

SANTOS LIMITED (DEED OF UNDERTAKING) BILL – 14 November 07

Adjourned debate on second reading.

(Continued from 24 October 2007. Page 1340.)

Mr PEDERICK (Hammond) (17:05): I rise today to speak briefly about the bill. In 1979, legislation was passed in this house capping the number of voting shares that a person could own in Santos. This helped to ensure the security and development of the Cooper Basin and Santos' obvious interests in South Australia, Queensland and around the world.

With this bill, we are assured that the South Australian head office will stay in Adelaide. Key functions will include: executive general management, geosciences expertise and development, engineering, oil and gas exploration, maintenance, operations planning and Moomba carbon storage, which will be interesting as it develops in the future and as we all work on minimising the effects of climate change.

There will also be other functions, including finance, accounting, legal procurement, IT, human resources and, of course, gas marketing. I congratulate Santos on the main commitments offered by the company as part of this deed of undertaking. The benefits of the deed—

The Hon. P.F. Conlon interjecting:

Mr PEDERICK: I am sure you will speak for yourself, minister. South Australia stands to benefit from the guarantee that 90 per cent of the roles currently based in this state will stay here. That involves approximately 1,700 people in this state and includes all roles at its major sites.

Santos's provision of a legally enforceable compensation structure amounting to \$100 million is aimed at covering contingencies should there be a significant reduction in its corporate presence.

The company's sense of social responsibility is clearly demonstrated by its establishing a Community Benefits Fund of about \$60 million over 10 years, providing a number of sponsorships and including support for various indigenous programs and educational scholarships.

Nine categories are covered in this plan. They include scientific endeavour and research, indigenous employment and training, vocational and industry development, environment sustainability and climate change, health and safety, education and training, youth affairs, arts and culture, and other community benefits.

These funds will directly benefit the Australian School of Petroleum at the University of Adelaide, the Royal Institution of Australia and the Santos Stadium at Thebarton, as well as assisting education initiatives in the state's energy sector and the development of Adelaide as a university city.

My experiences in the Cooper Basin commenced in March 1982. I secured a job up there working with Peter and Yvonne Bennett Earth Moving. I worked on this job for 12 months, and it was very interesting. I will never forget as a 19 year old flying over the Cooper Basin and into Moomba for the first time. I looked out the window and wondered what the hell I had landed myself into.

Looking out the window it looked like a scene from Mad Max, just to see the gas plant working away and nothing much between that and Adelaide—about 1,000 kilometres with only the stations, Lyndhurst, etc. There is not a lot between there and Port Augusta, let me put it that way. It was a bit of a culture shock.

Back then I was working for a contractor, and dozens of contractor companies work under Santos. A lot of the operation work in the field is done by Santos itself, but a lot of the other work done directly on the drilling rigs and service companies is done by contractors.

Companies were very well looked after, even when we had to go out to far-flung fields and swag it on occasion because we were the first ones there after the guys had been through checking out where the oil and gas reserves were. It was quite an interesting time.

I can remember a problem in the plant. We were in the old contractors' camp right next to the plant at Moomba. A lot of gas had to be flared off, and the whole place was vibrating.

I met a lot of good people up there. One person I can remember on the earth-moving job was Bob Bain. He was one of the bird dogs (we called them) who made sure we were doing our job building sites for the oil rigs, roads and airstrips.

I remember Peter Bennett. You would be sitting on a D6 bulldozer and he would fly over in his light plane, drop your mail to you and he would just about land it on you in the cab.

Following that 12 months using the dozers and scrapers, I worked for a company called Gearhart Australia doing wire-line work, testing flow production of wells and shooting wells through the casing once they had been run with what were called armour-piercing guns.

I was very fortunate. They said that it was pretty distressing if one went off on the surface but, thankfully, they all worked underground. It was very interesting work. You cannot see too much going on because it is all happening 10,000 feet down.

Another experience in that job (and I am not sure, I am guessing a bit from memory) involved Big Lake 27, I think it was. It was a wild well. Various companies could not contain it.

In the end, after all the work had been done on opening up this well (perforation and that sort of thing), we got sent in to fill it up with cement and block it up. We did that successfully, but I was up in the basket on the end of a crane with an engineer. We were on the way down. We were still about 20 feet above the well head and the crane operator let the clutch out, or something, and dropped us. You can imagine what we thought as we bounced off a well head in the Cooper Basin. Thankfully, we both survived.

The Hon. R.B. Such interjecting:

Mr PEDERICK: Yes, exactly. We bounced a bit. I can remember the engineer. His name was Louis Buffone. He was a Canadian/Italian who was in a rigid position at the back of the cage instead of bending his knees. I think he felt it for a while.

There have been lots of experiences up there. Santos has had a pretty good safety record. Obviously there has been work right throughout the basin, not just on the South Australian side but through to the Queensland side. Delhi Petroleum was one of the main operators on the Jackson field when that opened up and crude oil was being trucked through to Brisbane.

I had not been back to the basin until a couple of years ago. I took my family through to Birdsville and came back that way. It was interesting to see the facilities Santos has put in for the staff at Tirrawarra field. I certainly could not have played tennis in the days I was up there like they do now. It is a place where you need to look after your workers to keep them interested in the game, and it is good to see that Santos is doing that.

With those few words, I wish Santos every success in the future. I support the bill.