

## HOUSE OF ASSEMBLY

### Wednesday 9 November 2011

The **SPEAKER (Hon. L.R. Breuer)** took the chair at 11:01 and read prayers.

#### **SUMMARY OFFENCES (PRESCRIBED MOTOR VEHICLES) AMENDMENT BILL**

The **Hon. G. PORTOLESI (Hartley—Minister for Education and Child Development)** (11:02): I move:

That the sitting of the house be continued during the conference with the Legislative Council on the bill.

Motion carried.

#### **LEGISLATIVE REVIEW COMMITTEE: CRIMINAL INTELLIGENCE**

**Mr SIBBONS (Mitchell)** (11:04): I move:

That the report of the committee, into criminal intelligence, be noted.

On 9 March 2011, the Legislative Council resolved to refer an inquiry into criminal intelligence to the Legislative Review Committee. Criminal intelligence is a legislative class of information that can be used against a person but not disclosed to them if the information would tend to prejudice criminal investigations, identify a source or put a person's safety at risk.

There are several pieces of legislation which use the concept of criminal intelligence, which can be used as a basis to deny a person certain rights and privileges, such as the granting of a gaming machines licence, a licence to use a firearm or operate as a security agent. It can also be used as a basis for making a declaration or granting a control order against groups engaged in serious and organised criminal activities, under the Serious and Organised Crimes (Control) Act 2008 (or SOCCA, as it is most commonly known).

The criminal intelligence is disclosed only to the Commissioner of Police or his or delegate and relevant decision-makers. There are strict legislative provisions which provide that any court hearing of a matter involving criminal intelligence must maintain the confidentiality of that information, including taking steps to receive evidence and hearing arguments in private. Neither a person against whom criminal intelligence is used nor their legal representative is privy to the information.

The motion calling for the inquiry was introduced in the Legislative Council by Greens MLC the Hon. Mark Parnell in response to concerns that the concept of criminal intelligence was not used consistently across all legislation. There were also concerns that the use of criminal intelligence offended natural justice principles, such as the right of a person to know and respond to allegations made against them.

Legislation that uses criminal intelligence has been the subject of several High Court challenges. The first was in the High Court's decision of *K-Generation v Liquor Licensing Court*, which considered whether the use of criminal intelligence to deny an application for a liquor and entertainment licence under the South Australian Liquor Licensing Act was valid. The High Court found that the criminal intelligence provision contained in the act was constitutionally valid and did not infringe upon the court's integrity or independence.

The High Court again had the opportunity to consider criminal intelligence in *State of South Australia v Totani*, this time in the context of SOCCA legislation and the issuing of a declaration against the Finks Motorcycle Club and several control orders against its members. The High Court found that section 14(1) of the act, which required the court to issue a control order against an organisation declared by the Attorney-General, was constitutionally invalid. Just seven months later, the High Court again considered the issue in the case of *Wainohu v The State of New South Wales*, when they found the New South Wales Crimes (Criminal Organisations Control) Act to be invalid.

The Legislative Review Committee inquiry took place against the background of these High Court challenges, the debate as to the proper use of criminal intelligence and whether or not criminal intelligence provisions should be utilised in legislation at all. There was concern that the term 'criminal intelligence' was not used consistently across all legislation. In the course of its inquiry, the committee heard evidence from witnesses who were of the view that legislation such as

SOCCA, and others containing criminal intelligence provisions, offended basic principles of natural justice and fairness in refusing to let a person know the allegations against them.

The committee also heard very extensive and compelling evidence from South Australia Police. They outlined the important role of criminal intelligence provisions in protecting police informants and eliminating criminal elements from legitimate business. They also gave evidence about the deterrent effect of the SOCCA legislation in dissuading the threatening and violent criminal behaviour of outlaw motorcycle clubs in South Australia. They outlined the process and method of collation and classification of criminal intelligence and the safeguards in place against the use of incorrect or unsubstantiated information.

In light of all the evidence, the committee recommended that the South Australian legislation should continue to contain criminal intelligence provisions. Criminal intelligence is warranted, given the very serious risks posed to the community by the activities of those involved in serious and organised criminal activity.

The committee is satisfied that criminal intelligence is rarely, if ever, the only source of information used against a person, and that SAPOL has robust classification policies and procedures in place to make sure that this information is used carefully, sparingly and appropriately. Further, the committee is satisfied that decision-makers under the various pieces of legislation have ample legislative discretion as to what weight, if any, they will give to criminal intelligence in assessing an application.

The committee recommended that the Serious and Organised Crime (Control) Act 2008 be reviewed as a result of the High Court decision in Totani, and that it should be amended in order to reflect the High Court's findings and to better withstand constitutional challenge in the future. The committee was also concerned about the multiple versions of criminal intelligence provisions contained in the various pieces of legislation. It therefore recommended that there be one definition implemented consistently and uniformly across all legislation. This will ensure certainty for decision-makers and uniformity with the High Court's determination in *K-Generation v Liquor Licensing Court of South Australia*.

Further, the committee recommended that a review mechanism be included in all legislation that uses the concept of criminal intelligence. Under the current SOCCA legislation, an annual review is undertaken by a retired judge as to the number of times criminal intelligence is used, how it is classified and whether the Attorney-General and other decision-makers have acted within their legislative powers. The mandatory reviews of the use of powers under the SOCCA legislation have been undertaken by retired District Court judge, Alan Moss. These reviews provide a comprehensive report of the use of criminal intelligence provisions each year, and their consideration by the courts. The committee is of the view that this process would be worthwhile in ensuring that criminal intelligence is used appropriately in other legislation.

Submissions and evidence to the committee also outlined several alternative legislative models which have been implemented in overseas jurisdictions aimed at dealing with the issue of serious and organised crime. The Netherlands has introduced legislation whereby authorities who issue licences and permits and consider tenders for public contracts are given powers to screen and monitor applicants and access secure sources of information from police, tax and customs administration.

Evidence also outlined a successful program implemented in Japan to curtail the infiltration of indigenous crime gangs known as the Yakuza, including the issuing of administrative orders to prevent the Yakuza from making unjust and violent demands and from recruiting juveniles to join the gangs. Evidence also outlined laws introduced in New Zealand which banned the wearing of gang patches, emblems and insignia. The committee recommended that the Attorney-General consider some of these approaches to tackling organised crime, with a view to implementing them in South Australia.

On behalf of the committee, I would like to thank all those who made submissions and gave evidence to the inquiry. I would like to acknowledge the contribution of current and former members of the committee (in this place and the other place), who heard evidence and considered the report. I would also like to thank the committee staff, Carren Walker, Leslie Guy and Adam Crichton, for their work in relation to the report. I commend the report to the house.

**Mr GARDNER (Morialta) (11:15):** In rising to speak on this motion that the house note the report of the Legislative Review Committee into criminal intelligence, I particularly draw members' notice to the minority report signed by me and the Hon. Stephen Wade from the other house, and I

will get to the reasons why the minority report was put in with the five separate recommendations in due course.

I would like to agree with the previous speaker in commending the work of the secretariat of the committee who do fantastic work; however, I do not feel that this report demonstrated the committee system of the parliament working at its best, as may be seen by the fact that the recommendations produced by the majority could have been written in the talking points of the member for Croydon when he was attorney-general before the election.

I do not feel that we had a situation where the evidence was taken into account and the committee deliberated free from partisan consideration in producing its recommendations. We had evidence from a number of very learned people—all the evidence, of course, and the submissions are listed—from people like Dr Steven Churches of the University of South Australia (a senior lecturer) and the Law Society, the police association and the assistant police commissioner.

We had an academic fly in from Canberra to assist the committee, yet the evidence suggested and proffered by many of those notables was, I don't know, perhaps considered as some sort of highfalutin legal terminology and not used in the recommendations.

The difference between secret police intelligence and criminal intelligence is key to an understanding of what was produced here. Of course, the opposition supports the work of police and recognises the importance of them keeping the identity of informants secret, and so forth. Secret police intelligence is vital to an effective investigative process, but when we talk about criminal intelligence in the context of this review (which is not always clear throughout the report), we are talking about criminal intelligence as specifically defined in the Firearms Act, the Liquor Licensing Act, the Gaming Machines Act, the Security and Investigation Agents Act, the Casino Act, the Hydroponics Industry Control Act, and, of course, the SOCCA Act, as was described before.

This is where intelligence can be used without the opportunity of the person who the intelligence is used against to know what the intelligence is, to know the nature of the intelligence and, perhaps, even to know of its existence. The minority report, I think, is compelling in arguing that state law should make clear that the courts retain unfettered control over judicial proceedings, to protect the rights of all parties to a fair proceeding and to protect the administration of justice.

Courts should be explicitly authorised to view any evidence, to engage the affected parties and their legal representatives, to make inquiries to test the veracity of the intelligence and to decide the admissibility of the evidence on the basis of justice. In particular, relevant legislation should provide statutory enunciation of the High Court's expectations in the K-Generation case and should draw on the processes of the commonwealth's intelligence legislation, national security information and the Criminal and Civil Proceedings Act 2004. This legislation protects law enforcement interests amongst other classes of information.

The opposition is not proposing anything radical in this. We are suggesting that, in fact, we should be looking at the commonwealth's anti-terrorism type legislation. The commonwealth has not felt the need to go down the path that we are going down, and I think that is instructive. The second recommendation of the minority report was that state laws should provide comparable legal processes on the use of secret police evidence for administrative, regulatory, criminal or civil proceedings, and I think that is sensible. The third recommendation is that police intelligence should be required, whether by statute or police procedures, to meet threshold levels of reliability under internationally-recognised police intelligence classification systems before it can be classified as criminal intelligence.

That is the process that is undertaken at the moment, we are given to understand by the assistant police commissioner, but, from time to time, they do amend the indices upon which police intelligence is rated and graded, and I think we need to have clarity about that, and I think statute is preferable. As a general rule, it is a good idea for this parliament to have strong control over the processes where we are looking to take something so far out of the realm of what has been established—institutional rights, such as the presumption of innocence before the law and the basis that, when claims are made against one in a court of law or in a statutory proceeding, they may be tested and one may be able to defend oneself. If we are going to step away from that, it is only reasonable that the parliament should be required to set the threshold levels in statute.

The fourth recommendation of the minority report is that police should establish clear guidelines to ensure that discredited intelligence is marked as such within police systems, with appropriate audit arrangements. The committee heard evidence suggesting that that was not

currently the process. It seems eminently reasonable that, once intelligence has been discredited, it is not enough to say that we have excellent police—which we do. If we did not, if there were individuals not acting in good faith who were in decision-making positions, the fact of the intelligence being on the system could potentially create a situation where outcomes occurred that were not ideal.

The fifth recommendation of the minority report is that police should establish clear recording of the use of secret police evidence and provide regular reports to the public and the parliament. Again, we felt that it was important for the parliament to have oversight of this.

Evidence was given suggesting that the use of the term 'criminal intelligence' as opposed to 'police intelligence' was confused. In the natural course of speech, you might use the term 'criminal intelligence' in a way that is not described in those acts as being specifically police intelligence that has been rated as significant enough to go forward and be used in courts as classified criminal intelligence. When witnesses used the term 'criminal intelligence' in a more general sense—that being intelligence kept by police—I think it would have been better if the report had reflected that, because, unfortunately, we now have apples compared with oranges. It is not described so in the report.

As the Hon. Stephen Wade said, 'We do think that there is a place for criminal intelligence, but not at the expense of due process, not at the expense of systems that will withstand scrutiny, not without a rigorous process to protect justice.' This is not some sort of bleeding heart thing. It is not tough on crime to put laws into place that cannot stand the scrutiny of the High Court. Far from it. In fact, the fact that something might be knocked off by the High Court just goes to show the danger of pursuing such a reckless approach.

I particularly draw members' attention to the evidence provided by Dr Steven Churches, whereby sometimes police informants or informants to authorities can act in bad faith. Dr Steven Churches particularly outlined the case of Tadic, which was heard in the International Tribunal for the former Yugoslavia in 1995. In that case a person gave evidence on oath:

[T]hat he had seen 30 of his countrymen slaughtered, including his father. The defence counsel, having discovered his identity, went and did a lot of hunting around in Yugoslavia and discovered dad was very alive and very well. Then they confronted him with this and he said, 'Yes, well I was coached. That is what I was told to say'.

In its evidence, the Law Society advocated at length that a person should know what is alleged against them and be given an opportunity to answer in an open and transparent manner. This does not just relate to things that are going to potentially cause criminal sentences to be passed against somebody. It is also rights that, in our society, we have seen refused, revoked or limited—things that could affect somebody's ability to earn a living, hold a gaming licence, be granted a security agent's licence, or be present on the premises of the casino, and so forth.

In the member for Mitchell's contribution, he pointed out that criminal intelligence is rarely, if ever, the only source of information used, and that is certainly the case. I think there were some eight cases the police presented where criminal intelligence had been used in any way. If, as the member for Mitchell says, criminal intelligence is rarely, if ever, the only source of information used, I do not find it a compelling argument that we must have the ability to use it in this way. It is reliant entirely upon the police being the sort of police that we currently have. I am comfortable with the idea that Assistant Commissioner Harrison, for one, might be able to make these determinations, but we must make laws for the worst-case scenario.

**Ms THOMPSON (Reynell) (11:25):** I want to speak briefly in support of the majority report into criminal intelligence and recognise that the members of the committee gave extensive consideration to the issues raised in the minority report but at the same time considered that it is necessary for the law to move on. The matters that we are talking about relate to whether criminal intelligence can be used in the deprivation of a privilege. It is not relating to the deprivation of liberty. We considered that there are different tests that should be used in those two differing situations.

Whether somebody is allowed to have a firearms licence or a security guard licence is a different situation from whether a person should be gaoled for terrorism or gaoled in relation to other offences. The tests have to be different. We recognise the passion of a number of witnesses who see the law as their sacred trust to protect; however, we also saw that other people who are charged with protecting the public see that the law does not always enable them to do that.

The majority of the committee was aware of a number of situations where the law has not well served the least powerful in our community, and I think the best example we have is the issue

relating to children in state care. Even at the moment, despite many attempts to reform for instance the law in relation to rape, the conviction rate in relation to rape being something like 2 per cent of estimated cases of rape indicates that the law is not always working in the interests of people who are less powerful in the community; therefore, we have to challenge some of these traditional concepts in relation to the sacredness of the law that has served some people in the community well. It has served privileged men very well; it has not served women and children.

One of the situations that we considered in relation to the application of the laws that was the subject of the inquiry was a situation where, for instance, the police have strong reasons to believe that a person has been responsible for a series of rapes in a nightclub. This is not beyond the realms of fantasy, it is the situation in Western Australia. The police have not been able to get sufficient evidence to prosecute this person but they have strong reasons to believe that this person is the offender. Should such a person apply for a security licence to work in a nightclub, I want to be confident that the police are able to use that information in a way that prevents that person getting such a security licence. I see that the amendments proposed by the minority would prevent that happening.

There are times when we are not talking about deprivation of liberty, we are talking about the granting of a privilege where we must respect that the processes that are involved are sufficiently rigorous within the police force and respect the integrity of our decision-makers sufficient to say that, yes, at times on specific occasions, the concept of a person having a right to know all the evidence held against them just is not in the best interests of our community, particularly the most vulnerable members of our community. Hence, I strongly stand by the majority report recommendations.

Motion carried.

### BIOSECURITY COST RECOVERY

**Mr PEDERICK (Hammond) (11:29):** I move:

That this house instruct the Environment, Resources and Development Committee to fully investigate and report on the cost recovery policy in the form of a proposed biosecurity fee as it affects livestock owners, and in particular—

- (a) a comparison of the services to be provided by the proposed biosecurity fee with those of the commonwealth government's biosecurity program;
- (b) a review of the proposed cost share formula as it affects different species;
- (c) the consideration of the appropriateness of the exemptions criteria (species types and number of animals kept); and
- (d) any other relevant matter.

I rise to speak on this proposed introduction of this amendment to the Livestock Act with regard to the animal health and biosecurity fee which has been flagged by the Labor government and Primary Industries and Resources of South Australia—perhaps I should be calling it Primary Industries in the Regions, South Australia. I wonder how much forestry was pulped to change the letterhead, but that is another story. The proposal to place another fee on farming communities has caused great concern amongst industry groups. As I have said many times in this house, and in many places since last year's budget, primary industries has been hit by an \$80 million cut to its budget, the loss of around 300 staff, the loss of research programs and the loss of research facilities. It is just disgusting the way this government treats primary industries in this state. As I have said before, it is an industry that has provided \$4.7 billion to this state's economy in the last year.

I would like to talk about some of the issues that may happen if this fee is introduced. I want to go back to the industry groups which are part of the industry advisory taskforce to the government. They hesitantly accepted the property identification code fees. They believed that getting people to register their properties for a cost of \$38 a year was a way to help with biosecurity. I do not think that the way in which it was introduced was a smart move, knowing that there was another fee and proposal coming over the top, which will not be as easy for the government to introduce because it means that there will need to be a change of legislation for the government to get it up.

For example, the dairy industry already provides fees to Animal Health Australia, Meat and Livestock Australia, Dairy Australia, and the dairy authority levy, so there are multiple levies already paid just from that group. We look at cattle levies that are supported through primary industries

funding schemes—and these are across multiple sectors in primary industries—including a 65¢ cattle levy on the national livestock identification system tags. Primary industries wants to push that cost to \$2. We are already well aware that major station and stock owners want to exit that scheme. That is a voluntary scheme: you pay the levy and you can ask for your levy fees back. That will create a major risk to a budgetary line, because those funds that have been going in as part of biosecurity will not be there.

As I indicated, before this fee is introduced, \$860,000 is being raised through property identification codes, and \$3.14 million to be recovered by 2014-15 under this proposed biosecurity fee. Through different cattle and sheep industry funds, \$2.34 million has already been raised.

In a briefing that PIRSA presented to the Liberal Party, this proposal put up by the government looks at the controlled notifiable conditions, the offence categories, the advisory groups, the expiation fees, and the role of artificial breeding procedures. Initiatives include term of registration and renewal, identification codes, expanding movement restrictions, control or eradication of disease procedures, recovery of costs for inspectors, and the Exotic Diseases Eradication Fund.

The combined budget target of the PIC fee and the proposed biosecurity fee is \$4.1 million by 2014-15, and the revenue from PIC was just under \$1 million. Under this program, primary industries is looking at full cost recovery for endemic disease programs under the primary industry funding schemes of \$1.7 million. It is looking at recovery of \$1.41 million for the exotic diseases program by 2014-15. As part of that, that is what the biosecurity fee will collect.

In the proposal, properties with fewer than 10 animals, 100 chickens or 10 beehives will not be required to pay a biosecurity fee, and there is a sector allocation of how much each sector will provide. If this is introduced, the average cost per property and its impact on our primary producers in this state by 2014-15 will be: for sheep owners, \$72; cattle, \$98; pigs, \$695; poultry, \$900 (so you are damned if you grow chooks and eggs); horses, \$125; deer, alpacas and goats, \$144; and bees, \$154. This is just another levy that this government wants to bleed out of primary producers.

I want to talk about an issue brought to me by one of my constituents on how Primary Industries and Resources South Australia is failing in regard to its biosecurity activity. An email I received in September states:

I wish to communicate my concerns over the proposed Animal Health Biosecurity Fee, which is being proposed as a means of partially recovering the cost of providing services such as disease surveillance. The fee will be imposed on livestock producers in SA who benefit from Biosecurity SA's Animal Health programme. As the owners of more than 10 horses, we will be required to pay the fee, but I do not believe that horse owners do, or will, benefit.

I recently had cause to deal with PIRSA after six of our horses developed severe neurological symptoms. The eventual outcome was, of eight horses on the property, one was found dead without warning, subsequently five developed neurological symptoms, two recovered and three more died.

I am in Adelaide, but our horses live...on the Eyre Peninsula with my daughter and son-in-law. I only became involved with PIRSA when my daughter, rang me in tears of desperation. She was at the stables with the horses, one of whom was clearly not going to survive for much longer, trying unsuccessfully to contact PIRSA using her mobile phone. The reason for her doing so was in order to comply with Section 27 of the Livestock Act 1997 which requires any owner to report, among other things, any incidence of unusual nervous signs in their livestock. She had spoken to PIRSA a few days earlier when the first symptoms were observed, and her call was transferred to the Animal Health Inspector at Port Augusta, who advised that he would arrange for sample pots and formaldehyde to be sent to her in the event of the death of another horse. Vacutainers for blood samples were also dispatched.

I advised that I would do what I could from Adelaide and first rang the 24/7 emergency hotline. This rang out. I then rang PIRSA Head Office, after explaining to the person (possibly the Receptionist) who answered my call why I was ringing, my call was forwarded through three people and eventually back to the person who answered my call, who cut me off. Unfortunately I did not take note of the names of any of the people I spoke to.

I then telephoned the office of the Minister for Agriculture, Food and Fisheries. After explaining the situation I was advised that someone from the office would contact PIRSA and ensure that an appropriate person contacted my daughter. This they did, but first demanded to know why she had contacted the office of the minister.

A Horse Industry Update from Biosecurity SA dated 30/05/2011 states:

Horse owners should contact their local veterinarian if their horse is unwell. The vet can then work with Biosecurity SA to undertake a disease investigation on cases with neurological signs.

