sector, feedback has indicated that there is sufficient water supply in the Gulf catchment but commercially restricted allocations and a lack of understanding of the water product and associated regulations is resulting in inefficient use of this critical input for industry development.

Expansion of the Australian Defence Force in Mount Isa is another avenue for further economic development, potentially as one user (but not a driver) of future industrial facilities such as the Australian Critical Minerals Industrial Precinct.



AGRICULTURE AND AQUACULTURE

The agriculture sector in Mount Isa is heavily dominated by grazing and cattle-related activity (breeding, weaning and stocking/backgrounding). Mount Isa's comparative advantage is an abundance of space, suitable for large-scale grazing operations. Due to inconsistent availability and poor quality of native pastures, the stocking rate is comparatively low, and cattle are often taken east for fattening and downstream processing.

Climatic conditions and water availability are constraints that affect the region, as is an appropriately skilled workforce. The establishment of irrigated cropping opportunities in the North West, turning graziers into crop farmers, has been raised for discussion, and previous trials have taken place, with some funding avenues available for prospective opportunities. Another opportunity canvassed is aquaculture. However, expansion of agriculture is challenging owing to:

- logistics concerns, including road, rail and sea transport. The Mount Isa region has limited road and rail freight links that could be accessed to transport agricultural products, which will impact the duration and cost of transportation, and the quality of produce transported.
- challenges with energy cost and access in the Mount Isa region, as reviewed in the energy pillar (outages and lack of connectivity to the NEM).
- a labour and skills shortage within the community, with over 1,500 job vacancies that have been present for several years, which in turn are affected by the lack of quality and affordable housing in the area, the high cost of transport, water and energy, and the infrastructure constraints within the community.
- climatic conditions and water availability, which are constraints on opportunities such as cropping and aquaculture.

Exporting live cattle from the North West to an Asian market is an opportunity canvassed, but it would be challenging within the context of biosecurity laws and export agreements. Investment in agriculture, given the dominance of cattle in the local agricultural landscape, and the comparative advantages of the region, should focus initially on activities that strengthen the grazing industry before considering expansion and diversification of agriculture.



POLICY LEVERS AND RESPONSE

The Australian Government currently has a surprisingly limited footprint in Mount Isa, despite the criticality of Mount Isa as a service centre for a huge portion of northern Australia and despite its enormous productivity and wealth-generating role. It is estimated that the Australian treasury receives annual tax revenue from Mount Isa in excess of \$800 million. This is essentially testament to Mount Isa's long-term resilience and economic independence. The Australian Government's lack of activity in the area could be remedied in a way that benefits both Mount Isa and the Australian Government through effective investment. Mount Isa is self-evidently a proven investment region. The Australian Government's newly announced Future Made in Australia policy is an example of the policy and funding support that Mount Isa needs, which should generate a significant return on investment for the taxpayer. The Australian Government has recently committed to implement a Critical Minerals Production Tax Incentive, which may be helpful to future critical minerals producers in Mount Isa, although no near-term producers are known.

Failing to support Mount Isa is a major risk to Queensland and Australia in terms of the security of supply chains, the pursuit of new policy goals in relation to renewable energy, decarbonisation and critical minerals development.

Australian Government leadership is critical. The Future Made in Australia program is perfectly in line with the needs of the Mount Isa economy. The cost of inaction is many times higher than the value of a budget allocation to stimulate investment. Council has no interest in more macro-level analysis. We believe the case for investment in Mount Isa has been made many times over; there is no substitute for immediate action. The peculiar characteristics of the Mount Isa economic ecosystem mean there is no substitute for a federally-led Commission with necessary authority and funding to rapidly shift into a project execution phase.

INVESTMENT PRIORITIES

More than 60 projects, programs and initiatives have been identified as being in line with Council's diversification and transformation ambitions as well as being deliverable. Many of these are specific, "shovel-ready" projects which, as a central feature, are labour-intensive and demonstrate the ability to make an impact on the local economy around the same time as the closures of either the copper mine or the copper smelter. Many other programs or initiatives have been identified but require further assessment, including close collaboration with industry, and may well be best delivered in a public-private partnership format. We suggest that an initial task of the proposed Commission should be to sift through and prioritise the entirety of these 60 projects, programs and initiatives for the Mount Isa region. However, in the first instance, we have prioritised 28 of these as being especially meritorious and these have been separately catalogued in an accompanying document. Further specific details of all these proposed projects are contained within the individual consultant reports. These 28 projects alone have an estimated initial capital value of \$2.7 billion. We have developed an economic modelling framework which may be used to compare the relative economic impact on the Mount Isa LGA and SA2 economies.

