

## ROXBY DOWNS (INDENTURE RATIFICATION) (AMENDMENT OF INDENTURE)

### AMENDMENT BILL – 9 November 2011

Adjourned debate on motion of Hon. A. Koutsantonis (resumed on motion).

**Mr PEDERICK (Hammond) (17:56):** In rising to make my contribution to the Roxby Downs indenture bill and the report of the committee I would just like to note an interest in my family. When my wife was Sally Abernathy she was one of the major authors of the biology section of the second environmental impact statement into Olympic Dam—

**Ms Chapman:** And then she married you!

**Mr PEDERICK:** Yes, and then she married me in the 1990s when she was working for Kinhill. She told me many stories of her work up on the bore fields monitoring the water use and the flora and fauna and the hot days out there in the blazing sun with other Kinhill staffers monitoring for the environmental impact statement. She tells me a classic story of how she got back to Marree one day. It was about 50°, and she was not worried about how green the pool was—she was in there—at the hotel.

Be that as it may, I, like Tim Whetstone, the member for Chaffey, have had a little bit of mining experience in my career and worked in the Cooper Basin and the Jackson oilfield in Queensland, so I have a little bit of experience working in outback areas. It is not that hospitable for a lot of people, but you can make some good money.

As a young bloke, nearly 30 years ago now, it was good money earthmoving, building roads, oil rig leases and building campsites and associated earthworks. I was working for a company called Gearhart Australia on monitoring oil wells, gas wells and shooting wells for perforation jobs associated with the company Halliburton, which eventually took over Gearhart Australia.

People talk about the different options for Roxby Downs and what they are for living on-site and compare it to a site like Moomba in the Cooper Basin, which has been a fly-in fly-out site for over 40 years, I believe. I have been to Roxby Downs several times, and I can certainly see benefits in having families living locally. I know that some people travel in from towns further out and some drive up from Adelaide, Port Augusta and other associated places, and some fly in.

*[Sitting suspended from 18:00 to 19:30]*

**Mr PEDERICK:** I rise to continue my remarks on the Roxby Downs indenture bill. Before the dinner break, I declared my interest; that is, my wife, as an environmental scientist, previously worked on the second environmental impact statement for the Olympic Dam project. What I want to talk about now is the company and the decision BHP Billiton has made in moving on with the project. BHP Billiton now operates worldwide, and Dean Dalla Valle had to compete with nine other presidents of this company to get this project up.

One thing we heard about at the briefings was that, just to get down to a postage stamp sized ore body, BHP will have to shift 700 million tonnes of overburden. So, this is a big project, and it is not dissimilar to what has happened in Kalgoorlie with the super pit and gold mining. There were many individual companies, partnerships and single operators mining underground, and I believe it was a company owned by Alan Bond that established the super pit and opened it right up for broadscale gold mining. As we know, Roxby Downs is far more than a gold mine; it is a copper, zinc, silver and uranium mine, and it is controlled by one company.

We note that the 105 to 110 kilometres extension of the railway line from Pimba out to Olympic Dam will be built at a cost of \$2 million per kilometre. This railway line is needed because of the intake of sulphur that will be imported from Canada for processing at the site at Roxby Downs and also to get ore out towards Darwin for export to China and other places.

Even though the indenture bill is drafted in a way that BHP does not have to list what work has been achieved and other kinds of procedures, they have made a verbal commitment in our party room that they will produce an annual list on their website, and I think that can be applauded. There is talk of a 10-million tonne tailings facility. We know that this mine will add \$45 billion net present value to this state over 30 years.

In the establishment of this open-cut mine, 6,000 construction jobs will come and go and, once it is fully operational, 4,000 jobs will be involved. In fact, right across South Australia there will be 15,000 incidental jobs, and 6,500 of these are inclined to go to Upper Spencer Gulf, so it will be great for the local regional economies of Upper Spencer Gulf. Apart from a tranche of 250-tonne trucks that will be ordered, I am told at a cost of around \$4 million each, I believe there will be around 100 400-tonne dump trucks purchased, at a cost of \$6 million each, and eight dragline shovels, worth around \$15 million each, to complete this project.

As we know, it will take six years to dig that 400 metres of overburden to get down to the good ore, so it is a massive speculative job. I know there is a lot of comment that there might be a trillion dollars of ore (gold, copper and uranium) there, but it is a massive leap of faith for a company to expend so much money—and thankfully they are going to do it in this state—to get to the point where they will get a positive outcome.

What we are told is that, if this indenture bill passes through the parliament before Christmas, \$600 million will be invested into South Australia by June next year and that, over five years, there will be \$5 billion to \$6 billion invested in this project. Overall, it could be a \$30 billion project to get this mine up and coming.

As we heard from one of our briefings the other day, we are looking right out to 2020 as the minimum for cash-positive revenue for BHP, but I want to talk about what BHP has applied for approval for, and as I understand it, this is for the next 40 years of the mine. What we are launching today comes after the good work of 1982, when we saw Labor so vehemently oppose uranium mining in this state and the opening up of Olympic Dam. I salute the Hon. Norm Foster and may he long rest in peace because what he did for this state was pay the ultimate sacrifice.

I am told that in 1982 one of the members in the upper house knew what was going to happen and when the time came for the vote they were beckoning Norm to come over so that this project would get up. As the member for Schubert indicated, once he crossed the floor, he just walked out the doors because that was the price he paid for being disloyal to Labor, but this state, this nation, BHP, Western Mining and all the others players involved in Roxby Downs have Norm Foster—and in no small way the Liberal Party—to thank, but it took Norm to take that courageous action to get the original Olympic Dam project off the ground and the original Olympic Dam indenture through this house.

