

HOUSE OF ASSEMBLY

TUESDAY 22ND SEPTEMBER 2015

WHYALLA STEEL WORKS (ENVIRONMENTAL AUTHORISATION) AMENDMENT BILL

Referred to Select Committee

Mr PEDERICK (Hammond) (11:37): I rise to speak to the Whyalla Steel Works (Environmental Authorisation) Amendment Bill 2015. This bill was introduced earlier this month to extend by a further 10 years, to 20 years, the environmental authorisation that was provided to OneSteel Manufacturing Proprietary Limited, a wholly owned subsidiary of Arrium Limited, and the company operating the Whyalla steelworks.

It is a few decades ago now, but I had family in Whyalla for many years who were operating one of the service stations there. They were one of the beneficiaries of the wealth generated by the mining in the region and the steelworks, and formerly the ship building that went on at Whyalla. There have certainly been many millions of dollars generated in the area, and let us hope there are many more into the future.

The company is licensed under schedule 3 of the Environment Protection Act, and that is so that it can undertake particular activities of environmental significance. This goes back to when we had the Whyalla Steel Works Act 1958, which was formerly the Broken Hill Proprietary Company's (or BHP) Steel Works Indenture Act 1958, which ratified and approved an indenture between the state and OneSteel relating to the operation of its steelworks in Whyalla. The act of 1958 was previously amended in 2005, and that is why we are in the situation now where the authorisation is about to expire on 4 November 2015, which is obviously the 10th anniversary, and so what we are doing here today is talking about extending this licence by another 10 years.

Part of the arrangements under the earlier amendment was to provide the regulatory certainty for Arrium to invest about \$400 million to undertake Project Magnet. This involved a lot of environmental work around the red dust issue, which has become synonymous with it in Whyalla over time. They have certainly had a lot of success in managing that dust, so the company Arrium has been given a lot more confidence to invest more than \$1 billion to expand the capacity of the port of Whyalla and broaden its operations in South Australia, including the acquisition of Peculiar Knob.

What we are doing here today is trying to give some sanity in the world of mining in this state. We know we are working with current low iron ore prices and a highly competitive steel market. We have a lot of low prices for mining products right around the world, and mining is having a tough

time. We have lost thousands of jobs in this state, and we will do anything we can to make sure that we support as much mining as we can, under the right environmental guidelines.

I have certainly had plenty of experience working with local mines like the sand mine up at Mindarie-Halidon and also the Strathalbyn lead and zinc mine. They all have their environmental challenges, and that takes extra investment from companies, but I think companies have matured over time in understanding that a whole lot of changes need to happen to make sure that we leave the place after mines close down in as good a state as anyone can.

This amendment will provide the 10-year extension and give Arrium a bit more confidence in this time of uncertainty over prices. Certainly, the company has shown a great improvement in its performance, in its environmental work. The Environment Protection Authority in 2010 awarded OneSteel an EPA sustainability licence to reflect its genuine commitment to reducing its impact on the environment through reduced reliance on the River Murray, and energy and carbon efficiency.

I know River Murray water is piped all the way to Ceduna, which almost seems absurd, but that is where it gets piped, and I think some of those people would get about 25 per cent of their water from the River Murray at Ceduna and connecting points in between. It is a vital source of water, and the significance of the River Murray to this state could not have been shown up more than in the previous drought of 2006-10. We certainly have not had huge flows in the last 12 months to give huge confidence, but I must say we are in a far better position at the moment than we were in 2006-10.

While I have the opportunity, I congratulate Senator Anne Ruston on her new role as the Assistant Minister for Agriculture and Water Resources. I think her position, and our ability to talk quite readily with Senator Ruston, will assist everyone at this end of the river. It is great to see that promotion so that we can have those active discussions with Senator Ruston, and also with Senator Barnaby Joyce as the new Minister for Water Resources. He was and is the Minister for Agriculture.

I, as well as other members, especially the member for Chaffey, acknowledge the River Murray for its worth and its usefulness, not just for agriculture but for critical human needs and for those environmental flows that we always need. I certainly believe that, as long as we have the appropriate environmental flows, we will have that water for irrigation as well as for critical human needs.

It has been mentioned before that Arrium is a major employer in South Australia, directly employing around 3,400 workers and subcontractors for its steelmaking and exporting of haematite. I note that this being a hybrid

bill, the select committee met on 18 September (this month) and received evidence from Arrium, the EPA and the department (DSD) and the most important thing that came out of this was that the EPA confirmed that it would prefer to operate without an indenture agreement in place; it does not oppose the extension of the indenture and considers Arrium (OneSteel) an environmentally responsible company that has made very positive improvements in the environmental impacts of its operations over the last 10 years and does not believe that the indenture compromises the EPA's ability to do its work. Certainly the EPA believes that it could still effectively adjust any licence conditions as necessary if the indenture is extended.

It is interesting to note that overall Arrium has made very significant improvements in its environmental performance over the previous 10 years, as I have indicated, and this is strongly supported by the Environment Protection Authority and the local community. This is something that we always need to acknowledge, and we need to make sure that the local community is on board with it because, if we don't, that is when the trouble will start—with any situation. If we bring the community on board from the start and have a conversation on any issue, no matter what it is in this parliament—and I have a couple brewing out there—we would have far better results than just thinking, 'Under the legislation I can do this and I can do that'. Sometimes it is better to go that one step further and be on the front foot, making sure the community is on board.

I certainly commend the bill and I must say that I commend the Environment Protection Authority. Some people shake in fear when they hear those words, but the EPA is obviously very complimentary of the work that Arrium is doing. I commend Arrium for what it is doing and wish it the best success in the next 10 years.