PRIMARY AND SECONDARY PROJECT PRIORITIES

PRIMARY

PROJECT/INITIATIVE	NEXT STEPS	START DATE	INVESTMENT VALUE (CAPEX/STUDIES)
Australian Critical Minerals Industrial Precinct	Secure land tenure, commence early works	2024	~ \$21m; ~463-724 jobs
Julius Creek Solar Extension and Battery Energy Storage System	APA Group to gain approvals and progress deployment	Final investment decision mid 2024	~ \$200m construction cost; 100-150 jobs, 2-4 ongoing positions
CopperString 2032 Northern and Southern Spurs	Accelerate development approval process with Powerlink and the State Government for the Northern and Southern Spurs	Development approvals 2024, Construction 2032 (best case)	N. Spur: ~ \$320m construction cost, 110 jobs; S. Spur: ~ \$40-\$160m, 10-50 jobs
Common user copper smelter for the Mount Isa region	To conduct an industry-led business case	2024	TBC > \$500m
Sulphuric acid production plant	To conduct an industry-led business case	2024	TBC > \$500m
Modular housing construction delivery via a Rapid Accommodation and Apprentice Centre (RAAC)	Access funding and finance	2024	~ \$23m 50 jobs 2026-2030
Critical Minerals Centre of Excellence in Mount Isa	Initial feasibility study with UQ	2024	\$400k, for initial commencement studies
Australian Critical Minerals Investment Database	Complete technical design with partners	2024	~ \$2m, with subsequent start-up costs
NWMP Studies and Early Works (SEW) Fund	Matched funding, design by Q3 2024	2024	~ \$100m
North West QLD Correctional Precinct	To complete demand analysis and business case, site selection and approvals	2024	~ \$885m, with further preceding studies required
Mount Isa Tennant Creek Rail Link Business Case	Reconduct BC in light of Glencore Closure	2024	TBC > \$1b
North West Rail Line Upgrades (re-sleepering, re-railing, double stacking)	Demand analysis, business case, funding, regulatory reform for double stacking	2024	~ \$400m
Declaration of Regional Critical Minerals Hub	Design Finalisation and Declaration	2024	~ \$2m, followed by expenditure to support implementation
Renewable Energy Zone Establishment	Readiness Assessment	2024	~ \$1.2m

SECONDARY

PROJECT/INITIATIVE	NEXT STEPS	START DATE	INVESTMENT VALUE
Establishment of Australian Government Commissioner for Mount Isa	Design	2024	~ \$3m
Global Critical Minerals Exchange	Validation and Demand Assessment	2024	~ \$800k
Rail Access Regulatory Change	Application to the Queensland Competition Authority	2024	~ \$80m
Construction of Microgrids Regional Townships	Feasibility Studies x 3	2024	~ \$1.5m, followed by required capex investments
Mount Isa Gravity Energy Storage System	Pre-Feasibility Study	2024	~ \$2m, followed by required capex investments
Tyre Recycling Facility	Feasibility Study	2024	~ \$1.4m, followed by required capex investments
Accelerate Implementation of Capricorn Line Power Sub-Station	Implementation	2024	~ \$15m; ~ 40 jobs
Public Residential Aged Care Facility	Design and Demand Assessment	2024	~ \$2m, followed by required capex investments
Aquaculture Zone Development	Investment Attraction and Zone Development	2024	~ \$200k
Eva Copper Mine Onsite Renewable Energy Generation and Battery Storage	Feasibility Study	2024	~ \$2.5m
Mount Isa Wind Farm	Detailed Design and Development Approval	2024	~ \$3m
Lagoon Park Speedway Redevelopment	Final Business Case	2024	~ \$250k, followed by required capex investments
RE North West Renewable Energy Zone	Feasibility Study and Development Approval	2024	~ \$3m, followed by required capex investments
Game Meat Abattoir	Infrastructure and Demand Assessment	2024	~ \$120k, followed by required capex investments

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