A further document (The Animal Health Biosecurity Feed, Some Frequently Asked Questions and answers) states that the animal health program run by Biosecurity SA 'maintains a regional network of highly trained veterinarians and animal health officers, providing support for producers and private veterinarians and investigation of unusual livestock diseases.'

None of this support was offered to us. In fact, a request from the animal health inspector at Port Augusta for post mortem brain and major organ samples for analysis was fulfilled by the local butcher, who is not experienced in equine autopsy.

**Mr van Holst Pellekaan:** Good butchers in Port Augusta.

**Mr PEDERICK:** Absolutely; they will cut up anything.

*Members interjecting:*

**Mr PEDERICK:** That's no offence to the butchers; they are good butchers. The letter continued:

These samples were required for viral analysis, and despite the fact that our horses could, possibly, have been suffering from a disease that could have been infectious to humans, and that brain and spinal fluid pose high risk of cross-infection, no advice was given on personal protective equipment, safety procedures to follow, or decontamination protocols. PIRSA were later quoted in the media as stating that they did not fear a biosecurity risk or advise quarantine. I believe this to have been an entirely irresponsible statement since, at the time, all they knew for certain was that five horses on one property had developed serious neurological symptoms of unknown cause within the space of one week, and that four horses were dead.

After finally making contact with PIRSA, my daughter felt that she and the situation were not being taken seriously, and that PIRSA were demonstrating no intention of sending anyone qualified to investigate. As a final effort, [my daughter] asked whether the government vet she was speaking to had a mobile number to which [she] could forward video footage and photographs of the horses. Previously that day it had taken numerous attempts to even gain a response, but within three minutes—

three minutes, Madam Speaker—

of the footage being sent [my daughter] had a return call from the vet and assurances that a vet would be in attendance either that night, or the following day, to perform the second autopsy. While in attendance the vet performed medical checks on two of the three affected horses who were still alive, and collected blood samples from four of the five remaining horses on the property. Samples were not collected from the fifth horse because the vet did not feel safe taking samples from her due to behavioural issues.

The fourth horse died a week later, and the stock inspector from Port Augusta travelled to Minnipa that night after extensive persuasion from [my daughter] to the PIRSA employee who answered her call. [My daughter] was advised that 'employees did not have to answer their phones on the weekend' and that there may not be anyone available to perform the post-mortem. Hardly a 24/7 service.

[My daughter] was also advised by PIRSA employees that:

'You fell through the gaps,' 'PIRSA is not set up to deal with horses,' 'PIRSA relies on private vets to perform investigations,' 'If you were located in the South-East it would be different, as there would be private vets close by to attend.'

I believe that, before imposing a fee on horse owners to recoup some of the cost of a program that is already established, PIRSA should look closely at how the program is being run. My experience was that the only PIRSA employees I could reach by telephone were unprofessional, totally lacking in a sense of accountability, and demonstrated no understanding at all of the possible outcome of the fatal condition our horses suffered, which could have been a highly contagious, exotic, zoonotic disease.

When [my daughter] was able to speak to a PIRSA vet she clearly described the symptoms and conditions of the horses, yet was dismissed until the vet observed the horses via video footage, at which point the seriousness of the situation was finally perceived and action taken. Hardly an active approach to disease surveillance, and certainly a contradiction to the statement below, made in the document 'The Animal Health Biosecurity Feed, Some Frequently Asked Questions and answers':

Knowing that there is this team available to advise, analyse, investigate and respond to specific threat to South Australian livestock and producers' profitability.

That is the end of the letter from that constituent. I think that sums up the regard of a lot of primary producers and horse owners in this state who are absolutely appalled about how they are treated, how they are being slugged for more and more fees and getting not no service but far less than acceptable service, especially with regard to what could have been an outbreak of a notifiable disease.

I commend this motion to the house. I want the house to have a good look at this, because all we have here is Primary Industries trying to hit farmers and animal growers for fees without providing any service. It is just a budgetary measure and another hit that a citycentric Labor government places on rural South Australia.

**Mr VENNING (Schubert) (11:45):** I will not speak at length because I know that several of my colleagues want to speak as well. I commend the member for Hammond for bringing this matter to the house and urge members to support it. The Livestock (Miscellaneous) Amendment Bill 2011 seeks to allow the levying of a biosecurity fee as part of the government's cost recovering policy.

The proposal is to recover a total of \$4.1 million by 2014-15 to cover the cost of the property identification code, known as the PIC, and the biosecurity programs.

Given the suggested fees for the first year, it is reasonable to expect that subsequent annual fees will increase substantially to meet the government's stated target. The PIC eventually gained qualified acceptance of major industry groups when it was introduced on 1 January 2011. Commercial animal keepers and producers saw the need for keeping track of where animals are kept, identifying problem sites and sites at risk, notifying property owners of relevant issues and controlling disease outbreaks. We all agree with that.

I can remember years ago, when I used to keep pigs, that we used to have to brand them with a mark, which was good because they could then be traced back. Also, over many years there has been debate going on about strip branding of lambs.

**The Hon. S.W. Key:** What about Bertha?

**Mr VENNING:** Bertha was one of them. It is amazing what people remember in this place. She was mother of many of these young piglets. Over the years there has been a bit of debate, but eventually we got strip branding in, which is essential because it is marked what the meat is and when people buy it they have some guarantee. I have no problem with the trace-back system, and the PIC is the same. I agree and the growers also agree.

So, 14 livestock industries, including sheep, have been identified. These are the costs per property: sheep \$72; cattle \$98; pigs \$695; poultry \$900; horses \$125; deer, alpacas, goats \$144; and bees \$154. It just says 'per property', so if you have only half a dozen sheep or something, I expect you pay that fee. I think the minimum was 10, but it is not very many. I understand there will be a lot of resistance to this—huge. Hopefully the government will see that it is not sensible to do this.

Understandably the industry groups feel they are already contributing to national and state biosecurity. Furthermore, each industry is required to contribute to the cost of the emergency response needed to combat a threat to the particular industry. One wonders about what the member for Hammond just said, and also industry groups remain unconvinced.

Finally, the PIC has been accepted reluctantly by farmers and graziers, especially by the poultry industry. They will not accept further government imposts like a biosecurity levy or fee. Surely these activities should be met by Treasury as these matters affect the general public.

The livestock industry has been going through tough times, but going okay at the moment. If you keep adding these imposts, you are encouraging non-compliance and backyard butcher shops. Our farm animals are not cash cows for a cash-strapped government. You can be sure that when you introduce a levy like this it will go up every year thereafter. I certainly commend the member for Hammond's motion and I hope the house will support it.

**Dr McFETRIDGE (Morphett) (11:49):** I speak in very strong support of the member for Hammond's motion. As a veterinarian, I have been at the front line of biosecurity in South Australia and Australia, and the profession itself is at the front line all the time, with the secondary help of stock inspectors and other allied veterinary health workers.

Biosecurity is so important, and you cannot underestimate the need for extreme vigilance, but it should not be at the cost of the poor animal owner, the property owner or the farmer because they are already paying. I put on the record that my wife has a property at Meadows, where we run cattle. We are quite happy to have the PIC (Property Identification Code) because you do need to have that. We have it with the National Livestock Identification Scheme with the cattle, and you need to have it.

As a veterinarian, you want to have trace-back, that is, you want to know exactly where those animals have come from. You want to know detail such as the epidemiology and the pathology because the whole trace-back issue is so important. That is why we need to have a real force to enforce biosecurity, but not this way; this is not the way to do it. We are already paying fees through the ear tags and animal levies across the board. Farmers and producers are paying taxes to employ people, to keep their properties going and to keep their economies going. They already paying, and this is just another impost.

I do not mind cost recovery in many areas, but farmers are already paying, paying, paying—and other property owners are already paying, paying, paying—where this area of biosecurity is involved. They are paying in similar areas where money should be going into PIRSA



and has not been; it has been diverted off into other areas. I am not going to say any more because my colleagues want to speak, but this is so important, and this is not the way to do it. As a veterinarian, I strongly support the member for Hammond's motion on this issue.

**Ms CHAPMAN (Bragg) (11:51):** I support the motion, and I thank the member for bringing this recommendation to the house. It is an important area that needs to be considered. This is yet another cost budget item that the government had introduced via the Sustainable Budget Commission, identified to us through the leaked Sustainable Budget Commission report, and another way to raise revenue.

People in primary industry have been used to having to pay for their services. Fishing, mining, and primary production from agriculture have historically had a number of fees attached. Two months ago, I helped my brother mark 100 calves of the most recent born. They had so many holes in their ears that I am surprised the RSPCA is not out there raising the issue about how offensive that is. We have to have the electronic livestock identification tag, we have to have the local property tag. The poor old sheep, every time you change a property you have to add another tag to them. We are going to have to change the body modification and tattooing laws soon because if sheep and cattle are ever introduced to it clearly we are going to have a problem.

The reality is there are enormous levels of procedure to protect the biosecurity in relation to stock, and of course when we go across to bees, chooks and the other things that are to be captured by this fee it is unacceptable. I would like to give evidence to the committee. I hope this committee is successful, that the members accept the important aspect that needs to be considered here, and that I will be invited as a member of parliament to give evidence to it. I look forward to the opportunity to do that and thank the member for bringing it to the parliament.

**Mr PENGILLY (Finniss) (11:53):** Very, very briefly I also wish to support the motion. I think it can be a particularly good bit of work for the ERD Committee. As has been said by number of other speakers, this is just stupid stuff; they do not need it. I have only just left a meeting with a group of five farmers, and one of the issues they wanted to raise was the biosecurity levy—and justifiably so.

What we are seeing with the continuous stripping away of dollars from PIRSA are desperate attempts by those in positions inside PIRSA to justify their own existence and raise additional money. We do not need it; the farming community does not need it. You just keep strangling, strangling, and strangling the farming community until they will not exist, and then you wonder why all your food comes in from China and Vietnam and other places. It is just crazy. The member for Hammond has put up a good proposition, and I urge the house to support it.

**Mr VAN HOLST PELLEKAAN (Stuart) (11:54):** Biosecurity policy is currently undergoing review in many states around the country, and South Australia is the first to declare its intention to charge fees. It is assumed that these fees are intended to aid in meeting the obligations under the Emergency Animal Disease Response Agreement (EADRA). This agreement, made between the federal government, state and territory governments and the livestock industry, was introduced to manage the cost and responsibility for an emergency response to an animal disease outbreak. There are currently 10 livestock industries which are party to this EADRA and the costs are shared amongst these industries.

In effect, this means that many livestock organisations are already committed to paying towards the cost of managing a biosecurity risk, and any additional fee could be considered double dipping. Importantly, it is not only livestock producers who benefit from biosecurity, so it is not fair that only livestock producers incur all the costs associated with it.

I acknowledge the great importance of biosecurity but also recognise that the issues that the member for Hammond raises are very important. The government should have no fear of the member for Hammond's motion because it asks the committee to fully investigate and report on the cost recovery model. Unless the government actually has something to fear, it should support this motion.

We have levies upon levies upon levies hitting all manner of people, whether or not they be biosecurity levies. The regular person walking in a street in a regional centre like Port Augusta is getting hit with more and more levies all the time. This government's cost recovery model is turning into a bit of a business model.

It is a very different situation to cost recovery in private enterprise where it is passed on to the consumer versus cost recovery in the public arena where public agencies can just say, 'Look,

this is what it costs us to provide the service and so people in the industry have to pay it and it will be your issue to just pass it on, recover it, absorb it somehow or other,' because there is a disconnect between that and the marketplace, the way there is in private enterprise.

I strongly support the member for Hammond's motion. I state again that the government should support it unless it has something to fear with its cost recovery model.

**Mr WHETSTONE (Chaffey) (11:56):** I too rise to support the motion by the member for Hammond. This is just a blatant cost recovery measure, and looking at it across the board, I have been in this place for about 18 months and in that time I have witnessed the blatant abandonment of primary industries.

I watch bureaucrats striving for cost-cutting measures rather than underpinning the state's wealth, and when I talk about the state's wealth, I talk about agriculture as a whole. I talk about what agriculture does to this state's economy: it underpins the state's economy by far. Today we look at mining as the shining light, but when is that going to underpin the state's economy and outstrip agriculture?

We are getting a lot of talk but we are not getting the action, and that will come in time. One of the risks is alienating farmers who will pull out of the funding and then pose a risk to the industry, so I expect the government to support this motion and I commend the motion to the house.

**Mrs GERAGHTY (Torrens) (11:58):** I move:

That the debate be adjourned.

**The SPEAKER:** Is that seconded?

**Mr Pederick:** No, ma'am; let's bring it to a vote.

**The SPEAKER:** Was the motion seconded?

**An honourable member:** Yes, ma'am.

The house divided on the motion:

#### AYES (22)

Atkinson, M.J.  
Caica, P.  
Fox, C.C.  
Key, S.W.  
Odenwalder, L.K.  
Rau, J.R.  
Thompson, M.G.  
Wright, M.J.

Bedford, F.E.  
Conlon, P.F.  
Geraghty, R.K. (teller)  
Koutsantonis, A.  
Piccolo, T.  
Sibbons, A.L.  
Vlahos, L.A.

Bignell, L.W.  
Foley, K.O.  
Hill, J.D.  
O'Brien, M.F.  
Portolesi, G.  
Snelling, J.J.  
Weatherill, J.W.

#### NOES (16)

Chapman, V.A.  
Griffiths, S.P.  
Pederick, A.S. (teller)  
Redmond, I.M.  
van Holst Pellekaan, D.C.  
Williams, M.R.

Evans, I.F.  
Hamilton-Smith, M.L.J.  
Pegler, D.W.  
Such, R.B.  
Venning, I.H.

Goldsworthy, M.R.  
McFetridge, D.  
Pengilly, M.  
Treloar, P.A.  
Whetstone, T.J.

#### PAIRS (6)

Rankine, J.M.  
Rann, M.D.  
Kenyon, T.R.

Sanderson, R.  
Gardner, J.A.W.  
Marshall, S.S.

Majority of 6 for the ayes.

Motion thus carried.

Debate adjourned on motion of Mrs Geraghty.

**ROXBY DOWNS (INDENTURE RATIFICATION) (AMENDMENT OF INDENTURE) AMENDMENT BILL**

Adjourned debate on motion of Hon. A. Koutsantonis:

That the report of the Select Committee on the Roxby Downs (Indenture Ratification) (Amendment of Indenture) Amendment Bill be noted.

(Continued from 8 November 2011.)

**Mrs REDMOND (Heysen—Leader of the Opposition) (12:06):** I rise today to speak to the report of the Select Committee on the Roxby Downs (Indenture Ratification) (Amendment of Indenture) Amendment Bill, and I thank the house for the opportunity to make a few comments. First, in doing so, I acknowledge the excellent speech given last night by my deputy, the member for MacKillop. I did attend for some, at least, of his speech and I listened to quite a bit more, but he dealt with a lot of the details of the process which we on this side of the house have been through, and I do not intend to repeat that but simply say that it is important to understand that we on this side have put considerable effort into ensuring that we have done a comprehensive due diligence on this bill. Indeed, I would venture to suggest that we on this side are far better informed about this project and this bill than the majority of those who sit opposite.

I also acknowledge the assistance in that due diligence process from a variety of sources. First, and most obviously of course, are those members of the government's Olympic Dam task force, which was set up some years ago specifically to deal with this project on behalf of the government, and also BHP. I specifically mention Dean Dalla Valle and the team that works with him, in particular, Kym Winter-Dewhirst, Leah Grantham and Steve Green. They have been very available to us over a period of some years now and we have had extensive briefings from them on an ongoing basis and that has positioned us well to understand exactly what this project involves. They have been very forthcoming and cooperative in helping us come to grips with this process and the project itself.

It was important for us that we seek information and understanding not just from those two parties but also from a range of perspectives because the two parties involved in the indenture negotiations both have a vested interest in persuading us that the agreement they have brokered is a good one. We actually went beyond those two groups, and I do not intend to name the people we have spoken to, as I do not want to cause them any embarrassment or harm in any prospects of future business with the government of this state. I especially do not want to name the people in South Australia. Suffice to say that we on this side, and I in person, have spoken to people across the country, from Perth to the eastern seaboard, in seeking to ensure a sufficient understanding of this project—the EIS, the indenture, the ratification bill—and how it compares to other mining projects throughout the country so that we feel confident that we do know what we are talking about.

What I want to do today is to look at the bigger picture at South Australia's place in the scheme of things. I want to look at why we reached the conclusion that the support for this project proceeding now—and by now I mean forthwith, as soon as practicable—was really the only choice for South Australia and why we therefore chose unanimously to support the ratification bill without amendment and without delay. Can I say, Madam Speaker, that this somewhat unlike the behaviour of those on the Labor side who played politics so extensively with the original decision in 1982.

It is unfortunate that so many people have forgotten that this initial project was in jeopardy until Norm Foster from Labor crossed the floor to allow it to pass and that Mike Rann was a member of Labor's anti-uranium nuclear hazards committee. He famously coined that phrase about Olympic Dam's project that it would be 'a mirage in the desert'. I can say that it has been galling to see him stand in this parliament on a number of occasions deriding those who might scoff at the project as 'a mirage and desert' knowing that most of those hearing him were not aware of his strident opposition to the project from its outset.

So where are we in the scheme of things? I want to look firstly at the world situation at present. This very week, as it happens, we are seeing the demise of two European leaders: George Papandreou in Greece and Silvio Berlusconi in Italy. Why? In both cases because of the economic fragility of their governments. The Greek government has been offered a bailout, a package that is subject to them agreeing to certain austerity measures involving significant cost-

cutting including actual reductions to the pay of the entire public sector, something we have never seen here and something which is understandably unpopular with the public servants who feel that they are being made to pay the price for bad government over a period of years.

As unpopular it might be, it is absolutely essential that the bailout conditions be implemented. I remember being impressed by a speech given by Papandreou to the EU about 18 months ago in which he basically said, 'I'll never be re-elected because the decisions I will have to make will be so unpopular that no-one will ever vote for me again, but for the sake of my country I have to make those decisions.'

I must confess that I have been a little puzzled over the last couple of weeks with Mr Papandreou's decision or desire to hold a referendum, but I think sometimes from a distance we do not get all the information to enable us to understand what is really going on. Suffice to say that, having survived that no-confidence motion last Saturday our time (and I was watching the telly as the votes were coming through) and survived it in the end reasonably comfortably, Mr Papandreou seems resigned to giving up his leadership in the greater good of seeing the necessary steps taken for this bailout to proceed.

Even just today it seems that Silvio Berlusconi will lose the Italian presidency, again over the monetary crisis, only Italy's economy is six times the size of Greece's. I am sure everyone on this side of the house at least has heard that phrase of 'too big to bail, too big to fail', and that is the dilemma facing the European Union at the moment as we speak, because everything is on the brink. They are literally, in Europe, on the brink. It may pull back from the brink, we do not know, but given that Portugal, Ireland, Spain and others are also in difficulty, it would be fair to say, I think, that we indeed live in uncertain times.

Formerly, of course, the USA was a powerhouse, so we nevertheless, in spite of what would be happening, would feel confident, but the USA this week remains in a difficult position also, with unemployment having marginally improved to something like 9 per cent. That is almost one in 10 people unemployed in the US. Their economy has been flatlining for too long.

It is then, in my view, a happy circumstance that for a number of years Australians have been increasingly looking to our own region and particularly to the emerging powerhouse economies of India and China for our economic future. I have not yet travelled to either of those places, but I have certainly encouraged a number of my colleagues to do so, and they invariably return 'blown away' (to use the vernacular) by what they have seen.

According to a recent presentation by the Fortescue Metals Group, approaching the year 2020 China is planning to build around 20 cities every year—20 cities every year! China is increasing its rail network over the next nine years by 60,000 kilometres. If I can put that into some perspective, the total rail network in Australia is 40,000 kilometres. China is planning to increase it by that and half that again in the next nine years. It is just extraordinary.

*An honourable member interjecting:*

**Mrs REDMOND:** It is. In fact, according to Fortescue's, by the year 2020 China's steel consumption could reach 1 billion tonnes per annum. I saw a program on *Dateline* a few months ago about the new superfast rail they are going to have—I think it was between Shanghai and Beijing. It was talking about this rail network and how fast it is evolving and they reckoned that within a very short number of years China will have more rail than the rest of the world combined. That is extraordinary. By next year India is expected to become the third-largest steel consumer after China and the US.

What does all this mean for Australia? We happen to live in a sparsely-occupied continent, almost all of us clustered around our major cities and the coastal belt. We have clean, green agricultural land capable of producing far more than we need for ourselves—although we are clearly no longer home on the sheep's back. We have oceans surrounding us which we are already capable of harvesting sustainably. Indeed, we are doing just that and at great benefit to us in terms of, particularly from Port Lincoln, our tuna harvesting going to Japan.

We have highly developed manufacturing capacity, about which I will say more in a moment, and, incidentally, in the midst of it all, we have vast areas of largely unoccupied, largely unviable or marginal land (agriculturally speaking) but land that we now know happens to be extraordinarily rich in the very things the emerging world needs: in our state especially, copper, uranium, gold, silver and zinc.

