



**SAMSUNG C&T**

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Australian Embassy in Republic of Korea

KPO Box 562

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Korea

**Re: Green Paper on Developing Northern Australia**

Dear Sir/Madam,

Samsung C&T Corporation is pleased to provide comments on the Green Paper on Developing Northern Australia, which seeks opinions on the Government's views on development of Northern Australia, its major challenges, opportunities and policy directions.

Established in 1938, Samsung C&T Corporation is the origin of Samsung Group, South Korea's largest conglomerate with interests in construction, electronics, chemicals, finance, and numerous other sectors. Samsung C&T has two autonomous business groups – Engineering & Construction and Trading & Investment.

Samsung C&T's Engineering & Construction (E&C) group provides integrated business solutions to customers worldwide in the areas of building, civil infrastructure, plant and housing. As the Trusted Builder, the E&C group has successfully delivered landmark projects around the world, based on its emphasis on safety and compliance. We are currently working on 236 construction projects in 23 countries. The company is best known for the construction of Burj Khalifa in Dubai, the world's tallest building, and Roy Hill iron ore project in Australia.

With the establishment of its branch office in Brisbane in 2012, Samsung C&T Corporation is looking for opportunities in large mining (pit-to-port) developments, civil infrastructure, building and healthcare throughout the country, Queensland and Western Australia in particular.

Situated in the Pilbara region of Western Australia, Roy Hill Iron Ore project is one of the largest world-class mining projects. Samsung C&T Corporation is the lead engineering, procurement and construction provider for the project, developing 55-mtpa iron ore processing plant, 344km-long railways and a port with 12,700t/hour capacity. Through its involvement in the Roy Hill project, Samsung C&T contributes greatly to the local economy and communities, especially in the form of job creation via its partners, suppliers and vendors in the area, and utilizing as much local resources as possible over the course of the project.



On top of the Roy Hill project, Samsung C&T Corporation has recently been selected as the ECI (Early Contractor Involvement) contractor for Bandanna Energy's Springsure Creek mine development in Queensland.

Northern Australia, spanning Queensland, the Northern Territory and Western Australia, has existing strengths and natural advantages in resources and energy. In this sense, Northern Australia possesses great potential to provide significant business opportunities for Samsung C&T Corporation with interests in participating in mining/energy and transport infrastructure projects in the region.

Overall, Samsung C&T Corporation is highly supportive of the policy directions taken with the Green Paper which provides a sensible outline of the measures, in view of the opportunities and the barriers facing Northern Australia, to be pursued in the White Paper.

In particular, Samsung C&T Corporation welcomes the commitment in the Green Paper that "the role of government in developing the north will be to create a regulatory and economic environment that fosters viable private sector investment", which is backed by one of six broad policy directions which is in the field of "Business, Trade and Investment" focusing on "Deregulation agenda for the north", "Workforce availability and skills that meet business needs" and "Innovative business-friendly policies".

Notwithstanding that our view on developing the Northern Australia is in line with the policy directions outlined in the Green Paper, we would like to highlight several issues for the common interests of both the businesses operating in the region and the community.

**Improved major projects approval process**

Samsung C&T Corporation is an Engineering, Procurement and Construction (EPC) contractor and in this role we seek to become the preferred contractor to develop projects for our Clients. To become a preferred contractor we need to find ways to add value, innovation and ideas to assist in creating the right environment for projects to be financed and constructed.

The amount of complex regulation is a key area that causes our Clients uncertainty when developing projects this not only slows down the ability to develop a project but also introduces uncertainty into the project schedule.

Whilst delay to projects affects the ability of a business to respond to changes in market conditions, particularly in the mining industry, uncertainty in the project schedule reduces the ability of contractors to commit resources to assist in developing projects.



We believe that early involvement, as an EPC contractor, in projects is fundamental to maximizing the opportunity to create value and reduce project costs, however, the greater the uncertainty in a project schedule the more difficult it is for our business to commit resources to assist in project development.

Therefore we welcome changes in the project approval process for both mining and infrastructure projects that may reduce the uncertainty in project schedules.

**Maintaining Energy Affordability**

Samsung C&T Corporation is aware of the energy constraints in Northern Australia with regard to both energy supply infrastructure and the future predicted increases in domestic gas prices as the LNG export industry continues to grow. We understand the success of the LNG industry in Australia and its contribution to the economy but have concerns about the future of gas prices and the effect of increased energy prices, particularly on the mining and industrial manufacturing industries.

We see this situation as both a constraint to future development and an opportunity for Samsung C&T Corporation to contribute to the development of Northern Australia through an involvement in energy projects. We intend to continue to work with our Clients to find economic solutions to the supply of energy in Northern Australia.

**Labour Regulations**

Samsung C&T Corporation delivers projects in Australia using local labour and local subcontractors. We understand that the mobility of the labour force around Australia is paramount for major projects in Northern Australia.

The cost of labour in Australia is generally high when considered on a global scale and this is exacerbated by the limited availability of a labour force in Northern Australia. Therefore this can have a significant effect on the cost of project delivery, which in turn can cause projects to be delayed or abandoned.


We therefore welcome any attempts to encourage internal migration which may in turn lead to a reduction in the cost of labour in Northern Australia. Any reduction in cost will assist in improving project affordability leading to the opportunity to develop more projects.

This has a mutual benefit in that it will assist in the development of opportunities in Northern Australia and also help create more opportunities for companies such as Samsung C&T Corporation to continue to contribute to the development of the region.



Samsung C&T Corporation wishes to thank the Australian Embassy in Republic of Korea for the opportunity to provide comments on the Green Paper on Developing Northern Australia. We broadly support and endorse the policy directions of the Green Paper with a belief that it will be beneficial to both businesses and communities in the region.

We look forward to continuously doing business in the Northern Australia, and anticipate that the Government “delivers better infrastructure, less regulation and more services in the north”.

In the meantime, should you have any questions regarding this submission, please contact me on (07) 3831 6912 or at 

Yours faithfully,

*Simon Leeper*  
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Australian Branch Office  
Samsung C&T Corporation