



GOLD FIELDS

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27 July 2005

Lyndon Rowe
Chairman,
Economic Regulation Authority
197 St Georges Terrace
Perth WA 6000

Via e-mail

watersubmissions@era.wa.gov.au

Dear Mr Rowe

Re: Submission to the Economic Regulation Authority

Gold Fields Australia Pty Ltd operates the St Ives gold mine at Kambalda.

We have reviewed the draft report prepared by the Economic Regulation Authority into the Goldfields Water Supply Project and ask that you take into account the following.

We are expecting to increase our water consumption needs substantially over the next few years. In the near term, our needs will be in the range of 8 to 10 MLD and our longer term needs could grow to 12 to 15 MLD as we expand our ore processing facilities.

An economic price that Gold Fields Australia is able to pay for this additional water demand is up to \$3.00 per kL. The Water Corporation's current practice of charging for headworks for additional supply and pricing policy means that it will only supply this water to our mine at the substantially higher cost of \$4.60 per kL.

United Utilities Australia's proposed water pipeline from Esperance is the only economical water supply source available in the near term for the step increase in water consumption required if our ore processing facilities are to expand.

Failure to secure an economic water supply will severely inhibit our capacity to expand.

We would ask that the Economic Regulation Authority take into account the detrimental impact of current water supply costs on our company and employment and investment prospects in the Goldfields generally in the preparation of its final report in the current inquiry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Banning', with a long horizontal stroke extending to the right.

Steven W Banning
Vice President and Head of Operations
Australia