I just want to sidetrack for a moment to reflect on our manufacturing sector. I recently met the notorious Bob Katter. Not surprisingly, we did not see eye to eye, and that became obvious within a very few minutes of our meeting. Mr Katter's view was that 'manufacturing in this country is stuffed'. I take a different view. In this state, according to ABS figures for 2009-10, manufacturing still accounts for 11.6 per cent of our economy, compared to mining which, on those same figures in that same year 2009-10, was at 3.8 per cent.

We do some amazing things in this state in manufacturing. Look at Codan—I am sure everyone here is familiar with Codan which has been going for more than 50 years, but people do not realise, when they look at television and see United Nations vehicles where, on the front of every one of those vehicles is a big box with a great big aerial on it, that it is made in Campbelltown by a company that has been manufacturing here, sitting in a quiet suburban street, succeeding in not only making every one of those aerials to go on those UN vehicles, but also—

**Mr Griffiths:** For 52 years.

**Mrs REDMOND:** For 52 years, the member for Goyder tells me. I have their book about the first 50 years—but they also have the biggest metal-detecting business in the world. They manufacture more metal detectors than anyone else in the world—and better. That is where we are good.

One can look at Osmoflo at Burton—and a number of us have been to visit Osmoflo at Burton. Its name is not familiar in this state but it is familiar throughout the Middle East because of what it does: it makes desalination plants for mining companies right throughout the Middle East. They are designed in Burton, they are built into containers in Burton and they are shipped overseas. And what's more, in Burton, from a computer they run the watering system for the water that waters the golf course at the Hong Kong Jockey Club—from Burton in Adelaide.

Last Friday night I was at the wonderful celebration of Advantage SA (which used to be called SA Great) for the Young South Australian of the Year, but I want to talk for a moment about the South Australian of the Year, Frank Seeley, and his wonderful company which produces air conditioners. They now have this wonderful new air conditioning system, and I will be going down to see it in the next few weeks. It is so clever that it promises to use, I think, 80 per cent less energy than the air conditioning systems we have going today—80 per cent less energy; that is extraordinary. Frank Seeley gave a wonderful speech, and one of his key messages was that we need to innovate, and that is exactly what we are good at doing in this country.

Indeed, can I just say, before I stop talking about manufacturing, that the function at which I met Bob Katter was actually the launch of a new barbecue by another local company, Heatlies. Heatlies has a thing called the Island Gourmet Barbecue. It was a pretty big-ticket launch of this new barbecue: they had Bob Katter, Nick Xenophon, me and David Ridgway at the launch; that is why I got into the argument. This barbecue is so clever because it gives a very even heat, and they use it in the defence force so that they can cook for lots and lots of people.

We are smart, innovative manufacturers in this state, and I believe that manufacturing has a bright future here. Indeed, I think that our growth in both the mining and defence industries will inevitably mean an even more successful manufacturing sector in this state because we are clever, we are able to produce the best in the world. We just do not talk about it enough, and I believe we need to do that. So, here we are, on the brink of a new era, one in which I believe we are going to see a rebalancing of the world economies. By sheer good fortune, this state is poised to take advantage.

We are being asked to share in the future by allowing one of the biggest companies in the world to exploit some of the vast resources which have lain dormant and buried for millennia. The question before us is: should we say, 'No; there is too much risk, there is too much uncertainty, we cannot be absolutely certain that this is absolutely the best deal that we could ever have done, we do not know what environmental imperatives there might be in 100 years, 45 years is too long to commit to a fixed royalty', or any of 100 other matters that might not be answered with absolute certainty; or do we say instead, 'Here's an opportunity for this state'?

It may not be perfect. Indeed, it almost certainly is not perfect, but, given what we know today, we have done our best to ensure that we have put in place appropriate and reasonable safeguards and protections for the environment now and into the future, that we have entered into a deal that fairly balances the rights of a company to pursue its lawful objectives with the rights of our citizens to benefit from the sale to that company of a state resource, and that we as the

representatives of those citizens have not given away our rights but have fairly negotiated an outcome which we believe is going to benefit all South Australians now and into the future.

I am satisfied, and my party is unanimous in its agreement with this, that the latter is the only option. So, I have much pleasure in indicating my support, and it has already been indicated on behalf of the party. This project, in our view, must go ahead. I think the people who need to be acknowledged are indeed the Liberals of 1982 who got the project off the ground in the first place. I thank you for the opportunity to comment.

**Mr GOLDSWORTHY (Kavel) (12:23):** From the outset, I need to advise the house that my wife is a shareholder in BHP Billiton, so I just need to put that on the record before I start my—

*Members interjecting:*

**Mr GOLDSWORTHY:** No, there is no indenture in relation to that. I just wanted to put on the record that my dear wife is a holder of some shares in BHP Billiton. I certainly join with my colleagues, particularly on this side of the house, in supporting the indenture and supporting the legislation. I was very pleased to attend the three separate briefings that were provided to the members of the opposition at the beginning of last week.

There were three separate briefings: one from the EPA—that side of government. There was one from the Olympic Dam task force and Dr Paul Heithersay and some other high-ranking officials were there to provide some information and answer questions. The third briefing was from the senior executives from BHP Billiton themselves.

I have to say that, over my roughly 10 years in this place, I have attended quite a number of briefings, but I really think that this was one of the most interesting and informative briefings I have had the pleasure of being involved in, if not the most interesting and informative briefings I have attended.

Obviously, there were different perspectives from each one of those three separate briefings. Different information was provided from those three different groups—the EPA, the Olympic Dam task force and BHP Billiton itself—but really they all came to the one conclusion, and that is that the expansion of Olympic Dam has to be approved and it has to proceed. As I have said, there were different perspectives, different advice and lots of questions asked and answered but, really, they all came to the one conclusion, and that was the expansion has to be approved and it has to be proceeded with.

As the house has previously been advised, Mr Dean Dalla Valle, a senior executive of BHP Billiton, was, I guess, one of the more senior executives at the briefing. There was also Steve Green, Kym Winter-Dewhirst and another senior executive whose name I do not recall, but that gentleman was involved in the financial side of the process. They are very high-level executives, who are obviously extremely aware of all the issues pertaining to the whole matter of the Olympic Dam expansion.

From memory, about this time last year, the shadow cabinet and the Liberal Parliamentary Party visited Roxby Downs, the Olympic Dam site. We had some briefings from Mr Steve Green and some other representatives from BHP Billiton. We went on a bus tour to inspect the site, and I have to say that it was very impressive. There was this vast expanse of station country—a massive expanse of broadacre, open grazing country—and, in the middle of it, there was this huge plant, this huge infrastructure construct, where the mining operation takes place. It just looms out of the desert; out in the middle of nowhere, basically.

I would not go to the extent of saying that it is breathtaking, but it is an interesting phenomena. As you drive up to it, it appears on the horizon and looms larger and larger as you travel towards it. I guess there are some things you experience in your life that you do not forget in a hurry, and I think that going out there and inspecting the site is one of the things I will not forget in a hurry.

I have a reasonable understanding of the history of the development of this mine, which started taking place in the early 1980s—and a lot of other members in the house, particularly yesterday, spoke about that. I have a pretty good understanding of the history because a close relative of mine had been actively involved in it.

**Mr Venning:** How close? Name him.

**Mr GOLDSWORTHY:** My father, actually, was the person that was actively involved in that process, being the then minister for mines and energy. So, I have a pretty good understanding

and a pretty good recollection of what took place back in the early 1980s when the then Liberal government was endeavouring to develop this mine.

I know that the Labor party and people closely associated with the Labor party did everything within their capabilities to scuttle their project. They did absolutely everything they could in influencing parts of the media at that time, protest groups—you name it. They tried to whip up as much opposition as they possibly could to scuttle this project. If it had not been for the strength of the then Liberal government to see this issue through and to meet the challenges, I do not think we may be here this week debating this particular legislation.

I remember on Christmas Day at our family home that my father was called to do a media interview on the issue. That was the extent of the opposition that was thrown at the then Liberal government and the extent that the opponents were prepared to go to to convince the media to have my father do a media interview on Christmas Day. I remember the television cameras coming up and setting up on our driveway.

**Mr Pederick:** Unbelievable.

**Mr GOLDSWORTHY:** Yes. I think I have covered that issue enough. The member for Davenport highlighted some very important points. He made some key points in his contribution yesterday, that Liberal governments both here in this state and nationally are the ones that have made what we call game changing decisions. Liberal governments have been responsible for the greatest shift in the economic development and the financial management both of this state and of the nation. I point to three things, and the member for Davenport spoke about these yesterday.

They are the development of the Olympic Dam project in the early 1980s, the long-term lease of our electricity utilities in the latter years of the previous Liberal government and the introduction of the GST by the previous Howard government. They are three key policy points that previous Liberal governments both here in the state and in the nation have made that I think have been responsible for the greatest shift in economic development and financial management.

As we all know—and even on the other side of the house I think there is agreement to this—the long-term leasing of our electricity utilities and introducing the GST have been the two policy initiatives that have seen the AAA credit rating restored to South Australia's finances. Without that, I know that we would not have had the AAA credit rating restored in the time frame that we have seen.

We are dealing with some of the key elements of this new indenture, together with the select committee report, in the house at the moment. Some of the key elements are:

- an expansion of the special mining lease, with the right for the company to have the lease area converted to freehold title;
- provision for land at Port Bonython to allow for the construction of a desalination plant and easements to allow for inlet and outlet pipes to the sea, with a corridor for transfer pipes between the plant and Olympic Dam;
- provision for a range of options for the supply of electricity, including a new power station at or near Port Augusta or Olympic Dam, a corridor for a new power line and to provide for a new gas pipeline between Olympic Dam and the Adelaide-Moomba pipeline;
- provision of land to construct a workers village approximately halfway between the current Roxby Downs township and Andamooka, to be known as Hiltaba. This construction village will house up to 10,000 workers during the lengthy construction phase;
- provision for access to land to construct an airport and related facilities;
- provision for the construction of a new railway line between Pimba and Olympic Dam;
- provision for a barge unloading facility near the head of the Spencer Gulf, adjacent to Port Augusta, with associated corridors for the transport of equipment;
- provision for a one-stop shop wherein the company can make all applications for approvals through the indenture minister, excluding environmental authorisations;
- provision for environmental authorisations to be made to the EPA, with provision for the establishment of an environmental management program and for the operation of oversight of such a program;

- provision for the company to develop an industry and workforce participation plan to ensure that South Australian workers and businesses have opportunities which are maximised;
- provision for normalisation of the town of Roxby Downs; that is, for it to cease to be an administered township and to become a recognised local government area with elections, if the population reaches 9,000 and at the minister's discretion. As the shadow minister for state/local government relations, I certainly think that is an important issue that should be included and needs to be acknowledged; and
- provision for a fixed royalty regime for a period of 45 years.

I fully understand that there have been a lot of negotiations, discussions and debate behind closed doors. Yesterday, in his contribution, the member for Port Adelaide gave quite a good overview (some history and background information) in relation to those matters. I know that the shadow minister for minerals development also gave an overview of those discussions.

In relation to the desalination plant, I understand there has been some considerable discussion and debate and questions raised in relation to that desalination plant. I have seen some modelling done on it. There has been a lot of consultation in relation to the desalination plant. One of the main points to make is that if, for whatever reason, the performance of that desalination plant is not meeting the required standards, it can actually be shut down. My understanding is that there are two water sources for the Olympic Dam mining project: the Great Artesian Basin and the new desalination plant, and that a reserve of water is to be held at all times in case there is an issue with the desalination plant performance.

We all know that, in relation to the development of electricity infrastructure, the Hiltaba workers' village, the new airport that is to be built and the new railway and port facilities, we will see significant development of infrastructure taking place, because what we are discussing and debating here relates to the largest open-cut mine in the world, and that is something we should all be proud of—not just as legislators at this time but all the South Australian community.

I know that there are some opponents to it. I have read, heard and listened to political opponents. The Greens party does not support the mining of uranium. I remember in past years all the protests that took place. When the first semitrailers of the drums of yellowcake rolled out of the mine site, protestors were lining the roads and blocking the roads, and there were police escorts to bring out the road transports. I remember all that, but now that has all basically faded away to nothing. However, the Greens party is looking to reignite debate. They are happy for other minerals to be extracted, refined and sold but not uranium, and the vast majority of us certainly do not share that view.

In conclusion, I want to say that, as an elected member of this place, I am actually pleased to be part of a parliament that will see the passage of this legislation result in this significant level of development, and, as a consequence, the economic benefit not only for this state but for the whole nation.

**Mr WHETSTONE (Chaffey) (12:42):** I rise today to support this historic indenture bill. I will not overlap with many of my colleagues and the concerns they have shown over their 20 minutes' worth of time on this indenture bill. Just briefly looking back in history, it all seems to have started back in 1982 through the Goldsworthy/Tonkin era, with much display from the government of today opposing it. I think it is outrageous that they are standing here, taking the credit for something today that we see, really, as a bipartisan approach.

I do remember that, back in the late 1980s, I went up to Roxby. At the time I was working at the Moomba oil and gas fields. Just going up to Roxby, I walked into the place and I looked around in amazement that it was just a big orange/grey dustbowl. Really, it was not inviting. It did not have anything that gave me any interest to want to stay. However, I was up there on a purpose. I went up there to install a large piece of pipework that was part of a water reticulation plant.

It was a 14-inch pipework project (a large schedule piece of pipe), but it was the initial starting process in what was the development of the Roxby Downs project, back in Western Mining's day. My reflection is coming from what was happening at Moomba. I should explain that Moomba is a processing plant. It is about processing raw gas. Also, it is a compression station to pump the condensate from there down to Port Bonython and also to pump gas to both Sydney and Adelaide.



My experience up at the processing plant was that it was just a huge opportunity for South Australia. Over time we have seen what Santos (and back then there was also Delhi Petroleum) offered the state. It is about what we, I hope, as a state, will embark on with the expansion of Roxby Downs. Looking at the opportunities up there, it has been a bit different.

I was given the opportunity to go out and hook up well sites that were then piped to compressor stations and pumped into Moomba. We found gas and we found condensate at a lot of those well sites, but they were being plugged. To my amazement, all that money and effort to find a deposit was being plugged. As a young fellow and a little naive about what was going on back then, it soon became a reality that it was about \$10 a barrel at that time. Today, all those well sites have been well and truly exposed and they are being drawn on fairly heavily. That same barrel of oil is now worth about \$90. Today we are seeing quite inflated commodity prices. That is a concern I have: that today's price is not necessarily a reflection of what will happen in 45 years' time.

I am an eternal optimist, and I think that it will work out for the best for everyone here in South Australia. More importantly, it will work out for the best for the next generation and the following generations. This mine will underpin our economy and it will give a future to a lot of South Australians. I emphasise that South Australians need to be the major beneficiary of this mine. The project up at Moomba—the oil and gas fields up there, particularly moving away from the Cooper Basin, up into the Jackson oil fields—was a huge economic driver, not only for the deposits found and the money that it generated, but for the jobs and the expertise that it created up there.

I have a lot of friends and colleagues that I used to work with up there who are still travelling the world with the expertise and experience they gained back then. They still live here in South Australia but they travel the world, taking their knowledge around but bringing back their large pay packets that the mining sector can generate over a very short space of time.

Last night I was having dinner with my children here at Parliament House. They were asking me what all the hoo-ha was about on the TV and radio regarding the Olympic Dam indenture bill. I explained to them that what we are experiencing over this week—and the coming week—will be something that will go down in history. It is about putting the wheels in motion so that this project can go forward and get underway to stimulate our economy—our ailing economy, I emphasise.

A lot of reliance has been put on what Olympic Dam will potentially do for this state. I would like to again give everyone that brief: that agriculture is underpinning South Australia's economy at the moment, not mining. Agriculture has been—

**Mr Hamilton-Smith:** Manufacturing is a much bigger employer, too.

**Mr WHETSTONE:** Indeed. As the member for Waite says, manufacturing is a huge contributor to our economy. We have to be mindful that, through the GST, through commodity prices, Olympic Dam will be a huge factor on our economic radar, but not the only economic factor. We cannot forget what agriculture has done for our economy; we cannot forget what manufacturing has done. Talking about manufacturing, I very proudly did my apprenticeship at GMH at Woodville. It gave me a great skill base, as I hope Olympic Dam will do for the new generations to come.

As I was saying, my children were quite in awe that this indenture bill will impact on not only them and their children, but potentially their grandchildren and even their great-grandchildren if the life of this mine is, as it has been reported, a 100-year operation.

I would also like to reflect on where Roxby is as a town today. As I understand it, we have about 4,000 people living up there. The majority of those people are working at the mine and, yes, they are receiving a very good remuneration package for what they do up there, but with the expansion it is about embracing what South Australia has to offer. Again, I emphasise that it is what South Australia has to offer.

BHP, being a huge player in the mining world, has a big picture, and their South Australian contribution is just a very small part of that big picture. That is another thing I show a little bit of a concern about because South Australia has to be given that consideration front and centre. We have the employment base here, we have a lot of industry base that can be of significant benefit to BHP and Olympic Dam, and BHP need to recognise that. They cannot just go out there and make decisions that will slap South Australia for the benefit of a short monetary income. It is about the big picture; it is about the 100-year plan.

Let's picture what could happen with the upgrade. There have been all sorts of figures that have been touted as to just how many people are going to be employed up there. I have done

some calculations on the back of a stamp that show me that 20,000 people is not inconceivable as being part of not only the construction phase, the service phase and particularly getting the removal of the scab before they hit the deposits that they are looking for, but it is also about what the majority of those 20,000 people can do for South Australia.

As I have already said, being an eternal optimist, I would presume that all the due diligence (the impact on the environment, the impact on the sea) and the negotiations have been done here in South Australia between the government and BHP. It is all there in the best interests of South Australia and its people. But how will South Australia benefit, particularly the regions? For me, more importantly, how can the electorate of Chaffey be a partner in this expansion?

I am quite excited that I have had several meetings with BHP executives. They have agreed quite kindly to give their time and come up to the region and give us two days of their time, not only to brief the people of the electorate, but also to brief the RDAs and the council about how they might better prepare themselves for having some ownership and partnership in the expansion of Roxby Downs.

With a little bit of my experience, it is really not just about what the electorate can offer Olympic Dam. We look at what is happening in the Timor Sea, we look at what is happening in Western Australia with those huge iron ore deposits, we are now looking at what is happening on the eastern seaboard with coal seam gas. The list is endless of just how South Australia and the regions can benefit. Again, I emphasise the regions because a lot of the regions have a good skill base, a good work ethic, but they also have their communities with regional airports and infrastructure in place. The big players need to recognise that flying employment from overseas and interstate is not really in the best interests of the partnership between the mining company and the hosting state, which is South Australia.

I would like to think that BHP will embrace what the regions will offer the mining boom. They have said that they are going to come up for two days, brief the councils and the RDAs. They are going to have an open forum so that every person has the opportunity to come along and listen to whether they can be a part of the mining boom, whether they can complement the boom as it is over time, and just how we can better set ourselves up and position ourselves for being part of that expansion.

Again, we have businesses, and we have assets within the workplace in Chaffey that are ready to go and, as I said, we have our skill base within industry that can be a great partner. In particular, we have that advantage called regionalism, and that is what BHP is looking for. They are looking for the regionalism aspect which is living in a region and being able to work in an outback region.

Reflecting on my time working in a supervisory role in the Cooper Basin, and then in the Jackson oil fields, it is a very big adjustment for a young fellow or a young girl to come out of the city and to be plonked in the middle of the desert, being isolated, and working long hours in a very harsh environment. That is something that people in the regions are born and bred with. They have that culture.

**Mr Pederick:** Some get straight back on the plane.

**Mr WHETSTONE:** Yes, that's right. I used to run a gang up there and sometimes there were 30 and sometimes 60, but regularly we had to put people who had been there for a day or two back on the plane. They were in a frenzy; they were in a lather of froth and bubble because they just could not understand how anyone could work out in the desert, and work out in those harsh conditions, a place they couldn't perceive any human being actually working within.

Again, the regionalism aspect is something that I think—particularly in Chaffey and particularly in the regions of South Australia—can offer an advantage for BHP to come in and do the fly-in fly-out. Also, something that Chaffey needs to grapple with is: are we able to get some funding to upgrade the airport there? Obviously BHP is looking at a large workforce. It has been reported that they are going to fly 747 jumbo jets in and out of any airport where they can find an employment base. That is a huge exercise for any region, to have such an airport, with the planes coming in, being loaded up, and flying people in and flying people out. There is also the drive-in, drive-out exercise. But I think for the regions to be embraced fully, a fly-in, fly-out exercise is the best bet.

There are social issues with the fly-in, fly-out and, again, I reflect on my experience flying in and flying out, and it is not everyone's cup of tea. It puts pressure on marriages, it puts pressure on

people's social skills, and it puts pressure on people's everyday means of dealing with what the world has to offer when they come back to their home town after being locked away for an extended period of time, working long hours in harsh conditions, and being totally focused on the job, and not having the comfort of a wife and family.

I would also like to applaud the bipartisan approach that the government and the opposition have shown to approve this indenture bill. The government, yes, but particularly the opposition leader, Isobel Redmond, and the deputy leader, Mitch Williams, who have come to the party room to inform and brief everyone on just what BHP had to offer, and to rally the party room, to unconditionally rally. I would like to seek leave to continue my remarks.

