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## HANSARD

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### MINING (ROYALTIES) AMENDMENT BILL

**Mr PEDERICK (Hammond) (12:00):** I also rise to make a contribution on the Mining (Royalties) Amendment Bill 2013. I certainly support the comments made by our lead speaker, the member for Waite, and the member for Goyder, who is having some interesting interaction with farmers on the Yorke Peninsula regarding the proposed copper mine over there.

I understand that a group of farmers, interacting with Rex Minerals, has developed their access arrangements. I think access arrangements are one of the key sticking points with any mining proposal, especially on what is called the 'inside country'. I have often spoken in this place about my time in the Cooper Basin 30 years ago. Many people say, 'That's somewhere a long way away; anything that happens up there won't affect us. We're not concerned about mining in that area; it's only productive farmland areas that we are concerned about.' Certainly, having been a farmer myself before coming into this place, I am very concerned about our farmland and that we do have enough to feed ourselves and the nation and to export around the world.

The simple fact is that we do not own the wealth that is under us in mineral resources—that is the sovereign right of the state. The biggest thing we need to do as a state, and what the government needs to do, is to make sure that the interaction between property owners and miners can be done in a smooth fashion. I know that the Mining Act has been amended since some of these activities occurred in my electorate in regard to the commencement of the Terramin mine at Strathalbyn. I note that Strathalbyn has not been in my electorate for a while, but I still deal with the Terramin mine as an issue, being part of the consultative committee, but also the mine at Mindarie, which was operated by Australian Zircon.

I think there is still a long way to go as far as getting the appropriate access arrangements and agreements in place, even from the first of the port of call, so that the miners and the landowners have appropriate discussions about the access. Even before I became a member of this place, I was talking to community members, and they were very concerned about the way things were being dealt with. Thankfully, a lot of that has changed over time—a lot of it—but there is still some angst about the access arrangements. Occasionally, it is the attitude of the miners, who think that they can just walk in and do what they like. That cannot happen and should never happen.

As I said, I fully understand that we do not have the sovereign right to the minerals if we have them in our soil, but there needs to be some mutual understanding. The member for Goyder, in his contribution, alluded to how long these people have been on their properties. Some of them have been on this land for well over 100 years, and if someone comes in and says, 'Well, look, essentially we are going to purchase it,' they have to go through the proper purchase framework. I believe a premium should be paid for property if it is essentially being compulsorily acquired, especially if it has to be for the site of an open-cut mine or something like that. There certainly needs to be proper mediation, especially in regard to waivers and any work done within 400 metres of a farmer's residence and so on.

The problem we have seen over time is that not always has the right thing been done. This causes a lot of angst for not just the communities but also for miners down the track, new mines that want to open up, and there will be more on this inside country, the more common farming country we have, as time goes on and as minerals became scarce and people wish to look for these minerals.

Yes, some of these mineral-laden areas are very historic, like the one at Strathalbyn, which has a long history of mining in the past. Certainly Yorke Peninsula was based on mining in the early days. The mineral sands extraction that has been happening in regard to the Mindarie operations was a real mess for a while, when the initial miner, Australian Zircon, got way out too far in front of the mining process: their rehabilitation was not being done in the appropriate manner, and it created a huge mess. This is where you get mining companies that are, I believe, underfunded, and they were not going to keep up with their proper commitments as they should.

I must pay due respect to the former mining minister, Paul Holloway, with whom I had a great relationship in the time he was minister. He came up there, assessed the situation and saw that the problems at Mindarie had to be resolved. I have also mentioned in this place the discussion about foreign investment, whether it be with mining or farmland. Frankly, if the Chinese had not got involved in Mindarie it would still be a mess, I think. They put in about \$40 million, and that has really changed the focus there.

Part of the rules of Murray Zircon in reopening the sand mining operation there, the mineral sands, was to complete the rehabilitation. That was proceeded with and the mine was reopened again recently. That goes with a full end-use contract (in fact there is probably a better name for it), but the Chinese investors obviously want to use the sands in their ceramics and other things in China, so they have an end use for this mineral sand. They have to go a long way for it—about 20 metres in places, and that is a lot of scraper hours, so as a stand-alone mine it might be struggling, but there is certainly an end use needed by one of the investors.