As I was saying, BHP has applied for approval for an open pit mine that will eventually consume the existing underground mine with the potential to increase production to about 750,000 tonnes a year of refined copper plus associated products—uranium oxide, gold and silver—and to expand the existing smelter and build a new concentrator and hydro-metallurgical plants to process the additional ore and generate additional concentrate for export.

Other additional infrastructure contained within the special mining lease at Olympic Dam for which approval is being sought includes establishment of a waste rock storage facility—this is the overburden, as I understand it—which would cover about 6,720 hectares. Coming from a farming background, that is not a bad lump of dirt. It will eventually reach a height of about 150 metres.

There will also be a new tailings storage facility which would eventually reach a height of about 65 metres with the total area of this facility measuring about 4,000 hectares. This is a massive tailings storage facility. I understand that there will be eight different tailings dams measuring two kilometres by two kilometres and 65 metres high, so you just start to get an idea of the size of this project.

There will be a new gas-fired power station supplied by a new gas supply pipeline from Moomba as an alternative to electricity transmission from Port Augusta and this is what has been assessed for approval and establishment of a co-generation power station that would capture waste heat from the processing plant to supplement the primary electricity supply.

The major items of off-site infrastructure for which approval is being sought are a 280 megalitre a day coastal desalination plant at Port Bonython on Upper Spencer Gulf to supply 200 megalitres a day of additional water via a 320-kilometre pipeline connection to Olympic Dam and with the potential to supply 80 megalitres a day for other users and the establishment of saline wellfields providing for up to 50 megalitres a day largely for use during the construction phase.

Also what has been applied for is the establishment of a new 270-kilometre electricity transmission line from Port Augusta as an alternative to on-site gas-fired power station supplied by a new gas pipeline from Moomba or a combination of these facilities to meet an additional maximum

electricity demand of 650 megawatts. From what I understand, this whole project at Roxby Downs could take 10 per cent of the total state power.

I have already talked about the rail line connecting Olympic Dam to the national rail network near Pimba to move product and supplies predominantly by rail instead of road; also, a radial road intermodal freight terminal at Pimba to be used as a means of reducing construction related road traffic prior to the operation of the proposed rail line. There is also talk of a new airport to replace the existing airport at Olympic Dam which will be larger and able to handle aircraft as big as the Boeing 737-800 or A320 and support both day and night flights.

There will also be a landing facility 10 kilometres south of Port Augusta to unload mine equipment from barges; an access corridor to a pre-assembly yard on the north-western outskirts of Port Augusta; a new accommodation village for workers named Hiltaba Village and located between Roxby Downs and Andamooka; and expansion of the Roxby Downs township, 14 kilometres south of the mine where most of Olympic Dam's operational workforce will continue to live. It will also involve additional port facilities in the Northern Territory at the port of Darwin to export product to be assessed for approval by the Northern Territory government.

I note there have been some concerns about the site of the desalination plant. It is a known fact that the process of handling the ore obviously needs water. I think BHP is drawing about 42 megalitres a day for its operations at the moment from the Great Artesian Basin, and this will be supplemented by water from this desalination plant. There has been a lot of discussion about whether the desalination plant will affect not only the cuttlefish, but also the prawn fishing grounds around Spencer Gulf.

I think this is a bit of a leap of faith. I know the assessments have been done, and I hope the assessments are right and that the desalination plant can operate successfully because, from what we are told, the Environmental Protection Authority has the power to shut down the desalination plant if need be. I would like to think that BHP has done the work that is necessary, because I do not think it would like to run that risk of running out of water for the process plant operations at Roxby Downs.

As I said, there are concerns with the prawn fishermen, who, I note today in the paper, received marine stewardship status from London for the sustainable way in which they manage the prawn fishery. It is an important way in which they manage that fishery, and for all the fishermen and other people who like the amenity of Eyre Peninsula and Yorke Peninsula, we do not want any of that affected by operations to do with this mine.

I would like to think that everything is in place. I know that BHP is doing some tunnelling for the mine's brine outlet that will assist with dispersing the brine and also assist with environmental outcomes for the mine's operations. I also know that this needs not only South Australian support but also Northern Territory government support and federal government support. I think it is a great time to be in parliament because, for the generation of members of parliament who are here today, this will be the biggest piece of legislation to impact on this state that we will ever have to deal with. As the member for Kavel indicated, you have to go back to the likes of his father, the former member for Kavel—

*An honourable member interjecting:*

**Mr PEDERICK:** —I forgot the father-son rule—and the work he did as the minister for mines and energy, and the taxing demands on their family, especially having to front up to the media cameras on Christmas Day; what an intrusion on anyone. The insight of David Tonkin, Roger Goldsworthy and the Liberal government back in 1982 to push this through was fantastic, otherwise we would not be here today. We are hearing today the Greens are trying to put up the barricades that Labor did back in 1982 but, as I said, Norm Foster crossed the floor—

**The Hon. K.O. Foley:** Great man.

**Mr PEDERICK:** He was a great man, an absolutely great man, and he got this project on. I commend the bipartisan support in this house—we do not get it all the time—and the work that the member for Port Adelaide and the former premier (the member for Ramsay) did. I appreciate that they took on board our members—our leader (the member for Heysen), deputy leader and others—and took them into their confidence to discuss this bill so that we could get it on track and get the time lines right so that an investment can be made in this state. People can make investment decisions so that companies such as Cavpower can gear up and get their trucks into the 92-week booking slots to get them on line, get the electric shovels on site and get this project underway. I wish BHP Billiton all the best for this project.