Leave granted; debate adjourned.

*[Sitting suspended from 12:59 to 14:00]*

### VISITORS

**The SPEAKER:** Honourable members, I draw your attention to the presence in the gallery of year 8-10 students from Renmark High School, who are guests of the member for Chaffey. Welcome; it is lovely to see you here; lovely to see young people from the country. I always enjoy seeing them. Also, there is a group of students here from TAFE, who are guests of the member for Adelaide.

### HISTORIC NUMBERPLATES

**Mr VENNING (Schubert):** Presented a petition signed by 280 residents of South Australia requesting the house to urge the government to amend the Motor Vehicles Act 1959 to allow historic numberplates that have been with the vehicle since manufacture to remain with the vintage vehicle so owners do not have to go to auction to retain the plates.

### PAPERS

The following papers were laid on the table:

By the Minister for Health and Ageing (Hon. J.D. Hill)—

Principal Community Visitor of South Australia—Annual Report 2010-11

By the Minister for Sustainability, Environment and Conservation (Hon. P. Caica)—

Animal Welfare Advisory Committee—Annual Report 2010-11

Environment and Natural Resources, Department of—Annual Report 2010-11

River Murray Act 2003 Annual Review 2010-2011 and Triennial Review 2008-11

Water Corporation, South Australian—Annual Report 2010-11

### LEGISLATIVE REVIEW COMMITTEE

**Mr SIBBONS (Mitchell) (14:02):** I bring up the 34<sup>th</sup> report of the committee.

Report received.

### PUBLIC WORKS COMMITTEE

**Mrs VLAHOS (Taylor) (14:03):** I bring up the 424<sup>th</sup> report of the committee, entitled the Adelaide Oval Redevelopment.

Report received and ordered to be published.

### QUESTION TIME

#### SOUTHERN EXPRESSWAY

**Mrs REDMOND (Heysen—Leader of the Opposition) (14:04):** My question is to the Premier. Why was the public misled before the 2010 election when the government promised a Southern Expressway duplication for \$370 million and a Darlington interchange for \$75 million, and now the government is delivering the duplicated expressway without an interchange for \$407 million—a \$37 million blowout on the original cost?

*Members interjecting:*

**The SPEAKER:** Leader of the Opposition, I was going to question the wording of that question, but I presume that the Minister for Transport has a point of order on this.

**The Hon. P.F. CONLON (Elder—Minister for Transport and Infrastructure, Minister for Housing and Urban Development) (14:05):** No. I have a point of order and I am also going to answer the question, but it was plainly—

**The SPEAKER:** Order! I can't hear the minister.

**The Hon. P.F. CONLON:** Madam Speaker, after 9½ years I am finally allowed to be nice. I want to be nice, but I will not yell over these people.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** Madam Speaker, I am more—

*Mr Pederick interjecting:*

**The SPEAKER:** Member for Hammond, you are warned. Minister.

**The Hon. P.F. CONLON:** I am more than happy to talk about the promise in the election campaign, the costings on both sides, on the duplication of the Southern Expressway. Why it actually cost so much would be a relevant issue to talk about, too. First, let me say that in the election campaign we promised a duplication of the Southern Expressway at a price of—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** Where is that fellow you ran against, Leon? We promised a duplication of the expressway for \$370 million. Today, I announced the duplication—

*Mr Pisoni interjecting:*

**The SPEAKER:** Order, member for Unley!

**The Hon. P.F. CONLON:** I don't know why the member for Unley dislikes me so much, Madam Speaker.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** We actually have a great deal in common: we both brought down a leader of the opposition—the difference is that I was trying. I hope not to hear anything more.

*An honourable member interjecting:*

**The SPEAKER:** Order!

**An honourable member:** Be nice now.

**The Hon. P.F. CONLON:** I will be if I am not interrupted. We promised an expressway at \$370 million. The contract we have signed today allows that duplication, as promised, for \$370 million. That is an inescapable, unavoidable conclusion; to say anything else is simply misleading. Added to that cost, as a result of consultation with—

*An honourable member interjecting:*

**The Hon. P.F. CONLON:** —consultation, forced laugh. As a result of consultation with the community, and taking into account future growth, we actually added a lane to the scope of that project between—I think it is called Bedford Park and the end of it coming into the city. That allows not only for present capacity through to 2016 but also for increased capacity for decades to come. That is the stark difference about what we are prepared to do.

Firstly, on the comparison and costings, of course during the election campaign the Liberal opposition promised it and costed it at \$280 million. We costed it at \$370 million, and \$370 million—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** —has been shown to be absolutely correct; \$280 million was shown to be absolutely wrong. What I can—

*Members interjecting:*

**The SPEAKER:** Order! The minister is answering the question.

**The Hon. P.F. CONLON:** In a very polite fashion and giving accurate information, which is our obligation.

*An honourable member interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** The reason it cost \$370 million is because, unlike what we have done in future-proofing this job for future growth, for a growth state, what the Liberals did then was spend the least amount of money they could to deliver it and, as a result, imposed a \$200 million burden on the taxpayer of South Australia when it came to the duplication. These are also—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** When you are done, I will get back to the facts.

**Mr WILLIAMS:** Point of order, Madam Speaker. The minister is clearly debating the answer to the question.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr WILLIAMS:** He is entering into speculation and using it to debate.

**The SPEAKER:** Thank you.

*Members interjecting:*

**The SPEAKER:** Order! The minister is answering the question in the manner he chooses. You cannot question debate.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr WILLIAMS:** He is speculating on what the Liberal Party was going to do. He is debating.

**The SPEAKER:** Order! The minister will return to the question.

**The Hon. P.F. CONLON:** I can tell you that the advice I have, as recently as today, from the chief executive of the department of transport, is that the increased cost of duplication was \$200 million as a result of the then government's decision to reduce the scope. When they first went out on this project they went out with overpasses on the road that would have allowed future duplication; they then took them out to save costs. As a consequence, we have to rebuild all those. They added \$200 million—

*Members interjecting:*

**The SPEAKER:** Order!

**Mr WILLIAMS:** If the minister, in answering his question, wants to have a debate about the results on this state of the State Bank disaster—

**The SPEAKER:** Order! Thank you, member for MacKillop.

**Mr WILLIAMS:** —which was brought about by that Labor government, we'll have the debate.

**The SPEAKER:** Thank you, member for MacKillop. Minister, have you finished your answer?

**The Hon. P.F. CONLON:** I point out that it is not a debate for me to report the advice of the head of the department. That advice is that \$200 million—

*Mr Marshall interjecting:*

**The SPEAKER:** Order! Member for Norwood, you're warned.

**The Hon. P.F. CONLON:** —that \$200 million was added as a burden to the taxpayers of this state as a result of a failure to do this properly, and that is the difference.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** That is why—

**Mr WILLIAMS:** Madam Speaker, the pertinent point is that you lot cost the state \$5 billion dollars.

**The SPEAKER:** Order!

**Mr WILLIAMS:** That's the pertinent point.

**The SPEAKER:** Order! There is no point of order. Sit down and behave. Order!

**The Hon. P.F. CONLON:** I point out that the \$37 million that we decided to add to the perfectly correct cost of \$370 million was for a number of reasons. One was to pay for a \$1 million road that the Liberals promised and never delivered. It will be delivered by this government. Two is to—

*Mr Williams interjecting:*

**The SPEAKER:** Order! The member for MacKillop, do you want to take a walk? Pull your head in.

**The Hon. P.F. CONLON:** Two: we added to the project an extra lane in order to allow for future growth—exactly the opposite approach taken by the opposition when they cost the taxpayer \$200 million extra unnecessarily.

**Mr Marshall:** What about the rest of the question?

**The SPEAKER:** Order! Member for Norwood, you're very angry today. Behave yourself!

*Mr Marshall interjecting:*

**The SPEAKER:** I don't know what you had for lunch, but don't have it again.

*Members interjecting:*

**The SPEAKER:** Order!

#### **ADVANTAGE SA AWARDS**

**Ms THOMPSON (Reynell) (14:12):** My question is to the Premier. Can the Premier inform the house about the 2011 Advantage SA winners?

**The Hon. J.W. WEATHERILL (Cheltenham—Premier, Minister for State Development) (14:12):** I thank the honourable member for her question. I was delighted to be invited last Friday night to the 2011 Advantage SA awards.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** Some people here might be interested in the award winners. They were two fine South Australians. Every year these awards of course showcase this great talent that we have in our state, and on Friday I was pleased to present the Advantage SA South Australian of the Year award to Mr Frank Seeley.

Frank Seeley is the founder, of course, and Chairman of Seeley International, Australia's largest air conditioning manufacturer and a global leader in the development and commercialisation of energy efficient climate control devices. Of course, he is held in very high regard not only in that industry but across our state. In 2001, he in fact received the Order of Australia medal, but I think the inspiration about Mr Seeley is—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** —the way in which he has taken a manufacturing industry in this state and made it a successful manufacturing industry when, in many respects, people are predicting the demise of manufacturing.

There are two critical elements. One is his inspirational leadership. He is an incredibly charismatic man and it is no surprise that everybody who works with him is incredibly inspired by him, but the message that he gave to me and to the audience was that you have to innovate and automate.

He keeps going up the value chain with his manufactured products. That's what we have to do as a state, and I think it is a fantastic thing that we have a South Australian of the Year award at the same time when this is such an important public policy agenda for our state. His leadership in that will be so important for us.

He is also a wonderful contributor to the community. He and his wife play an important role in providing support for disadvantaged children and young people. He has established a charitable fund which I think is up to \$10 million in benefits for South Australian children.

Also, the Advantage SA Young South Australian of the Year award was presented to Khadija Gbla, a fantastic young Australian of African descent who is an incredibly inspirational young South Australian. She is an ambassador for the promotion of multiculturalism in Australia. The former minister for multicultural affairs and, I am sure, the present minister will have had much to do with her.

She has been involved in the Harvard National Model United Nations where she regularly presents to school and community groups. She is a fantastic advocate on behalf of those who do not have a voice. She has wonderful values, speaks beautifully and is a fantastic ambassador for our state.

**Honourable members:** Hear, hear!

#### UNANSWERED QUESTIONS

**Mrs REDMOND (Heysen—Leader of the Opposition) (14:15):** My question is to the Premier. Why does the Premier demand a higher standard from his ministers than he was prepared to give when he was a minister to premier Rann, given that he still has 69 unanswered questions put on notice by the opposition over a period of years?

**The Hon. J.W. WEATHERILL (Cheltenham—Premier, Minister for State Development) (14:16):** I do not quite understand the nature of the question. If the—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** The standards that I laid out today are ones that are going to govern the way in which this government operates. I know that the opposition leader is fond of reaching back into the past. In fact—

*Members interjecting:*

**The Hon. J.W. WEATHERILL:** Well, the problem is that some of your past decisions do come back to haunt us, as they have today. What I am talking about is the standards that will apply in this parliament. Those opposite are free to ignore those standards, and by all evidence it seems to suggest that they are and will, but on this side of the house we will maintain those standards. Certainly all of the questions that will be asked of us will be given proper answers. If we get impertinent questions they will get the treatment—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** —that they deserve; but we will strive to give information to the house, as I always have.

*Members interjecting:*

**The SPEAKER:** Order! The member for Mawson.

#### LOCAL GOVERNMENT ACCOUNTABILITY

**Mr BIGNELL (Mawson) (14:17):** My question is to the Deputy Premier. Can the Attorney-General inform the house—

*Members interjecting:*

**The SPEAKER:** Order!

**Mr BIGNELL:** —about the government's plans to increase the accountability of local government?

**The Hon. J.R. RAU (Enfield—Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers) (14:17):** I thank the honourable member for his question. The state government's new anti-corruption measures will also provide higher levels of accountability for local government. The establishment of an independent commission against corruption will be—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.R. RAU:** —complemented—

*Members interjecting:*

**The SPEAKER:** Order! The Deputy Premier.

**The Hon. J.R. RAU:** The establishment of an independent commission against corruption will be complemented by a package of clear and transparent measures to address the performance of local government. I acknowledge in saying this that the vast majority of council members and staff are hard working, community-minded people. However, these new measures will provide South Australians with greater confidence in the performance and probity of their local councils.

The local government accountability package will include, very importantly a uniform code of conduct for council members and employees across the state, amendments to the Local Government Act to give the Ombudsman the power to investigate non-criminal matters such as maladministration and/or misconduct, and new powers for the Auditor-General to audit the accounts of any council without notice.

It will be mandatory for the Ombudsman and the Auditor-General to report any evidence of corruption to the independent commissioner overseeing the ICAC. In addition, the ICAC commissioner will have the power to oversee investigations by the Ombudsman and be authorised to refer matters to appropriate prosecutorial agencies.

The current code of conduct for local government is disjointed, and it is difficult to impose sanctions on individual council members or staff. To remedy this, a uniform code—

*Mr Pisoni interjecting:*

**The SPEAKER:** Order, the member for Unley!

**The Hon. J.R. RAU:** As I was saying, to remedy this a uniform code of conduct for council members and employees will be prescribed in regulations. For breaches of the code, the Ombudsman will be given the power to impose a range of sanctions on council members. Failure to comply with the sanction will result in an expiable offence of \$1,000. The government will consult with local government on the development of the code.

We will also take into account recommendations the Ombudsman made in his report into the Charles Sturt council. These measures will also provide clearer processes for members of the public to make complaints. Community members will have the option to report—

**The SPEAKER:** Order! Deputy Premier, can I just ask the camera person up there who is filming on the other side of the chamber to remember the ruling that you are only to film people on their feet. Thank you. Sorry, Deputy Premier.

**The Hon. J.R. RAU:** That's fine, Madam Speaker. As I was saying, community members will have the option to report their complaint to the chief executive officer of the council in question, to the Ombudsman or to the office of public integrity. These measures will be part of a package of



legislative changes which will be introduced into the state parliament as soon as possible. It would be nice if these, unlike all the other measures that we have introduced into the parliament, were actually passed. The changes will be an important complement to the legislation that will set up the ICAC and the office of public integrity and are another sign of this government's commitment to accountability and probity of government at all levels.

*Members interjecting:*

**The SPEAKER:** Order!

### WATER TRADING LAWS

**Mrs REDMOND (Heysen—Leader of the Opposition) (14:21):** My question is again to the Premier. What was the total cost of the government's High Court challenge against Victoria over water rights, and how much was Melbourne barrister and former Labor appointment as presiding member of SA's Independent Gambling Authority Stephen Howells paid for his work on the challenge?

**The Hon. J.W. WEATHERILL (Cheltenham—Premier, Minister for State Development) (14:21):** I thank the honourable member for her question. It might just be worth putting in context the relatively small amounts that we are talking about in relation to legal fees with the size of the issues at stake here. What we are talking about in asserting our rights in relation to the River Murray is probably the principal economic, social and environmental asset that exists in this state. If those opposite are suggesting that we should be doing anything other—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** —than accessing the best advice that is available across this nation to pursue our entitlements on behalf of this state, well, you are trying to persuade the wrong person. I might say about the High Court challenge that the 4 per cent cap that was imposed by Victoria in relation to their trading is a very important issue because much of the additional water that is going to be recovered from the river will depend on the capacity for us to have a free trading system in the river. The—

*Members interjecting:*

**The SPEAKER:** Order! You have asked the question.

**The Hon. J.W. WEATHERILL:** If you just permit me to answer the question, you will get your answer. That particular case that was run on that very important issue was successful. We were successful in persuading the Victorians to remove the 4 per cent cap on their water trading out of—

*Mr Williams interjecting:*

**The SPEAKER:** Order! The member for MacKillop, you are warned.

*Members interjecting:*

**The SPEAKER:** Order! Premier.

**The Hon. J.W. WEATHERILL:** It was a successful proceeding, which had the effect of persuading the Victorians to remove that cap on their trading.

**Mrs Redmond:** What did it cost?

**The Hon. J.W. WEATHERILL:** I don't have the precise numbers with me, but I am more than happy to provide them. I don't carry with me the accounts of barristers who have worked for government, as much as that may be a topic of some interest, but we certainly will—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** —provide those answers. Can I say that we will continue to engage whoever we think is appropriate to assist us in exploring our rights in relation to this river and the upstream states. We believe that, when we entered into the commonwealth, we entered into the commonwealth as an equal. Having given up our sovereignty to become part of the commonwealth, we are going to insist—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** —on pursuing our rights should those rights be transgressed, and if we need the best lawyers we can get hold of and we need to pay for it we will do so.

*Members interjecting:*

**The SPEAKER:** Order! Member for Ashford.

### CHRISTMAS PAGEANT

**The Hon. S.W. KEY (Ashford) (14:25):** My question is directed to the Minister for Transport Services. Minister, could you inform the house about extra public transport for this year's Christmas pageant?

**The Hon. C.C. FOX (Bright—Minister for Transport Services) (14:25):** I thank the member for Ashford for her question, and I'm sure she'll be at the pageant. The pageant is a magical event for children and their families and we want to make it as smooth as we can in terms of public transport. The state government will be putting on 200 extra buses to allow for increased patronage on that particular day, because we are expecting a huge turnout of people to go to the pageant this year. One of my aims as transport services minister is to encourage more people to use public transport, and the more public transport we provide, the more likely it is that people will use it.

The bus services will be detoured on Saturday to allow for the pageant. The trams themselves will be arriving at South Terrace, which is where the pageant begins. The trams will operate approximately every seven minutes from Glenelg to South Terrace and normal services will resume from the Entertainment Centre around midday. There will be 40 planned extra services on the train networks. I do have to report that we do not as yet run services to the North Pole—

*An honourable member interjecting:*

**The Hon. C.C. FOX:** No, it's true. And Father Christmas will not be attending on public transport but, I believe, a reindeer is in order.

### DESALINATION PLANT

**Mrs REDMOND (Heysen—Leader of the Opposition) (14:26):** My question is again to the Premier. Will the Premier confirm that SA Water has entered into a number of contracts totalling \$46 million in relation to the desalination plant, which are in addition to the \$1.8 billion construction cost, and also in addition to the \$403 million interconnector cost, and will these additional contracts force water prices up even further?

**The Hon. P. CAICA (Colton—Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation) (14:27):** I thank the Leader of the Opposition for her question. I presume that the quantum of money she is talking about there is with respect to arrangements that have been entered into between the consortium and SA Water, and all I can say is that I will be very succinct in answering this question: no arrangements have been entered into that are going to take the price beyond the \$1.83 billion that is the fixed contract for the desalination plant.

**Mr Williams:** What about others?

**The SPEAKER:** Order!

**Mr Williams:** What about outside the consortium?

**The SPEAKER:** Order!

**The Hon. P. CAICA:** The simple fact is that the desalination plant is a very important piece of infrastructure for this state's future water security that will cost the state \$1.83 million.

*The Hon. I.F. Evans interjecting:*

**The SPEAKER:** Order, member for Davenport! The member for Mitchell

*Mrs Redmond interjecting:*

**The SPEAKER:** Order, Leader of the Opposition!

**SOUTH AUSTRALIAN EXPORTS**

**Mr SIBBONS (Mitchell) (14:28):** My question is to the Minister for Manufacturing, Innovation and Trade. Can the minister update the house on South Australia's latest overseas export figures, and how the government is engaging the big economies of the world to ensure they continue to grow?

**The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (14:28):** I thank the member for his very important question and his keen interest.

**Ms Chapman:** Governor for Puglia.

**The Hon. A. KOUTSANTONIS:** I'm not Italian.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** We all look the same, do we? We all look the same. The value of South Australia's overseas' goods exports have increased again by a massive 35 per cent in the 12 months to September, to stand at a record \$11.7 billion, \$3 billion more than this time a year ago.

*Mr Williams interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** South Australia has again led the nation. Again, we have outstripped our nearest rival, Western Australia, by 10 per cent. The increase in value has come despite a fluctuating Australian dollar and the ramifications of ongoing changes to our global economy, as outlined by the Leader of the Opposition today in her response to the select committee report. Key elements in this growth are increases to the value of our exports. The hard work of our farmers—

*Mr Pengilly interjecting:*

**The Hon. A. KOUTSANTONIS:** Are you a farmer? Other than the member for Schubert.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** Wheat, Madam Speaker: through the hard work of our farmers, wheat has grown by 153 per cent to over \$1 billion. Copper: are there any miners?

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** And that's the attitude of the opposition when it comes to mining. Copper, Madam Speaker.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P.F. CONLON:** I have a point of order, Madam Speaker. It is impossible to hear the answer.

**The SPEAKER:** Absolutely I uphold that point of order. You will be quiet.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** Copper, which has grown by 113 per cent to—

*The Hon. I.F. Evans interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** I was 11 years old. Are you blaming me for that? Copper, Madam Speaker, has grown by 113 per cent to \$693 million. Lead has seen an increase of 63 per cent, or \$205 million. Metal ores and scrap metal have increased by 28 per cent, or \$434 million. Other commodities, which include bulk barley, have risen by 32 per cent, or \$531 million.

The government has been pragmatic in identifying and engaging economies around the world that have a demand for our goods. In China and India, we have established a permanent presence to ensure that the gates of investment and trade—

*An honourable member interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** —remain wide open. This has resulted in a substantial increase in exports in the 12 months to September. In India, we have increased by \$17.9 million. In China, we have increased by a massive \$891.9 million, or 62.4 per cent.