It is an ongoing issue. In regard to mining in this state, and certainly on these close, almost suburban, mines and Strathalbyn—certainly with the Terramin facility being within a kilometre of the town—it has created a lot of angst at times, some unfounded but a lot of it well founded. I know the miner generally over time has worked with issues about making the mine work with the community, but now we are at a place where, essentially at the end of September, full mining operations have ceased and 115 people are out of work.

Whatever happens here will be interesting as time goes on, but it has given a huge economic benefit locally. I certainly know of businesses in the Strathalbyn district that have really benefited from this mine operating, and now they will not have that opportunity.

Some businesses have explained to me that they would not have been able to expand or operate at their level of staff if this miner was not buying goods locally and so I must acknowledge that, but we have a long way to go to making sure that mining operates effectively on these close proximity mines in the suburban country or inside country to get it right. As part of that process we have to make it economic for miners to operate and, as the member for Waite rightly indicated, this bill talks about where the government will have a \$31.6 million temporary windfall for the budget position by bringing forward royalty payments from biannual to monthly payments from large mineral producers.

As the member for Waite rightly said, this was a government who, when they came in 11 years ago, was receiving hundreds of millions of dollars annually they had not even budgeted for from GST windfall. Yet here we are, because they are scratching the decks to find some cash, we are almost blowing out to close to a \$14 billion deficit by 2016. This state is in real strife and our budget is only somewhere a little bit north of \$15 billion a year. Here we are where we see again another department—another minister—looking to find a way just to bring some money forward. This money was going to come in anyway, but because this government has done such a poor job of running this state, they have had to bring this forward to get it on the table.

It was interesting that this was discussed in the Mid-Year Budget Review, but it has taken until now for this debate to take place. So, what we will see, and it is written in the transitional provisions in the bill, is the fact that the minister can essentially do what he likes if this bill goes through—and, obviously, it will not get through until we have nearly finished sitting for the session. He will be able to

go back to the miners and upset their whole royalty program for this financial year, which started several months ago on 1 July 2013, and they will have to change all of their arrangements. Yet, it would have been simple if the brain bubble to do this had come into place, because there was no consultation initially, and this bill could have been introduced early in the year quite simply, but no, it has taken this long to get it to the debating stage.

As I said, the bill does propose that the changes will be implemented retrospectively and have the effect that operators will need to have paid \$100,000 or more the preceding financial year as royalties or the minister will have the discretion to deem a mining operator as relevant to the measures contained in the bill. As I indicated, there was little or no consultation early on when this bill was thought up and it was only after the bill was drafted that the government met with extractive producers to walk through how the monthly regime will work from an administrative perspective. At the time of the briefing in July, the government acknowledged that they were yet to consult with some of the key stakeholders, including OZ Minerals, Challenger, Beverley and others.

I note that apart from Terramin, with 115 workers losing their jobs only in the last few weeks, OZ Minerals put off 60 workers the other day, so it is not all cream cheese out there in the mining field at the moment, as we know. It is tough. There are people getting put off. This state was supposedly going to be living off the mining boom. Apart from all these other miners that are operating in the state, we were going to have the Olympic Dam expansion and that was going to basically save us. Certainly, on this side of the house, we did all we could to make sure that the legislation with regard to Olympic Dam went through in a timely manner but, sadly, that expansion has not happened. Just on reflection, the government suddenly realised that there was a primary industries sector in this state. It only took the collapse of the Olympic Dam proposal for that to happen though.

As I indicated, trading conditions throughout the state are very difficult at the minute. We are seeing mines either closing or cutting jobs. The government has had this initiative on the table for too long: it should have been brought before this house earlier in the year. As has been indicated by previous speakers, and I have indicated, bringing this funding forward is purely a budget measure. It is a one-off and was going to happen, anyway, and this will happen if it goes through this place and the other house.

I am certainly concerned at the way this bill has come about and I am certainly concerned about the impact on a mining community which is already struggling in this state with the loss of jobs and, in some cases, the slowing down of mining operations; so anything like this, which I believe will have an impact on mining investment in this state, is not a good thing. We see it as something that the government has brought in because of the poor way they have handled the budget and it will come at a cost, it will come at a cost not just from a local perspective but also for co-investors like the Chinese and the Murray Zircon project at Mindarie.

They will have regard to whether they look at this as a favourable place to mine. That is yet to be seen, if and when this legislation goes through the whole political process. We have had quite a vigorous debate about this on our side of the house and we note that it is part of the budget process. We have moved to not oppose the bill, but it is just a cash grab by a government that is out of control.

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