Yesterday, I returned from China where I attended the China Mining Congress & Expo. At this expo, which I encourage members opposite to attend (especially the Leader of the Opposition, who has not thus far attended China, which I encourage her to travel to as quickly as she possibly can), I was able to promote South Australia's investments and business opportunities in mining exploration and upstream service sectors, as well as promoting some of our major projects to major Chinese business networks.

Based on South Australia's reception at the expo—and I took with me, of course, the Mayor of Port Pirie and his chief executive to speak at the expo—it is clear that a desire for further investment is very strong. What is also clear is that China sees South Australia as a key partner in sustaining its own growth. China recognises the volume of our raw materials, combined with our close proximity, as a significant link in its economic chain. The International Monetary Fund is forecasting China's growth this year at 9.5 per cent compared with just 1.5 per cent in the United States and a 0.5 per cent contraction in Japan.

**Mr Pengilly:** What's that got to do with exports in South Australia?

**The SPEAKER:** Order!

*Mr Pengilly interjecting:*

**The Hon. A. KOUTSANTONIS:** No, I won't. I'll speak to you afterwards.

*Members interjecting:*

**The SPEAKER:** Members on my left will be quiet. I can't hear the minister.

**The Hon. A. KOUTSANTONIS:** We stand on the precipice of economic greatness in this state. By fostering our trade links—

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** Madam Speaker, every time this state succeeds, a little part of them dies. We all understand that. By fostering trade links and travelling overseas and meeting prospective businesses that want to invest in South Australia, we can actually encourage trade. Generally, trade links are bipartisan, and I thank the shadow minister for his bipartisan support in making sure that these trade links are actually fostered.

By working together, we can promote the state even more. This state has a great capacity to innovate. We are great manufacturers, we have great manufacturing qualities, and our vast natural resources will ensure sustainable growth and prosperity for generations of South Australians to come.

**The SPEAKER:** Minister, you seem to have a lot of charisma. The opposition gets terribly excited every time you get up on your feet. I applaud you for that.

*Members interjecting:*

**The SPEAKER:** Order! Leader of the Opposition.

### SCHOOL AMALGAMATIONS

**Mrs REDMOND (Heysen—Leader of the Opposition) (14:34):** My question is, again, to the Premier. Will the Premier guarantee that junior primary and primary schools that do not wish to amalgamate will not be forced to amalgamate?

*Members interjecting:*

**The SPEAKER:** Order! You have asked the question; listen to the answer.

**The Hon. J.W. WEATHERILL (Cheltenham—Premier, Minister for State Development) (14:35):** So, when I don't answer the question, then I get criticised; if I don't leave it to the minister for education, I get criticised.

*An honourable member interjecting:*

**The Hon. J.W. WEATHERILL:** That's right. No, I won't give that guarantee, because the process doesn't provide for it. The process that is set out in the legislation—which, I think, you participated in supporting—has been in place—

*Mr Williams interjecting:*

**The Hon. J.W. WEATHERILL:** We are not inclined to because we think it is the correct process; that is, that there is a process of review that is presently being undertaken. All the schools that are going through that process will have their points of view taken into account, and then it comes for the minister to make a decision.

It needs to be borne in mind what we are talking about here. We are talking about schools that are already on the same site, so we are not talking about an amalgamation in the traditional sense of two schools moving from one site to another, where you have closure of one school. These schools will stay exactly where they are. Nobody will close, nothing will be lost, no land will be disposed of.

The second issue that needs to be borne in mind here is the schools. I cannot quite remember the number (the minister may correct me), but I think there are 340 primary schools which are in this situation and which have already amalgamated the junior primary school and primary school. They have abolished that distinction, and it is only a small number of schools that remain in this anomalous situation. During the budget we decided to remove this anomaly, and a number of those schools have decided voluntarily to go through this process and agree to it.

What needs to be borne in mind is that there is a capital investment of \$27 million that will support the process of the amalgamation. This is an economy, there is no doubt, but it is a sensible economy. In the same budget where we sought to make these sensible savings, we actually increased the education budget by \$203 million.

*Members interjecting:*

**The SPEAKER:** Order! The member for Little Para.

#### DEFENCE INDUSTRY

**Mr ODENWALDER (Little Para) (14:37):** My question is to the Treasurer. Can the Treasurer tell the house what steps he has taken to bolster defence industries in South Australia since taking on the portfolio?

**The Hon. J.J. SNELLING (Playford—Treasurer, Minister for Workers Rehabilitation, Minister for Defence Industries, Minister for Veterans' Affairs) (14:37):** Since 2003 the state government has placed a deliberate focus on defence sector development as one of the five key industries to drive our state economy forward. Early efforts were led successfully by the Defence Industry Advisory Board and the Defence Unit, and later the Port Adelaide Maritime Corporation.

In 2007 the state elevated its commitment to the defence sector with the creation of Defence SA as the state's one-stop shop for all defence-related matters. The creation of Defence SA allowed for a more focused effort on delivery of projects already won and a stronger approach to winning and delivering new projects.

A new high calibre Defence SA Advisory Board (chaired by a great Australian, General Peter Cosgrove) was also created to provide strategy and policy advice to government. Defence SA remains the only dedicated state-based defence entity in Australia and is highly valued by the commonwealth Department of Defence.

Following the 2010 election a new portfolio—the Minister for Defence Industries—was created, further strengthening the state's commitment to defence sector growth and building on the then premier's and treasurer's longstanding support for the sector. South Australia is home to many significant and strategically-important defence assets, including the RAAF Base Edinburgh, the Defence Science and Technology Organisation, the Cultana Training Area and the Woomera Prohibited Area.

These assets generate significant economic activity in South Australia. Combined, they directly and indirectly support more than 6,000 jobs and contribute more than \$430 million to the state's economy every year. South Australia is also home to significant naval shipbuilding capabilities, particularly driven by the multibillion dollar Collins-class submarine sustainment contract and the \$8 billion air warfare destroyer construction contract.

The state has a longstanding reputation as one of Australia's leading military vehicle manufacturing sustainment hubs, with significant industry capabilities in defence electronics and aerospace components manufacture. In 2003, South Australia's defence sector employed about 16,000 people and today nearly 25,000 people are employed (directly or indirectly) in the sector. Both the Premier and I know the importance of this industry to South Australia.

Last week, we had the opportunity to call on federal ministers and senior departmental officials to reconfirm South Australia's ongoing commitment to defence and related industry growth. South Australia understands that defence policy is a matter solely for the commonwealth government and will continue to support that intent through the provision of strategic infrastructure and skills programs. The Premier and I, indeed the entire government, are committed to working in partnership with the commonwealth to ensure continued success for South Australia's defence industry and our growing defence presence.

### SCHOOL AMALGAMATIONS

**Mr PISONI (Unley) (14:40):** My question is for the Minister for Education and Child Development. Can the minister inform the house of the cost of the review committees set up to examine the amalgamation of junior primary and primary schools, and will schools currently going through this process be forced to amalgamate even if amalgamation is rejected by the review and school communities?

**The Hon. G. PORTOLESI (Hartley—Minister for Education and Child Development) (14:41):** I thank the member for this question. It is an important question. As the Premier mentioned a moment ago, there is a requirement under the Education Act for a review to be undertaken in these cases. I do not have the precise figures of what the cost is of those reviews, but it is a very important step in the process. I am absolutely committed to considering each one of those reviews. As the Premier has said, a number of schools have already voluntarily chosen to come together. So, I am very happy to get that information for you.

### SCHOOL AMALGAMATIONS

**Mr PISONI (Unley) (14:42):** I have a supplementary question. The Premier said there will not be a consideration of changes; you said there will. Who is right?

**The Hon. G. PORTOLESI (Hartley—Minister for Education and Child Development) (14:42):** No, that is not what I said. What I said, which is exactly what the Premier said, is that there is a requirement—

*Members interjecting:*

**The SPEAKER:** Order! You asked the supplementary; listen to the answer.

**The Hon. G. PORTOLESI:** A review of each amalgamation needs to occur, that is, for those schools that are not doing it on a voluntary basis. I will look at each one of those reports and consider them on a case by case basis. I am absolutely committed—

*Members interjecting:*

**The SPEAKER:** Order!

*Mr Pisoni interjecting:*

**The SPEAKER:** Order! Member for Unley, you have asked a question.

**The Hon. G. PORTOLESI:** The policy as announced by the government in relation to these amalgamations is not changing. My predecessor—

*Members interjecting:*

**The SPEAKER:** Order! Member for Unley, you are warned.

**The Hon. G. PORTOLESI:** The process that I am complying with and using to assist me make the decision is exactly the same one that my predecessor was complying with. So, that has

not changed. What I am saying to the member for Unley is that I am also required to consider reports in relation to the amalgamations as required under the Education Act and I will take that very seriously.

### PRODUCTIVITY PLACES PROGRAM

**Mrs GERAGHTY (Torrens) (14:44):** My question is to the Minister for Employment, Higher Education and Skills. I ask the minister to advise the house of the latest round of the Productivity Places Program for job seekers.

**The Hon. T.R. KENYON (Newland—Minister for Employment, Higher Education and Skills, Minister for Science and Information Economy, Minister for Recreation and Sport) (14:44):** I thank the member for Torrens for her question and her deep and abiding interest in training. Most members of our party have a very strong interest in education and training, as does the member for Torrens.

I am pleased to advise the house that South Australian registered training organisations, industry and employers can now apply for a share of \$16 million to train job seekers across the state. The latest and final round of the federally-funded Productivity Places Program will help more job seekers enter the labour market with those skills and qualifications that are in high demand from industry.

These training places will lead to nationally-endorsed qualifications (at certificates II, III and IV) and also diploma levels in a range of industries. Targeted training places will be allocated to help meet the particular needs of South Australians at greatest disadvantage, including Indigenous people, those with disabilities, retrenched workers, unemployed youth and people from regional South Australia.

The Productivity Places Program for job seekers supports the state government's job strategy to create 100,000 additional apprenticeships and training places over six years. It also supports the state government's commitment to assist people experiencing difficulties entering or staying in the workforce and providing them with the confidence to participate in learning and work.

It is driven by demonstrated industry demand and priorities identified by the Economic Development Board and the Training and Skills Commission, including mining, defence, advanced manufacturing, health and community services, building and construction, clean tech industries, agri-food industries, and water resources.

The Productivity Places Program complements the state government's Skills for All initiatives which are aimed at modernising the vocational education and training system to be more responsive to the needs of students, business and industry. I call on registered training organisations, employers and industry to consider applying for this round of the Productivity Places Program which closes on 23 November 2011.

### NATIONAL LITERACY AND NUMERACY TESTS

**Mr PISONI (Unley) (14:46):** My question is for the Minister for Education and Child Development. Why did South Australian students achieve worse NAPLAN results this year compared to last year, in 14 out of 20 categories?

**The Hon. G. PORTOLESI (Hartley—Minister for Education and Child Development) (14:46):** I thank the member for this very important question. The first thing I want to say about NAPLAN is that I support the NAPLAN testing. I think this is a very, very important instrument for measuring student and school performance. This year's results show that, generally speaking, South Australia has been very stable over the past four years of testing.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr Pisoni:** Worse results in 14 categories!

**The SPEAKER:** Order, member for Unley!

**The Hon. G. PORTOLESI:** The overall state results for NAPLAN show that the vast majority of South Australian students are achieving at or above the national minimum standard in all areas, with many areas recording more than 95 per cent—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. G. PORTOLESI:** —of students achieving at or above this benchmark.

*Members interjecting:*

**The SPEAKER:** Order! Minister, can you sit down until we have some quiet. I can't hear you. Order! Thank you, minister.

**The Hon. G. PORTOLESI:** I will acknowledge that while we do not sit at the top of the table, our students—

**Mr Pisoni:** Try somewhere around the bottom!

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. G. PORTOLESI:** —are comparing very well to students in other states. Our results in writing, at the year 7 and year 9 levels, are particularly pleasing.

**Mr Pisoni:** That's because we've got fewer computers!

**The SPEAKER:** Member for Unley, you're warned for the second time.

**The Hon. G. PORTOLESI:** As a consumer of public education, as a parent, I have to say I welcome the NAPLAN test because it gives us data that we haven't had before. What we need to remember is that it is one—

*Members interjecting:*

**The SPEAKER:** Order! Member for Unley, you're warned for the third time. The next time you will go, and it will be for three days. Minister.

**The Hon. G. PORTOLESI:** What we need to remember is that NAPLAN is one of the tools in the toolkit. We are supporting our families, we are supporting our students, and we are supporting our teachers and school communities.

#### **SOUTH AUSTRALIAN CERTIFICATE OF EDUCATION**

**Mrs VLAHOS (Taylor) (14:49):** My question is to the Minister for Education and Child Development. This year, year 12 students around the state will be the first group to complete the new SACE. Will the minister please advise the house how the new SACE aims to better prepare students for their future?

**The Hon. G. PORTOLESI (Hartley—Minister for Education and Child Development) (14:49):** I would like to thank the honourable member for this very important question.

*Members interjecting:*

**The SPEAKER:** Order, member for Norwood!

**The Hon. G. PORTOLESI:** Our year 12 students currently undertaking their SACE exams are the first to complete the new SACE, a SACE that I believe is at the cutting edge of providing all students with the best possible start for life after school. In fact, the SACE Board advises that industries in South Australia are picking up on the benefits of the new SACE, including the research project. For example, the defence industries have just announced scholarships for students entering year 11 in 2012 to undertake projects related to the defence industry, through the Advanced Technology Industry School Pathway program.

The need for senior schooling in tune with the demands of a changing world has also been echoed by the New South Wales Business Chamber, whose members, in recent articles in the *Sydney Morning Herald* and *The Daily Telegraph*, have called for the New South Wales government to reform their state's Higher School Certificate. I am proud that this government had the foresight, many years ago, to review the SACE and introduce improvements that do just that—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. G. PORTOLESI:** —because the new SACE builds on the current certificate, while recognising that we must broaden opportunities for more young people to keep them engaged in school or in training. Our economy, our community demand this.



*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. G. PORTOLESI:** The combination of a tightening labour market and an increasingly highly skilled economy means that our economic success will, in part, depend on how well we keep our young people engaged with learning and training and how well prepared they are to engage in work. In the articles, the New South Wales Business Chamber is quoted as demanding that young people entering the workforce need higher levels of literacy and numeracy. The new SACE addresses this very issue by introducing—

*An honourable member interjecting:*

**The SPEAKER:** Order!

**The Hon. G. PORTOLESI:** —minimum standards in numeracy and literacy, a feature that was missing in the previous SACE.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. G. PORTOLESI:** In addition, the new SACE is designed to encourage a greater number of students to stay on and complete year 12 by giving students a greater understanding of their future opportunities, a greater choice to study what interests them, and by providing transferable and practical skills.

#### **PUBLIC TRANSPORT**

**Mr GRIFFITHS (Goyder) (14:52):** My question is to the Minister for Transport Services. Are there any additional costs through increased public transport services or increased penalty rates of public transport operators as a result of the government's decision to create two additional part public holidays? If so, how much? Is the contractor or the government liable for these costs?

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL (Cheltenham—Premier, Minister for State Development) (14:53):** Madam Speaker, the—

*Members interjecting:*

**The SPEAKER:** Order! You will show the Premier some respect. Order! If you don't want to be here, leave.

**The Hon. J.W. WEATHERILL:** The announcement that we made a few days ago concerning public holidays, the creation of a new set of norms around public holidays for Christmas Eve and New Year's Eve from five until midnight, applies to all workers in the state; all workers in the state, whether they are transport workers through to any workers. Depending on the award provisions contained within each of the industrial instruments that regulate that employment, there may well be additional penalty rates. Some of those workers will already enjoy premiums for working on those evenings, depending on—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. WEATHERILL:** —the way in which their shifts are constructed and whether they already end or begin beyond midnight. So that will certainly be a cost that will be borne by the community, and—that is one thing we have said—by the government. We make no apologies for it. We are a party that believes that workers who work on Christmas Eve and New Year's Eve should be adequately compensated for the fact that the rest of us are out there enjoying ourselves. If you think that this party on this side of the chamber is going to be embarrassed by actually providing a benefit to workers when they are working while other people are enjoying themselves, you have the wrong party.

#### **PUBLIC TRANSPORT**

**Mr GRIFFITHS (Goyder) (14:55):** I have a supplementary question.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr GRIFFITHS:** I have a supplementary question for the Minister for Transport Services. Will there actually be additional public transport services from suburban to CBD areas for those who want to shop on those half-day public holidays?

**The SPEAKER:** I will count that as an extra question. I'm sorry; it is not a supplementary. The Minister for Transport Services.

**The Hon. C.C. FOX (Bright—Minister for Transport Services) (14:55):** I thank you for your question. The answer is that right now I don't know that. It's a very good question, and I will find out for you.

*Members interjecting:*

**The SPEAKER:** Order! The member for Light.

**Mr Williams:** Who thought this through?

**Mr Marshall:** Nobody!

**The SPEAKER:** Order! Member for MacKillop, order! We are not extending question time today again if we keep getting these continuing interruptions.

#### **NATURAL RESOURCES MANAGEMENT AND LANDCARE AWARDS**

**Mr PICCOLO (Light) (14:55):** My question is to the minister—

*Members interjecting:*

**The SPEAKER:** Order! The member for Kavel, behave.

*Members interjecting:*

**The SPEAKER:** Order! The member for Light, sorry.

**Mr PICCOLO:** Thank you, Madam Speaker. My question is to the Minister for Sustainability, Environment and Conservation. Can the minister advise what public recognition was recently given to volunteers whose commitment and efforts are directed towards preserving and enhancing our unique natural environment?

**The Hon. P. CAICA (Colton—Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation) (14:57):** I thank the honourable member for his question. Of course he, too, fully understands the very important role that volunteers play in so many areas of our state and it is something that we should all be thankful for.

Recently I was privileged to present the 2011 Premier's Natural Resources Management and South Australian Landcare awards. It was a real pleasure to present awards to 16 community groups and individuals, including the award for Services to Natural Resources Management to the Toyota LandCruiser Club for their significant contribution over many years. Interestingly, I did meet them up in the Flinders Ranges at the time of the co-management arrangements being announced up there, and they have done a great job in many aspects of the way in which the Flinders Ranges had been managed.

Other Premier's Natural Resources Management award winners were: Big Picture Conservation Volunteers for their work in Brookfield Conservation Park; community engagement, the Tennyson Dunes Group; integrated project, the Katfish Reach Steering Committee; Rebecca May, the female Rising Star winner; and Jack Sciffer, the male Rising Star winner.

The SA Landcare award winners were: Kathie Stove from Kangaroo Island, for the Australian Government Individual Land Carer Award; Emmie Borthwick, for the Australian Government Innovation in Sustainable Farm Practice Award; Kim Thompson, for the Australian Government Local Landcare Facilitator/Coordinator Award; and Jenny Stanton, for the Be Natural Young Landcare Leader Award.

The Hindmarsh Island Landcare Group has done some outstanding work for the Australian Government Coast Care Award. Karpinyeri Incorporated Association—that was Muriel Van Der Byl AM, and it was a magnificent speech that she made. In fact, we were running well in front of schedule and it is safe to say that after Muriel's very good contribution we were back on schedule.

**The Hon. G. Portolesi:** We were behind.

**The SPEAKER:** Order!

**The Hon. P. CAICA:** She was fantastic, and that was for the Leighton Holdings Indigenous Award. The Local Government Landcare Partnership Award was won by the Barossa Council—I am sure the member for Schubert would be very proud of that—combined with the Adelaide Hills Council for the Upper Torrens management project. The Toshiba Community Group Award went to the Hindmarsh Island Landcare Group Incorporated. They were surprised to get two gongs, but it was well deserved for them on that particular day.

The Adelaide and Mount Lofty Ranges NRM Board took out the Coastal Gardens Planting Guide Urban Landcare Award, and the Westpac Education Award went deservedly to the Waikerie Primary School Youth Environment Team. Some of our biggest environmental challenges, including issues about sustainability and climate change, are being tackled by these volunteers and many more across South Australia committed to improving and protecting our natural environment.

I would like to mention my enthusiasm in taking on my new portfolio responsibilities because of the interconnectedness that they have with my ongoing roles. I am honoured that the Premier has seen fit to appoint me Aboriginal affairs minister. I have already begun building on the constructive relationships that have been developed in working closely with many Aboriginal people around the state; for example, in helping to protect the Coorong, Lower Lakes and Murray Mouth region during the recent drought, and in moving to a number of co-management arrangements, of which we can all be proud, in national and conservation parks across the state.

In the context of this question about managing natural resources and land care, I ask: who better is there to work with in protecting and restoring our natural environments than Aboriginal South Australians, whose knowledge and understanding of biodiversity and natural rhythms and changes in ecosystems are founded on tens of thousands of years of living with and caring for their land? In relation to the River Murray and the Lower Lakes area, we have, in fact, learnt much from the knowledge of the Ngarrindjeri people. The plant—

*An honourable member interjecting:*

**The Hon. P. CAICA:** Look, I won't respond. I will say this through you, Madam Speaker, that on numerous occasions at many functions I have attended with my Aboriginal friends, they say, 'Paul, you are slaughtering this language,' and I say, 'I know and I apologise,' and they say, 'It's okay, because we like you and we like the work that you and your government are doing.' I accept that, and I know I have to improve in that particular area. I do not have, really, the ability to roll my tongue as much as some other people do. I thank whoever it was that rudely interjected there and corrected me.

*The Hon. A. Koutsantonis interjecting:*

**The Hon. P. CAICA:** It was a—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. P. CAICA:** —kind interjection, but they too are unruly and disorderly. I have learnt much in my time in my other portfolio responsibilities and, of course, I will in this portfolio of responsibility from our Aboriginal communities. Particularly from our friends down south, the freshwater species and many traditional stories refer to drinking water being—

**Mrs REDMOND:** Point of order: I am completely bewildered as to the relevance of what the minister is saying to the question that was asked.

**The SPEAKER:** Minister, I would ask you to wind up. You have been going for some time.

**The Hon. P. CAICA:** I will, Madam Speaker, and just to help those that don't understand how I am answering the question, it is about land care and the relationship with looking after country and its relationship with my portfolio responsibility that has been added, and that is, the Aboriginal people who, of course, we can learn much from in relation to looking after their country.

*An honourable member interjecting:*

**The Hon. P. CAICA:** Well, let me say this, and I will finish off, Madam Speaker because you have instructed me to do so. It is my hope that this parliament will return to its tradition of taking a non-partisan approach in supporting Aboriginal South Australians to meet the challenges

they face. I think to do otherwise means that the people we profess to be working with will be less likely to work with us in true partnerships, and all South Australians will lose if that happens.

#### PENALTY RATES

**Mr GRIFFITHS (Goyder) (15:03):** My question is to the Minister for Small Business. Why is it that you, as Minister for Small Business, did not ensure that the Restaurant and Catering Association SA and the Australian Hotels Association were both consulted prior to the decision to increase penalty rates for workers on the government's new part public holidays?

**The Hon. P.F. CONLON:** Point of order: it will help with orderly behaviour if the questions are addressed through the chair.

**The SPEAKER:** Thank you, minister. You will remember that, member for Goyder. Have you finished your question?

**Mr GRIFFITHS:** I have.

**The SPEAKER:** The Minister for Small Business.

**The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (15:04):** The Restaurant and Catering Association: I am surprised by their spokesperson.

*Members interjecting:*

**The SPEAKER:** Order! The minister.

*The Hon. I.F. Evans interjecting:*

**The SPEAKER:** Order, the member for Davenport!

**The Hon. A. KOUTSANTONIS:** As the Premier said—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** —this government will always be on the side of working people. The Restaurant and Catering Association knows full well that every year around this time the government comes out with an announcement about trading hours around the Christmas and New Year period. What happened was that this association probably did not get its act together. Business SA is the peak body for representing businesses in this state. Do people opposite dispute that? They do not. Business SA, which is the oldest chamber of commerce, I understand, in the country, came to the government with a proposal about trading hours and now the opposition says, 'Don't listen.'

*Mr Marshall interjecting:*

**The SPEAKER:** Order! Member for Norwood, you are warned again.

**The Hon. A. KOUTSANTONIS:** Madam Speaker, if we float we are a witch: if we drown we are innocent. If we listen to Business SA but not another association, we have not consulted. This government always consults.

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. A. KOUTSANTONIS:** Business SA is the peak body for business in this state. If members opposite laugh at that, that is their choice. Businesses in South Australia—

*Mr Marshall interjecting:*

**The SPEAKER:** Member for Norwood, you are warned for the third time.

**The Hon. A. KOUTSANTONIS:** Business SA is the peak body in this state for representing business.

*Mr Marshall interjecting:*

**The Hon. A. KOUTSANTONIS:** I know the member for Norwood is saying that they are not; we disagree.

## PUBLIC TRANSPORT

**The Hon. C.C. FOX (Bright—Minister for Transport Services) (15:06):** In relation to the question asked by the member for Goyder, I believe you asked a question about New Year's Eve.

**The Hon. I.F. EVANS:** Point of order. Is the minister seeking leave to make a personal explanation or a ministerial statement?

**The SPEAKER:** Order! Yes, I was just going to say that you need to seek leave to make a personal explanation.

**The Hon. C.C. FOX:** Thank you for your guidance, member for Davenport. I seek leave to make a personal explanation.

Leave granted.

**The Hon. C.C. FOX:** In relation to the question that the member for Goyder asked—

*Mr Griffiths interjecting:*

**The Hon. C.C. FOX:** Indeed. It was about additional public transport on Christmas Eve and on New Year's Eve. On Christmas Eve, the answer at this point is probably not, but we are assessing. On New Year's Eve, the answer is yes.

*Members interjecting:*

**The SPEAKER:** Order! We will have some quiet for the member for Adelaide. Members, leave the chamber or sit down.

## GRIEVANCE DEBATE

### AUTISM SERVICES

**Ms SANDERSON (Adelaide) (15:07):** Today I would like to talk about autism and education of students with autism. Autism is a mental condition present from early childhood, characterised by great difficulty in communicating and forming relationships with other people and in using language and abstract concepts. People with autism can display inappropriate and occasionally difficult behaviour. Many people with autism also have an intellectual disability.

Autism does not discriminate between rich or poor, race or religion. Boys, however, are four times more likely to be affected than girls. It is estimated that one in every 160 children aged six to 12 years is diagnosed with an autism spectrum disorder. While there is no cure for this, there are a variety of interventions that have shown promise in improving the symptoms. I recently had the pleasure of presenting a cheque for \$50,000 to the Flinders University autism early intervention unit on behalf of the GoTo Foundation.

The GoTo Foundation is a not-for-profit organisation founded by three South Australians only 18 months ago. Amongst supporting other worthwhile causes, the foundation aims to raise \$100,000 to support the Flinders University early intervention program. The last I looked on their website, they were up to \$73,000. The cost of putting a child through the program is around \$6,000, and the program receives no direct government support. It is an intensive two-week training program, with 18 weeks of follow-up support. As this program can start when a child is 18 months old, it can dramatically improve the performance of these children, setting them on a path to mainstream education and eventual independence.

Autism SA is South Australia's peak autism body. They are struggling to meet the demands of ever increasing referrals. Client numbers have increased from 580 in 1995 to more than 5,600 at the present time. Their referral rates are rising by 15 to 20 per cent every year. The federal Helping Children with Autism package assists the younger group of children with autism, and it is school-aged children and adults who suffer the most from lack of support, education options and employment services.

Autism SA has around 3,000 clients who are of school age, and yet the total state government funding for this group amounts to less than \$200 per child. More than 1,000 students are recognised by the department of education as having a primary diagnosis of autism in our state schools. There are also many other students who have autism as a secondary disability. Services for students with autism in regional and rural areas are simply woeful, with only one funded visit from an autism education specialist per year.

It is with this background that the Army of Autism Awareness Angels was founded by Brooke Clarke. Brooke, a parent of a young boy with autism herself, has started this group with the aims of raising awareness of autism, as well as raising funds to support the placement of autism assistance officers in schools. I am pleased to be hosting a group of children with autism and their families from this group at the Christmas Pageant this Saturday on a balcony of a King William Road building. While my staff will be looking after the families in the morning, I will be dressed as an angel myself walking in the pageant.

*Members interjecting:*

**Ms SANDERSON:** That's it, but back to more serious matters. When I read the stories of families with a child with autism in our education system, I am quite dismayed. It saddens me to know that South Australian children with disabilities are not given choices. Some families know that a special class, or a special school, is the best educational option for their child, but there are no guarantees of placement, and those who might be offered a place in a junior primary special class are often required to shift schools for secondary primary, with no consideration given to siblings or continuity of friendships, etc.

It intrigues me that some primary schools have a junior primary special class with no senior primary special class and vice versa. What wisdom is this? Why, when this government added a series of special classes, was it not taken into consideration? Children without disabilities are not forced by DECS to change schools halfway through primary school. This is extremely unfair for children with autism and their families, who already have enough to deal with, let alone adding more bureaucratic thoughtlessness. There should be no need for organisations like the Go To Foundation and Autism Angels to fundraise for basic educational needs of children with autism, but I commend them for the important work they do.

#### **CHILDHOOD CANCER ASSOCIATION**

**Ms BEDFORD (Florey) (15:12):** On Saturday 29 October, it was my pleasure to represent the minister for health at the opening of the refurbished premises of the Childhood Cancer Association at 55 King William Road, opposite the Women's and Children's Hospital. Attended by His Excellency the Governor and Mrs Scarce, a large gathering, including President Chris Hartley and General Manager Cath O'Loughlin, assembled for speeches and ribbon cutting—a happy event at a place that brings support and comfort to people facing an uncertain future.

Established in 1982, the Childhood Cancer Association is a not-for-profit organisation dedicated to providing emotional, practical and—while not receiving any government funding—also financial support to families in need. Each year in South Australia approximately 60 children, ranging from babies through to teenagers, are newly diagnosed with cancer. An average of 12 children relapse from remission and, sadly, about 10 lose their battle with various forms of the disease.

The association relocated from their Stepney premises to North Adelaide in 2001 to be closer to the Women's and Children's Hospital and the families who need their support. The association has developed a strong link to the social workers and paediatric oncology department at the Women's and Children's Hospital. Vast numbers of children on being diagnosed are referred immediately for assistance. Programs have grown, and a purpose-built facility was needed to provide the one-on-one counselling, very necessary in the earlier stages of treatment and beyond, and to provide support for siblings, parents and grandparents.

The association announced in their press release for the event that, over the preceding two weeks, 250 volunteers and 25 businesses had provided 3,200 hours of labour, as well as fixtures and fittings, to complete the major transformation of their offices on the first level. The work could not have happened without the involvement of the Edge Church. It became aware of the need in February this year, and the refurbishment was adopted as their next community project. The Childhood Cancer Association first partnered with the Edge Church in March 2010 for the renovation of their four units at Prospect. The units provide free accommodation for country families while in the city for treatment. In December that year, Edge hosted a Christmas family fair, and will do so again this year.

President Chris Hartley welcomed everyone and introduced the Edge senior pastor, Danny Guglielmucci, and Mrs Sharon Guglielmucci. They told the great story of how the church came to support the Childhood Cancer Association and acknowledged the work of church members, especially Jonathan Fontanarosa, who oversees and coordinates the Edge Church's major

community projects which, in the past, have also included renovation at Women's and Children's Hospital.

Edge Church has grown from 30 people attending in 1994 to now over 5,000 people meeting across three sites in South Australia. These people have selflessly given children and families dealing with cancer wonderful surroundings in which to come to grips with the treatment and options and new circumstances they now face—beautiful decor, great new appliances (especially a surprise inclusion of an espresso coffee machine, which I believe will be the focus of operations) and well-appointed work stations and a great boardroom.

On the day of the function, the board table was almost covered by a vast cake made by one of the church members. Church members also served refreshments and played background music for the event. In fact, I left convinced there was not much that the Edge Church could not achieve.

Childhood cancer nationally will be the beneficiary of research undertaken by the Children's Research Institute based in Melbourne. Terry Brown's article in *The Advertiser* of 8 November this year advised that the Murdoch family made a \$10 million donation grant to outfit the Children's Research Institute's new centre. The Pratt Foundation also made a contribution of around \$1 million.

The institute rates with the best in the world. Its achievements in the past have included a vaccine against Rotavirus and pioneering the use of Botox to help children with cerebral palsy walk and play. Institute director Professor Terry Dwyer's team also discovered that sleeping babies on their stomach increased the likelihood of SIDS. Its work will now be to help identify causes of childhood cancer.

Another contributor to childhood cancer work is the Little Heroes Foundation, whose products over the past five years, in conjunction with Foodland, have contributed over \$2 million to support children with cancer and other serious illnesses. Children with muscular dystrophy will benefit from a new partnership between the Muscular Dystrophy Foundation and Little Heroes Foundation. Minister Jennifer Rankine announced last month that \$600,000 in funding for new or increased services will be made available to children with muscular dystrophy.

Every time you purchase a Little Heroes product from your local Foodland supermarket, part proceeds go to the foundation's work. Foodland is making a contribution with Menz, a proud South Australian company since 1850. I can personally attest to the fabulous freshness and flavour of the Menz milk bottle. While I do regret that I eat far more of them than I should, it is good to know that part proceeds are going to help childhood cancer.

Time expired.

#### KANGAROO ISLAND SURFING COMPETITION

**Mr PENGILLY (Finniss) (15:18):** Can I spend a few moments congratulating Surfing SA and the other organisers of the music and pro-surf festival on Kangaroo Island? It was spectacularly successful over the weekend. I have not heard the final figures but I know there were 2,500 tickets sold—

*Ms Chapman interjecting:*

**Mr PENGILLY:** No.

*An honourable member interjecting:*

**Mr PENGILLY:** If you just all shut up and let me finish, I will tell you all about it, on both sides. It was spectacularly successful. I visited the area on Sunday. I went down there and I never spoke to one person who had not had a fabulous weekend.

**Ms Chapman:** Did you see any hooded plovers?

**Mr PENGILLY:** No hooded plovers, no. I didn't speak to them. However, members of my own family came over. My wife went down for a couple of nights and baby-sat, and it was just a wonderful occasion. The planning was spectacularly well done, the security was paramount and the police did a great job. Local organisations such as football clubs and service clubs, etc., made a lot of money out of it.

There were only a couple of minor incidents, I understand, where a couple of people were thrown out for overimbibing. I think something else happened Saturday night but it was nothing of any great consequence. It was great.

One little oddity did occur late on Thursday night. I went down to catch a ferry to the island and I noticed a number of young people in blue T-shirts and shorts; and it was minus 15°, I might add. When I came out from checking in they accosted me. They were the Youth Coalition for Action on Climate Change. They wanted me to sign a petition. I said, 'No I won't be.' They said, 'Why not?' I said, 'Because I think it's nonsense.'

**Ms Chapman:** Family First.

**Mr PENGILLY:** They were a bit like Family First, yes—the T-shirts that the Labor Party printed, yes. That's what I mean. Anyway, I went on to explain to them that I had grave doubts about any climate change and that they should come back in 20 years and tell me again when they had a couple of kids, a mortgage and a few other things and they were trying to make money—they might have changed their views.

Then I ran across another local in the car park who had been accosted by another lot. They were obviously down there on a mission, and I do not know how successful they were. However, the net result was to the island economy. It is the first time anything of this nature has been staged. It was tremendously successful. I hope it goes on for years and years. The music was all good, they tell me—

**The Hon. M.J. Atkinson:** Where were the naysayers?

**Mr PENGILLY:** Why don't you shut up, Atko?

**The Hon. M.J. Atkinson:** I'm just helping you.

**The SPEAKER:** Member for Croydon, you will behave.

**Mr PENGILLY:** Thank you. I do hope it goes on. The government and minister Rau (when he was the minister for tourism) promoted it. I supported that; I continue to support it. It is something that was badly needed on the island in South Australia.

Just let me turn to a statement that the Attorney-General gave yesterday about the formation of the Kangaroo Island Futures Authority. I am far from impressed with where that is going. I am not seeking to make any comment on the people who are on it, but I think that the government has missed some great opportunities to put some people on there who really could have kicked things along.

What really concerns me is that no-one from the progressive farming section of the island is on there. We have some very progressive young farmers on the island. We have former Nuffield scholars and others who are extremely progressive in their outlook and who have a great future and quite a few young people. It is disappointing that someone from that sector was not put on. I think that equally a couple of others could have gone on there who would have made the operation useful.

I am not sure where it is going to go, because it really does not have any money to spend. They can sit around and write more reports and do studies; however, what comes out of it remains to be seen. I would be very doubtful whether the Liberal Party in government would maintain it, quite frankly; it all depends on what support comes over the next few years.

If the government, in the little bit of time it has left before the next election, chooses to put money into the island over and above what it has already announced when it was over there earlier on (a lot of which was in forward estimates, anyway), I will be happy. I do think that, if you are going to dream up these things and put them into place, a bit more guts need to be put into the organisation and a bit more thought.

Time expired.

**WILSON, MR P.**

**Ms THOMPSON (Reynell) (15:23):** I rise today to pay tribute to Paul Wilson, the former principal of Christies Beach High School who has now moved on and to thank him for the contribution he has made to so many young people and families in the south over the 12 years during which he was the principal of Christies Beach High School.



Christies Beach High has the motto 'Education For All'. That means that it has to meet many challenges in ensuring that all students at Christies Beach High have the opportunity to succeed and to complete their education through to year 12. This is quite a challenge in the area because, during the mid 1990s, when the school retention rate plummeted dramatically under the time of the Brown-Olsen governments, Christies Beach High was very badly affected.

The tradition of completing year 12 was very rapidly lost. Students were given the message—through the media led by Messrs Brown and Olsen—that there was no future for anyone but the brightest and most elite of students in South Australia; that the average person could not really look forward to a job. So, students responded to that by being very dispirited and there was a huge drop out of students in years 11 and 12. It is very hard to get the figures accurately, but it seems that only about 50 per cent of students who completed year 8 went through to year 12. The member for Bragg seems to think that this is entertaining or amusing in some way, and certainly her predecessor did nothing to—

**Ms CHAPMAN:** I rise on a point of order. Not only is the member totally in breach of her new leader's edict about courtesy and not taking cheap shots against other members, but I had not raised any interjection to her speech, in fact I was not even listening to her it was so dull. So, I would ask you to rule that she apologise for that statement.

**The SPEAKER:** That was not a point of order, member for Bragg. You really need to make a personal explanation in a situation like that. I would ask the member for Reynell to be a little careful in her response to—

**Ms THOMPSON:** I am perfectly willing to apologise if I misinterpreted the member's loud laughter for derision of the comments I was making about the needs of students at the Christies Beach High School.

**Ms CHAPMAN:** Point of order. Again, the member is attempting to deride and reflect on another member in relation to a statement attributing my laughter to something that she said. It was completely irrelevant to you.

**The SPEAKER:** I think we will leave it at that. I actually did not agree with what you said, member for Bragg, about what she responded to, but I understand that you have some concerns. We will leave it at that, and I would ask the member to please complete her comments.

**Ms THOMPSON:** I certainly will, Madam Speaker. I am not sure what was happening there. The issue is that Paul Wilson had a very large task at Christies Beach High School in building up school retention. Under his leadership, the school has done that in a variety of ways by establishing a range of programs that enable students with different abilities, different interests and different backgrounds to participate in school.

For instance, there are three separate programs that allow for girls who have experienced parenthood fairly early in life to continue their education and have their children cared for as part of the program that is undertaken with a range of community organisations. There is one program that focuses particularly on developing the parenting skills of these young people. There is the Trade Schools for the Future and the Apprenticeship Brokers, which assist young people to prepare for a life in the trades.

There are programs that have outreach to Flinders University which assist students to prepare for life at university. Very few of these students have parents or, indeed, any relatives who have been to university and can see that as a rather daunting challenge. By linking with Flinders University, Christies Beach High School is allowing students to make the most of their abilities and the community to make the most of the skills that these young people bring.

Two notable features that are used by the community are the Yunggullungalla Garden, which is an indigenous medicinal garden. It is a sustainable indigenous garden set in the grounds of Christies Beach High School. The garden features 70 species of native plants significant for their application by Indigenous people for medicinal and cultural purposes.

The community in general is invited to sit back and relax with a picnic, or wander among the trees and shrubs which are a haven for native bird life. They are also invited to have a guided tour by an Indigenous student and learn about the local Indigenous people's culture, beliefs, medicines and foods. This means that the students themselves are learning more about their traditions and also about how to transmit those to members of the community.

The latest stunning development at Christies Beach High School is the Environmental Learning Centre, which was formally opened just recently.

### ROAD SAFETY

**Mr VAN HOLST PELLEKAAN (Stuart) (15:29):** I rise to speak on the extremely important topic of road safety. We would all consider any injury due to motor vehicle accidents on our roads to be very sad and certainly any death to be extremely tragic, and I have no hesitation in working with any or all members of parliament, regardless of political persuasion, on this topic. Last sitting week, in response to the government's announcement that it planned to reduce speed limits on many of our country roads, the shadow minister for road safety (the member for Kavel), the member for Chaffey and myself all took the opportunity to speak on this issue and express our view that, in essence, it is not the speed limit, it is the speeding that causes these problems.

In my contribution, I also took the opportunity to offer the very, very sad example of a CFS call-out that I personally attended in Wilmington a couple of years ago, where a motorist died; fortunately, the driver was the only person in the car. I estimate that he was going well in excess of double the speed limit when his car went off the road and hit a tree. It was exceptionally sad for all concerned but, no doubt, especially for his family and friends.

Very, very sadly, since the last sitting week—the last time I stood here and raised this issue—I personally attended another CFS call-out near Wilmington where, unfortunately, a motorist died in a car crash. I have to say that it was again nothing to do with the speed limit. The speed limits are not the issue. I will not go into many of the details, but this was a situation when, seemingly at the last moment, the driver's car swerved into an oncoming truck and, of course, he died instantly, we all hope. That was nothing to do with the speed limit; again, another sad, tragic example of a death on the road.

For the government to then have some sort of kneejerk reaction and implement bad policy and say, 'We'll clamp down on speed limits,' is not going to address this issue. I heard on talkback radio this morning that only 7 per cent of motor vehicle accidents are due to speed limits. I have no doubt that many of these sad instances are due to speeding. I have no doubt that many of them are due to people in 50-k zones or 60-k zones potentially going at 100 km/h, or people in 100-k or 110-k zones potentially driving at 130 km/h, 140 km/h, 150 km/h, whatever it might be, but it is not the speed limit.

There are serious issues in regard to road maintenance. We all know that there is a \$200 million backlog in road maintenance that the government has not addressed. That is very, very serious, but dropping down the speed limits will not address this sad issue. Since then we have heard the announcement from the new Minister for Road Safety outlining exactly where these road speed limits will be reduced—all fairly close to Adelaide. As some people might know, the electorate of Stuart comes down quite close to Adelaide. I see that on this map there are roads between the towns of Kapunda, Eudunda and Truro that are all to be affected, as is the road between Kapunda and Gawler.

Kapunda, Eudunda and Truro are all in the electorate of Stuart, and Kapunda is the second largest town after Port Augusta in the electorate of Stuart, so an enormous number of my constituents will be very, very negatively impacted by this poor decision to slow them down. The people who are going to slow down from 110 km/h to 100 km/h on these roads are not the people who are likely to be putting their lives or other people's lives at risk and potentially injuring themselves or others, or potentially dying themselves or causing others to die on the roads.

It is not the speed limit: it is the speeding. Reducing the speed limits will not have an impact. It has to do with more policing, driver education, driver awareness and, more than anything else, drivers taking responsibility for themselves, their vehicles, their passengers and everybody else who happens to be on the road.

I drove well in excess of 100,000 kilometres a year for a few years while running my businesses in the outback. I currently drive well in excess of 60,000 kilometres a year as a member of parliament—and that is when my car is parked here at Parliament House for one week out of every two or three weeks when we are sitting. I feel comfortable speaking on this. I know that deaths on our roads are extremely sad and tragic events, but for the government to clamp down on the good drivers will not affect the problem.

### MAWSON ELECTORATE

**Mr BIGNELL (Mawson) (15:34):** I rise today to update the house on some events in the electorate of Mawson during the past few weeks. Last Wednesday night, it gave me great pleasure once again to chair the Hackham West Community Centre Annual General Meeting. I would like to put on the record in this place our thanks to the people who do such a good job at that community centre, not only volunteering to be on the board but also the people who do so much to help so many in our community.

The Hackham West Community Centre really is the focal point of Hackham West, and it has turned around so many lives of people of all ages, from kids to older residents who, perhaps, missed out on an education earlier in their life and have come back to train on computers or do some other study and then move on to get grades either at secondary school or through some other further education institution.

A couple of weeks ago we also had the McLaren Vale Business Association 10<sup>th</sup> Annual Regional Business Awards, held at the Hardys Tintara winery—always a great night on the social and business calendar of McLaren Vale—and I would like to congratulate the winners on the night. Business of the Year was won by Peter Busbridge from Southbound Locksmiths. He has done a great job since he started up his business; he works incredibly hard and is very popular with the local people, who call him out to help with their locksmith requirements.

The Customer Service Business Award went to Jenny McGrath and Ciaran Cryan from Bellevue Bed and Breakfast; they also picked up the Environment Award on the night. The Customer Service Individual Award went to Gail Blount from the McLaren Vale Pharmacy, which has won many awards over the years at the McLaren Vale Business Awards. The Home Based Business Award went to Amanda White from Horsing Around, and the Youth Employee Award went to Lauren Mackay from Beyond Beautiful Style Lounge.

The Retail Business Award went to Ellis Butchers, and the Professional Services Award went to the McLaren Vale & Districts War Memorial Hospital. That was a great win by a great hospital that does so much for our community and is run so well by management and staff, as well as their incredible volunteer work force, that does so much for the hospital.

Amanda Rishworth, the federal member for Kingston, is a great supporter of the McLaren Vale Business Association and its awards nights, and once again this year she sponsored the Manufacturing Trades Award, which also went to Peter Busbridge, the overall winner from Southbound Locksmiths.

Employee of the Year went to Brett Lier from the McLaren Vale Bakery. We have some outstanding bakeries in the electorate, and McLaren Vale is no exception. They keep serving up fantastic pies and pasties, and that doesn't help when you are trying to decrease your waistline.

Recently, we also had the McLaren Vale Grape, Wine and Tourism Association awards, and I would really like to congratulate Steve Pannell, from SC Pannell Wines, a great winemaker whose wines are seen in the best restaurants and the best wine stores all around Australia. He is one of the younger brigade in McLaren Vale, who bring their personality and put it into the wines. It is one of the features that make our part of the world so special. Steve won the Bushing King title for his tempranillo touriga, which is a little bit different to the normal shiraz and cab savs that we serve up in McLaren Vale. It is an outstanding wine, and I recommend it to everyone.

One of the big awards at the McLaren Vale Grape, Wine and Tourism Association Bushing King awards day is the Greg Trott Award, which is awarded in memory of the great man from Wirra Wirra Wines who died a few years ago. This year the Greg Trott Award went to the Petrucci family. So to Joe Petrucci, his brother John and his sister Vicki Vasarelli I extend my congratulations. They are great people in our community, who have done so much. They moved there as a family with their father, set up wineries and grew grapes in the area, and have also been part of the development of the McLaren Vale Piazza della Valle, which was opened by the Premier on Sunday.

It was a fantastic day, and it was great to see the community come up with that idea seven years ago. The government chipped in \$1 million and helped them bring what was their idea to reality; we just provided some money and some support, and let them run with the idea. They designed the piazza, and it is a fantastic addition to the main street of McLaren Vale. I congratulate the Petruccis and everyone else involved.

**GRAFFITI CONTROL (MISCELLANEOUS) AMENDMENT BILL**

**The Hon. J.R. RAU (Enfield—Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers) (15:40):** Obtained leave and introduced a bill for an act to amend the Graffiti Control Act 2001. Read a first time.

**The Hon. J.R. RAU (Enfield—Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers) (15:40):** I move:

That this bill be now read a second time.

Graffiti vandalism is a significant issue not only because of the economic costs to the state and local government as well as individuals and businesses but also because of the social costs. It is damaging and unsightly and can significantly impact on the amenity of an area and community perceptions of safety.

The South Australian government is committed to ensuring that those who engage in destructive behaviour face serious consequences. As part of its election platform, the government pledged to strengthen existing graffiti legislation to reduce the incidence and impact of graffiti vandalism. This bill amends the Graffiti Control Act 2001 to ensure that our laws act as a strong deterrent to offending and effectively deal with the perpetrators of graffiti vandalism. I seek leave to have the remainder of the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

**Consultation**

The Bill is the culmination of a six week public consultation on the Graffiti Prevention Discussion Paper.

During consultation, comment was received from over 45 interested parties, including retailer associations, government agencies, SAPOL, local government, the Law Society, the SA Graffiti Network, the Youth Affairs Council of South Australia, the Hon. Bob Such and members of the community. All of the submissions received were considered by the Government and were taken into account in the drafting of the Bill.

What emerged from the public consultation was that there is broad support for tougher legislative measures to minimise graffiti vandalism and to deter potential offenders. Respondents also supported the use of non-legislative measures such as the education of young people and rapid removal strategies.

The Government recognises that graffiti prevention is not just about law reform. The Government is therefore committed to crime prevention through other measures, including the Crime Prevention and Community Grants program.

This program funds innovative and grassroots crime prevention and community safety projects and offers grants from \$10,000 to \$50,000 for community projects. The total of funding on offer through the grants program is up to \$800,000 per year, with \$200,000 set aside in the 2011-12 specifically for projects aimed at combating graffiti. This is double the amount allocated for anti-graffiti projects last year.

**Detail of the Bill**

Preventative and educative strategies, although important tools in managing graffiti, need to be supported by criminal offences with adequate penalties in order to deter potential graffiti vandals.

Accordingly, the Bill will aid in the prevention and minimisation of graffiti vandalism by increasing penalties for existing offences, further restricting the sale and display of graffiti implements, giving the courts new penalty options and giving police the power to confiscate graffiti implements.

A major feature of the Bill is the increased range of sentencing options available to a court when sentencing graffiti offenders.

First, the Bill amends section 9(3)(a) of the Act to provide courts with an alternative to the requirement that a court must order that an offender remove the graffiti.

At present, a court that convicts an offender of the offence of marking graffiti must either order that the offender take action to remove the graffiti that was the subject of the offence or, if that is not reasonably practicable, order that the offender pay such compensation as the court thinks fit.

Effectively, this means that where the graffiti that was the subject of the offence has already been removed, the court must order that the offender pay compensation. Depending on the offender's financial circumstances, such an order may be nominal and therefore not reflective of the actual cost of rectifying the damage.

Where an offender is a minor, or an adult with limited financial means, participation in graffiti removal generally may be a more appropriate penalty in some instances than a compensation order. Under the changes to the Act the court will be able to order that an offender remove graffiti on any property, including the graffiti that was the subject of the offence.

This power will still be qualified by a requirement that an order should only be made if it is reasonably practicable to do so as in some cases removal of the graffiti or participation in a graffiti removal program may not be

possible, either because the offender is physically incapable of performing the work or because there are no places available on a supervised program.

Whether an order is reasonably practicable will be left to the courts to determine based on the offender's circumstances and information given to the court about the availability of suitably supervised graffiti removal programs.

Second, the Bill creates a new penalty option in the form of a cost recovery provision.

Although an offender can be ordered to remove the graffiti that was the subject of the offence, the graffiti is often removed from the property prior to the offender being sentenced. For example, if the graffiti is on private property it may have already been removed by the owner or occupier of the property or by the council exercising its removal powers under section 12 of the Act.

Graffiti removal from public and private property within a council area can cost councils upwards of hundreds of thousands of dollars a year. For the most part, these costs cannot be recouped. To address this, the Bill empowers a court to order that an offender pay to the person who removed or obliterated the graffiti a reasonable amount for the removal or obliteration.

This new penalty option was supported by the majority of respondents. However, there were concerns that an offender's capacity to pay would not be able to be taken into consideration by the court. The power to make such an order is therefore discretionary so that the financial circumstances of the offender can be taken into account in sentencing.

Third, a new section 10A of the Bill empowers a court to impose restrictions on a driver's licence for graffiti offences committed against Part 3 of the Act or against section 85 of the *Criminal Law Consolidation Act 1935*.

At present, the *Criminal Law (Clamping, Impounding and Forfeiture of Vehicles) Act 2007* allows an offender's vehicle to be clamped or impounded for up to 28 days (or up to 90 days with a court order) or forfeited for a range of offences, including graffiti offences.

As a complement to these existing powers, the new section 10A provides that a court may order the suspension of an offender's unrestricted licence, or an extension of the term of an offender's learners or provisional licence, for up to six months where the offender has been convicted of an offence against Part 3 of the Act or an offence involving the marking of graffiti against section 85 of the *Criminal Law Consolidation Act 1935*. The possibility of a licence suspension should act as a deterrent to repeat offenders.

A driver's licence is a privilege not a right and one that should be reserved for responsible members of the community. A person who engages in graffiti vandalism is not acting responsibly and should not be entitled to the same rights that are afforded law-abiding members of the community.

Another feature of the Bill is the new restrictions on the sale and display of graffiti implements.

It is currently an offence under the Act to sell a spray paint can to a minor. The Act also restricts the storage and display of spray paint cans by retailers as the effectiveness of a ban on sale is reduced where the items in question can simply be stolen. Retailers are therefore required to store spray paint cans either in a locked cabinet or in an area of the store to which the public is not permitted access.

In line with the Government's election commitment to strengthen existing legislation, the Bill imposes similar restrictions on the sale and display of other implements that are commonly used for unlawful graffiti.

A ban on the sale of other graffiti implements was supported by a majority of respondents to the public consultation. There were concerns, however, that the imposition of similar restrictions on the storage and display of such items would impose an unreasonable burden on retailers, particularly given the diverse range of items that could be considered graffiti implements.

It is not the Government's intention to require retailers to lockup every possible implement that could be used for unlawful graffiti, particularly when so many of them are commonly used as school or office supplies.

However, bans on sale are more effective if they are supported by display restrictions to prevent the theft of such items. The Government therefore intends to only capture those implements that are frequently used for graffiti vandalism, such as wide-tip marker pens.

The current ban on the sale of spray paint cans to minors will also be extended to include a ban on supply to deter those over 18 from purchasing spray paint cans for the express purpose of supplying them to younger associates to use for an illegal purpose.

Of course the Government acknowledges that there will be instances when it is perfectly appropriate for a minor to be supplied with a spray paint can. For example, for the purposes of participating in an art class, in the course of lawful employment or to assist a parent in a renovation or other project around the home.

To address this issue, a defence will be available where the supplier believes on reasonable grounds that the minor intended to use the spray can for a lawful purpose.

The Bill also creates a new offence to advertise a graffiti implement for sale in a way that is likely to encourage or promote unlawful graffiti and a new offence of marking graffiti on memorials, cemeteries or places of worship or religious significance.

It is intended that the advertising offence will have extraterritorial application such that it will apply to advertising conducted in this State whether it is produced here or it is produced elsewhere and transferred here. In

other words, it doesn't matter where the advertisement was made, it matters where it is displayed. For example, an advertisement made in New South Wales and displayed here would be caught by the offence.

The potential for the unlawful use of spray paint cans and other graffiti implements such as wide tip marker pens, is an ongoing problem. Advertising a product by promoting it as being suitable for graffiti vandalism is inappropriate and irresponsible as it encourages unlawful behaviour.

Retailers and manufacturers who choose to market a product in this manner glamorise an activity that is destructive and illegal and sends a message to impressionable people that this kind of behaviour is acceptable. Requiring retailers to advertise graffiti implements in a responsible manner will assist in the fight against graffiti vandalism.

The new offence of marking graffiti on memorials, cemeteries or places of worship or religious significance will attract a penalty of \$7,500 or imprisonment for 18 months. This was supported by many of the respondents to the public consultation who agreed that vandalising these places constituted a more serious offence than marking graffiti on other public places.

Finally, the Bill gives police the power to confiscate a graffiti vandal's 'tools' thereby preventing graffiti vandalism from occurring in the first place.

New section 10B empowers police to seize a graffiti implement of a prescribed class from a person in a public place if the officer reasonably suspects that the implement has been, is being, or may be used in contravention of the Act.

This new provision helps to prevent graffiti vandalism from occurring in the first place by giving police the power to confiscate a graffiti vandal's tools of trade. This can be done without resorting to an arrest or charges which is currently necessary in order to seize a graffiti implement from a person.

Graffiti is not a trivial offence. The economic and social costs associated with graffiti are considerable. Graffiti undermines community perceptions of safety and is seen by many as a visible sign of social decline and anti-social behaviour.

This Bill sends a message to all potential offenders that participation in graffiti vandalism will not be tolerated by the Government or the community and that such destructive behaviour will attract serious consequences.

This Bill is an important piece of legislation and I commend the Bill to Members.

#### Explanation of Clauses

##### Part 1—Preliminary

###### 1—Short title

###### 2—Commencement

###### 3—Amendment provisions

These clauses are formal.

##### Part 2—Amendment of *Graffiti Control Act 2001*

###### 4—Amendment of section 3—Interpretation

This clause substitutes the definition of graffiti implement for the purposes of the measure.

###### 5—Insertion of section 3A

This clause inserts proposed section 3A.

###### 3A—Extra-territorial operation

Proposed section 3A states that it is the intention of the Parliament that the measure apply within the State and outside the State to the full extent of the extra-territorial legislative capacity of the Parliament.

###### 6—Substitution of heading to Part 2

This clause substitutes the heading to Part 2.

###### 7—Amendment of section 4—Graffiti implements to be secured

(1) Subclauses (1) to (3) and (5) substitute references to cans of spray paint with references to graffiti implements.

(2) Subclause (4) increases the maximum penalty and the expiation fee.

###### 8—Substitution of section 5

This clause deletes and substitutes section 5.

###### 5—Sale or supply of graffiti implements to minors

Proposed section 5 prohibits the sale of a graffiti implement to a minor and the supply of a graffiti implement of a class prescribed for the purposes of proposed subsection (2) to a minor.

## 9—Amendment of section 6—Notice to be displayed

The changes to section 6 made by this clause are consequential to the replacement of the term 'cans of spray paint' with 'graffiti implement' throughout the measure.

## 10—Insertion of section 6A

This clause inserts new section 6A

## 6A—Advertising graffiti implements for sale

Proposed section 6A makes it an offence to advertise a graffiti implement for sale in a way that is likely to encourage or promote unlawful graffiti.

## 11—Amendment of section 9—Marking graffiti

(1) The amendment to subsection (1) increases the maximum penalty for marking graffiti to \$5,000 or imprisonment for 12 months.

(2) Proposed subsection (1a) creates an additional, more serious offence for marking graffiti within a cemetery, on or within a public memorial or on or within a place of public worship or religious practice.

(3) Proposed subsections (3) and (3a) give a court the power to make certain orders when finding a person guilty of a prescribed graffiti offence.

## 12—Amendment of section 10—Carrying graffiti implement

This clause increases the maximum penalty for an offence of carrying a graffiti implement to \$5,000 or imprisonment for 12 months.

## 13—Insertion of sections 10A and 10B

This clause inserts new sections 10A and 10B

## 10A—Court may make orders in relation to driver's licences

Proposed section 10A gives a court the power to make additional orders in relation to a person's driver's licence for a second or subsequent prescribed graffiti offence.

## 10B—Confiscation of prescribed graffiti implement

Proposed section 10B gives a police officer the power to seize a graffiti implement of a class prescribed for the purpose of the proposed section that is in the possession of a person in a public place, if the police officer reasonably suspects that the implement has been or may be used in contravention of the Act.

Debate adjourned on motion of Mr Pederick.

### PARLIAMENTARY COMMITTEES

**The SPEAKER (15:42):** Honourable members, I advise that I have received the resignation of the member for Taylor from the Public Works Committee, the Parliamentary Committee on Occupational Safety Rehabilitation and Compensation and the Aboriginal Lands Parliamentary Standing Committee.

#### PUBLIC WORKS COMMITTEE

**The Hon. J.R. RAU (Enfield—Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers) (15:42):** I move:

That the member for Little Para be appointed to the committee.

Motion carried.

#### PARLIAMENTARY COMMITTEE ON OCCUPATIONAL SAFETY, REHABILITATION AND COMPENSATION

**The Hon. J.R. RAU (Enfield—Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers) (15:42):** I move—

*Mr Pengilly interjecting:*

**The SPEAKER:** Order! Member for Finniss, behave yourself.

**The Hon. J.R. RAU:** I move:

That the member for Mitchell be appointed to the committee.

Motion carried.

**ABORIGINAL LANDS PARLIAMENTARY STANDING COMMITTEE**

**The Hon. J.R. RAU (Enfield—Deputy Premier, Attorney-General, Minister for Planning, Minister for Business Services and Consumers) (15:43):** I move:

That the member for Mitchell be appointed to the committee.

Motion carried.

**ROXBY DOWNS (INDENTURE RATIFICATION) (AMENDMENT OF INDENTURE) AMENDMENT BILL**

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

**Mr WHETSTONE (Chaffey) (15:44):** In continuing on this bill and in summing it up, this indenture bill is not just about this generation, nor is it about the next generation. It is about all future generations, and I would like to think that history will bear the result of this week's agreement and how well this government has negotiated a deal for Australia. Just speaking about the negotiation, I look at what South Australia has achieved, particularly with the partnership between the state government, South Australia and Santos and what Santos has done to give something back to South Australia. I look at the education that is needed as a foundation for the mining sector and the expertise that we as South Australians can offer. I particularly look at the model in Western Australia, where high schools have subjects that lead to university. In universities, there are specific degrees and specific speciality areas that complement what the mining industries need.

As I say, it is not just about Roxby: it is about all mining sectors right around this great nation. Again, it is about embarking on what South Australia can achieve over the next 100 years. Looking at those negotiations, I look at the government and what it could have done but what I did not see happen. Why didn't the government look at what BHP could do for South Australia's capital here in Adelaide?

We look at the debacle that has gone on about the cost blowouts of the Adelaide Oval upgrade. Why didn't the government go to BHP and say, 'Would you be prepared to be a partner in the Adelaide Oval?' Rather than looking at an Adelaide Oval, we could be looking at the BHP stadium. BHP has huge wealth. It is about a partnership, it is about a negotiation that South Australia could benefit from, something that BHP would give back to South Australia, and I think that could have been achieved in goodwill.

Madam Speaker, I even listened to you on radio in regard to BHP giving back something of substance to the regions impacted upon, and that is a real social benefit that I think is worth talking about. I am convinced that the previous premier was in so much of a hurry to sign up to this agreement that he never even thought about these opportunities, never even thought them through. It really is about getting the balance right.

Without further ado, I wish the partnership between BHP and South Australia every success and great economic prosperity.

**The Hon. R.B. SUCH (Fisher) (15:48):** As we all know, this is an historic development. It is a fantastic opportunity for South Australia. Obviously, in the process we need to ensure that the environment is protected and that the standards agreed to are enforced and met. I am disappointed in a way—and I guess there is still opportunity—that we are not availing ourselves of nuclear power as part of this project.

It is ironic that we are exporting uranium oxide to other people to use but we cannot use it ourselves. To me, I think that is unfortunate. Members would appreciate that throughout the world the technology relating to the use of nuclear power is changing and will change even more in the very near future so that we will have much less waste material as a result of using nuclear energy, we will have a much more efficient process, and there will be less waste to deal with.

I think it is important that people move beyond the view of years ago that anything to do with nuclear energy is dangerous and the like. If used properly, it is a wonderful resource, I believe, if used appropriately with proper safeguards and proper disposal. Australia is ideally suited to dealing with nuclear waste by way of storage. We have some very geologically stable areas, and we should be in this project gearing up to use nuclear energy now.

I do not believe it is ruled out. Things can change over time. If you think about this project, years ago it was seen as something that was undesirable, and now that has certainly changed. On



the issue of nuclear power, as I say, new technologies are emerging and portable nuclear plants are being used in places like South Africa and do not require huge amounts of water for cooling.

We should be using some of that new technology to power desalination plants—and it could have been used for this project—to generate electricity and so on. I believe it would have been quite feasible to have had a nuclear-powered desalination plant producing the desalinated water somewhere other than where it may pose a threat to the natural environment at the top of Spencer Gulf.

I do not want to say too much about this project, but I think it is fantastic. The scope of it is almost beyond our immediate understanding. This is a bit of a digression and a bit of trivia, I guess: I notice that in the Soviet Union they have a huge hole from a mine where, as a result of that mine—and I am not a physicist, but I am told that aircraft are not allowed to fly over it because of the danger, presumably, of being sucked down.

I do not know whether that is going to happen with this big hole, but I think someone should tell our former colleague, the Hon. Graham Gunn, if he is still getting around in that little Cessna or whatever he has, to avoid the big hole that will occur up near Roxby. I understand the physics of it is that, if you fly over a big hole like that, you get pulled down. However, I stand to be corrected.

I conclude by looking forward to this project developing and being implemented. BHP is a fantastic company and I think the benefits to not only South Australia but Australia will be enormous. Some people have argued that the royalties should be renegotiated in years ahead. You need to have some certainty, but I believe that BHP will be a good corporate citizen—it already is—and will build on its track record in developing what is a fantastic project. I commend all of those involved in getting it to this stage and look forward to it being developed as a massive mine to benefit South Australia and Australia.

**Mr BIGNELL (Mawson) (15:52):** Thank you, Mr Deputy Speaker, and congratulations on your new appointment and your elevation to that great position that you hold in this place.

**The DEPUTY SPEAKER:** Thank you.

**Mr BIGNELL:** I rise to support wholeheartedly this bill and to congratulate everyone who has worked on this for so many years. I do not even know whether South Australians and Australians have got their heads around how big this is yet. Sometimes, when things are just so huge, it is impossible to imagine the magnitude and the enormity of something like this. This is something that is going to benefit this state for decades and decades to come.

I think we probably need to change the perception in areas away from Roxby Downs. I think people in places like Mawson, which is a fair way from Roxby Downs, and other seats down here closer to the city and in regional parts of South Australia, need to work out what it is that they can leverage off this expansion. For every job that is created up there, there are many more jobs that will be created in support industries in other parts of the state, including in southern Adelaide.

That is why, in 2008, I hired a bus and took 30 students from three different high schools—Christies Beach, Wirreanda and Reynella East—up to Roxby Downs to show them firsthand the enormity of this project and to look at what the expansion would mean for not only Roxby but areas around Lonsdale, Hackham, McLaren Vale and Reynella, where industries are producing absolutely great technology and great things that are needed for the mining industry. This includes places like Fibrelogic and Boart Longyear.

We took the students up to Roxby Downs and BHP were magnificent in having their HR people talk to the students about the sort of money that they could earn, the jobs that they would be doing up there. They also took them around on the bus inside the above-ground part of the mine. When we got back, we had the local TAFE and some local engineering companies come along to the school to put it into perspective: 'Look, you don't have to go all the way to Roxby Downs to work and be part of this mining boom. You can actually get a job around the corner from home if that's what you want to do.'

There were kids who were dead keen to get up to Roxby and work. There was a young woman, about 17, a mechanic. She was doing her apprenticeship while still at school, and she was keen to get up and work at Roxby Downs. There was another fellow who did not really know why he came on the bus but, when we walked through the mess where they have their meals—and there are thousand of meals produced each day for the miners, either for breakfast, or to take down the mine with them in packs, or to have in the facility at lunchtime or dinner time—we looked at the kitchen and we saw the scale of it, and he said, 'That's it, I want to be a cook or a chef.'

That is what opened his eyes to getting a job at Roxby Downs. So, I think taking the kids up there, and getting their parents excited, is something that we all need to do. We also probably need to have an education program for businesses, and let them know of the opportunities and the way in which they could possibly get involved and reap some of the economic rewards that will come from this massive project.

It is something we have done with the Southern Expressway, where the Chair of the Southern Expressway Taskforce and I have been ensuring that we get together with all the local councils, local employer groups, training groups, schools and unions to make sure that 50 per cent of the 1,500 jobs that go on the build for the Southern Expressway go to people living in southern Adelaide. Perhaps that is something we could do as well: align BHP with businesses throughout South Australia so that they know what is out there and what are the capabilities.

I was interested in the comments from the member for Chaffey when he suggested that BHP Billiton should become a major sponsor of things and that the government was left a little short with its funding and had to increase the funding for Adelaide Oval, and that perhaps we should have asked BHP Billiton to fund it and call it BHP Stadium. I am dead against that. I think the Adelaide Oval should always be called Adelaide Oval. I hate the fact that football at an SANFL level and AFL level sells off the names of stadiums, and I think it is something that is going to turn around and bite the game, because—

*The Hon. I.F. Evans interjecting:*

**Mr BIGNELL:** Hickinbotham Oval is actually named after a legend of the club. It is named after a legend of the club, and it is called Hickinbotham Oval, so that is its name. It is not something that is going to get traded off year-in, year-out. What happens when you sell off the naming rights to stadiums is that it confuses the consumer—the football fan—and people lose interest in football when they say 'I don't even know where that game is being played' because it is an obscure name that they have never heard of in some part of the state or Australia.

One thing, perhaps (and this is a little in jest) that BHP might want to sponsor is the Piazza della Valle, which was opened by the Premier last Sunday. I realised that one of their senior executives has the surname Dalla Valle. The government put in \$1 million to the project, and the community stumped up \$600,000 but, perhaps, we could tell this bloke that we are naming the piazza in the main street of McLaren Vale after him, and they might put up the money. As I said, that was a light aside. I seek leave to continue my remarks.

Leave granted; debate adjourned.

#### **AUDITOR-GENERAL'S REPORT**

In committee.

(Continued from 8 November 2011.)

**The CHAIR:** We will now proceed to examination of the Auditor-General's Report in relation to the Treasurer, Minister for Workers' Rehabilitation, Minister for Defence Industries and Minister for Veterans' Affairs for a period of 30 minutes. I remind members that the committee is in its normal session, so any questions have to be asked by members on their feet, and all questions must be directly referenced to the Auditor-General's Report. I also remind members that it is an examination of the Auditor-General's Report, not general question time or estimates. The member for Davenport, do you have any questions?

**The Hon. I.F. EVANS:** Page 20 of the report deals with the Royal Adelaide Hospital and mentions that the budget details of the new RAH project are yet to be finalised. The minister has previously advised the house that the average payment will be \$397 million. Can he update the house on exactly what that means in relation to the budget impacts being finalised?

**The Hon. J.J. SNELLING:** There is not much to add other than what has already been advised to the house. The \$397 million is an average over the life of the project. The project does not actually come into the forward estimates until next year's budget, the 2015-16 financial year, so next year's budget will reflect the service payments for the new Royal Adelaide Hospital. They will be included in that. That 2015-16 will be for a half year's worth of service payments. Then, as we move into those financial years as the budget moves closer to the completion of the project when the government takes over control of the precinct, as we move closer to that date, those figures will be reflected in the budget.

**The Hon. I.F. EVANS:** On the same page and same line, can you walk me through what it means by saying, 'DTF has advised that this payment', the \$397 million average payment, 'will need to be recognised when the new hospital begins operating', and I understand that bit, 'noting that only part of this amount will be expensed as it includes cash payments associated with the lease liability'? Of the \$397 million, how much of it, in actual fact, is going to be expensed and how much of it is not going to be expensed?

**The Hon. J.J. SNELLING:** Of the \$397 million, part of it is capital repayment, part of it is for the operating expenses of the hospital. The exact breakdown of those figures I do not have with me but I am quite happy to bring that back to the house.

**The Hon. I.F. EVANS:** On page 18 of Part C, the report raises the issue of FTE reductions. The report says, 'The government indicated an initial target of 1,011 FTE reductions for 2010-11.' Then, on page 19, it reports that as at 30 June 2011, 381.1 FTE reductions were achieved. Can the Treasurer update us on the shortfall in that saving requirement, because that appears to be around 600 to 700 short as of 30 June 2010, according to those two figures.

**The Hon. J.J. SNELLING:** I guess that I have a couple of things to say with regard to TVSPs and the reductions in FTEs. First, we have been quite successful in reducing the number of FTEs we have without having to offer voluntary separation packages. We have been able to reduce the number of positions simply by not refilling positions. Positions have become vacant just through natural attrition. We have actually put out less. We have actually not had to spend as much in TVSPs as we thought. There have been fewer TVSPs than we thought would be necessary to achieve the reductions.

**The Hon. I.F. EVANS:** You have managed a cash saving there, have you?

**The Hon. J.J. SNELLING:** Yes, well, we have not had to spend as much, that is right, on TVSPs than we thought necessary in the budget. With regard to the total number of FTEs in the public sector and the cap, as the Auditor-General explains in the next paragraph, the total cap of FTEs for 30 June 2011 is 78,596, and the total FTEs, I think, of all agencies is 778,808; so, we are well under the FTE cap.

**The Hon. I.F. EVANS:** On page 19 of that same part the second line talks about excluding executive reductions. If the Treasurer can bring back to the house how many executive reductions per agency have been achieved during that period, I would appreciate that.

In relation to Part C, page 18, the Auditor-General raises the issue of the government's commitment to the 'no forced redundancy' policy being abolished as at 2014. Can the Treasurer confirm that is still the government's policy, and, in confirming it, can he update the house on the level of severance pay that is likely to be established as a result? You said to the house previously that you were going away to negotiate that. I am just wondering whether you can update us on the level of severance?

**The Hon. J.J. SNELLING:** I do not recall saying anything about severance pay. What I envisage happening as of 2014 is that people who have been redeployees for 12 months or longer would be able to be separated. The current award provides for such separation and separation payments; and the payments that they would get would be in accordance with the current award provisions, no more and no less.

**The Hon. I.F. EVANS:** But it is still your policy to have the—

**The Hon. J.J. SNELLING:** Yes, absolutely.

**The Hon. I.F. EVANS:** I turn to the issue of long service leave for public servants, one of the savings measures, and Part C, page 28 raises that. The government announced that it was establishing a working group to look at a new incentive as a compensation measure, I guess is a way of putting it, for the loss of the long service leave. Can the Treasurer confirm that it is still the intention of the government to proceed with the long service leave cuts as proposed in the budget, and can he update the committee on what the nature of the incentives are that are being negotiated and what is the likely cost impact?

**The Hon. J.J. SNELLING:** The abolition of the extra long service leave that was available to public sector workers has come into effect. It came into effect as at 1 July of this year, so it has already happened. The working group has been meeting with staff from my office and representatives from the union to discuss retention issues within the public sector and to investigate some sort of retention bonus within the public sector. Those discussions are continuing

and should we arrive at some sort of retention bonus then, yes, that would have a budget impact, and it would depend on the quantum of that retention bonus.

**The Hon. I.F. EVANS:** Part A, page 28, talks about the Oracle project. I am wondering how Treasury missed the fact that the cabinet submission only cost five years of a 15-year contract and did not include the costs for the last 10 years of the contract, meaning that there was a touch under an \$11 million error in the cabinet submission. I am wondering: has the Treasurer reviewed that and how did Treasury miss that, given that it is the central agency with regard to costings?

**The Hon. J.J. SNELLING:** Normally, when any recurrent item is costed by Treasury before something goes to cabinet it is costed over the forward estimates, so the current financial year plus the forward estimates period, which makes five years. Beyond that forward estimates period, in a payment like this where it is recurrent costs, it is built into those forward projections of the budget. So, it is costed but does not appear in the budget papers. The only exception to that would be if it is expected that the costs of the project are going to ramp up beyond the forward estimates period. My advice is that was not the case. From reading the Auditor-General's Report, it has not been the case that there has been any significant lift or increase in the cost of the project beyond the forward estimates period; the costs remain fairly stable.

**The Hon. I.F. EVANS:** Page 28 of the Auditor-General's Report states that, the cabinet submission only included costs for a five-year contract and the two five-year extensions were not costed at all. I am wondering why the agency put in a submission which did not indicate the full cost of the contract. Surely, if they sign a contract they have an obligation to put the full cost of the contract to cabinet. Clearly, at this stage, they have not. The Auditor-General raises the issue that there is a \$10.8 million error. So, is the Auditor-General right or is your agency submission right?

**The Hon. J.J. SNELLING:** Beyond the initial five years they are options, and because they are options then health would have to return to cabinet to exercise those options to renew the contract.

**The Hon. I.F. EVANS:** So when the Auditor-General says on page 28, 'Consistent with the SPB approval the 15-year whole-of-life costs should have been included in the cabinet submission,' is he correct?

**The Hon. J.J. SNELLING:** Ideally, yes, the Auditor-General is correct. That is something that should have been there, but it does not have any impact on the forward estimates because the initial five years of the contract were all contained within the forward estimates. If health took up the option to renew the contract then beyond the forward estimates would be adjusted and another cabinet submission would have to be brought back.

**The Hon. I.F. EVANS:** Treasurer, on the same line, isn't there a problem with that philosophy because if the options included an uplift in charges then your cabinet, through an incorrect cabinet submission supplied to you, could have locked a future cabinet into an unknown cost because there is nothing in the submission? That is the point the Auditor makes, so the reality is that even though it is an optional contract for audit, you have already accepted that the Auditor-General is right in his comment. Surely, now, you have to go back and change your procedure because, after one five-year contract, if there was something in the contract (an uplifting of costs to government) you are actually locking in a cost that cabinet is unaware of. That is the issue. So, surely you have to go through and change your process?

**The Hon. J.J. SNELLING:** The Minister for Health would have to come back to cabinet with a new cabinet submission reflecting the increased costs. Then the cabinet, based upon them, would use the option to renew the contract and cabinet would make a decision based upon the costs contained in that—the new costs that were based on the extension of the contract. So cabinet would have all the information available to it, including if there was an increase in costs, which does not appear to be the case here. Cabinet would be able to make a decision based upon the information provided to it for the extension of the contract.

**The Hon. I.F. EVANS:** Page 65 in Part C mentions 147 FTE capped contingency. Can you explain to me whether that is a capped contingency just for health, or is it for the whole of government?

**The Hon. J.J. SNELLING:** Where is it, on page 65, did you say?

**The Hon. I.F. EVANS:** Haven't you read it yet? It is on the third-to-last line. I will just tell the head of Treasury where it is:

A central contingency provision of 147 FTEs was established for 2010-11 (as part of the 2011-12 Budget deliberations)...

Is that for the whole of government or is that just for health? How is that costed in the budget in the contingency line, and at what cost per FTE?

**The Hon. J.J. SNELLING:** Yes, it is for health. The cost per FTE is approximately \$75,000 per year.

**The Hon. I.F. EVANS:** Whole of government?

**The Hon. J.J. SNELLING:** No, just for health.

**The Hon. I.F. EVANS:** Part C, page 57, the new RAH, towards the bottom of the page it states:

DTF currently estimates the value of the lease liability at \$2.8 billion. This will add substantially to net debt from 2015-16. This liability is in addition to the estimate of \$244.7 million of state investing expenditure...

Can you confirm that the total RAH lease liability will be over \$3 billion (because you will need to add those two figures together), and when does the state pay this \$244.7 million?

**The Hon. J.J. SNELLING:** The \$2.8 billion is the complete figure for the cost of the hospital. The \$244.7 million is the state spend and is, for example, for things like new medical equipment that has to be purchased for the hospital. That is one example of the sorts of things we are talking about.

**The Hon. I.F. EVANS:** Volume 5, page 1572, talks about supplies and IT supplies. When did the Treasurer first become aware that his agency was implicated in having officers receiving kickbacks for cartridge purchases?

**The Hon. J.J. SNELLING:** The short answer is that it is true, and I am aware, that there are records of Treasury having bought cartridges from the companies that have a history interstate of providing kickbacks. That is the information we have at the moment, and investigations are ongoing.

**The Hon. I.F. EVANS:** When did you become aware? That was the question.

**The Hon. J.J. SNELLING:** I will find the exact date, but it was relatively recently.

**The Hon. I.F. EVANS:** Part C, page 8, talks about the lotteries sale. Can you confirm whether legislation needs to be brought to the parliament to proceed with the government's policy of selling a licence, or whether that is strictly a cabinet-only decision?

**The Hon. J.J. SNELLING:** My advice at the moment is no, but they are currently looking at that. Certainly it is the case at the moment that it is not necessary to have legislation brought before the parliament.

**The Hon. I.F. EVANS:** Part C, page 13, lists everyone's favourite, the contingencies line. Can you advise what is the likely payment to Marathon as a result of the government's decision, and will it be coming out of one of those contingency lines?

**The Hon. J.J. SNELLING:** There is certainly no contingency for it, so if there were a payment to Marathon it would have to have an impact on the budget bottom line. I understand that some discussions with the Minister for Mineral Resources Development are being considered at the moment, but no decision as yet has been taken. The government is firmly of the view that strictly under law no compensation is payable.

**The Hon. I.F. EVANS:** In part C, page 5, the revenues in the year 2014-15, according to the budget, kick up significantly to construct this \$655 million projected surplus. The Auditor-General's Report refers to a large slab of revenues. Can you give me a breakdown of that revenue prediction, how much is GST (because the Auditor-General mentioned it is a prediction on return to normal GST), and how much is from the new health agreement, and the breakdown of other components of that revenue item?

**The Hon. J.J. SNELLING:** I am advised that all that information is available for the member for Davenport in the budget. The increase in revenue, as I understand it, is largely predicated upon South Australia having been adversely impacted by HFE because of the infrastructure payments we have been receiving from the commonwealth. So, we have lost GST grants to our state as those have equalised out. As time passes, we expect our share of GST

will return. So, largely, they will be GST payments, I expect, but there is a full breakdown across the forward estimates in the budget papers.

**Mr HAMILTON-SMITH:** Treasurer, if I could move onto Defence SA issues. I note that audit observes some minor issues in regard board appointments and the management of leave accounts. I might leave them for the moment because I recognise they are fairly minor and start instead on yesterday's announcement that Mr Fletcher would be heading up a new urban planning task force. Have separate remuneration and funding arrangements been made to support that position, or will that be funded out of Defence SA's budget and office space? If Mr Fletcher is absent to take on this new role will different arrangements be made within Defence SA for that?

**The Hon. J.J. SNELLING:** Mr Fletcher is not receiving extra remuneration for undertaking those extra responsibilities. He is doing it as part of his current responsibilities and any support for those responsibilities will come out of the Department of Premier and Cabinet.

**Mr HAMILTON-SMITH:** Moving to page 245 of audit's report and going over the remuneration levels, could you clarify those positions above \$200,000; that is, what are the names of those positions and who is filling those positions? I note that there is one for \$530,000 to \$540,000, which I assume is Mr Fletcher. Curiously, I see that it was not shown last year as a position. I presume that is because it tipped over the \$500,000. In terms of the top four there, could you tell us what the title of those positions are and who is filling them at the moment?

**The Hon. J.J. SNELLING:** The titles are: General Manager of Business Development, General Manager of Project Delivery, and the fourth one we would have to take on notice; we will get back to you.

**Mr HAMILTON-SMITH:** Looking at 'grants and subsidies' I notice on page 232 the figure of \$1.909 million. Could the minister clarify to whom those grants are going and in particular how much of it is going to Defence Teaming Centre (DTC) projects?

**The Hon. J.J. SNELLING:** There is a breakdown at Note No. 8 on page 247. The Defence Teaming Centre received \$475,000.

**Mr HAMILTON-SMITH:** I have one final question then. I note on page 229, in regard to the Common User Facility, that there is an increase of \$2 million reflecting increased operational costs. How is the business case standing up against operational costs now at the Common User Facility? Is it profitable? Is it running at an annual operating loss? What is the forward projection for the Common User Facility in terms of needing ongoing financial support from the government?

**The Hon. J.J. SNELLING:** The reason for the increase in the operating costs is that it only started operations last financial year. That increase in operating costs reflects the fact that it only started operating last financial year. It is making an operating loss. Setting aside the initial capital costs of the project, we are closing the gap as we increase third party use of the Common User Facility. We expect to have that gap closed within the next three to five years, and we are also speaking to the commonwealth.

**The CHAIR:** Thank you, Treasurer and members opposite. I would now like to proceed to the examination of the Auditor-General's Report in relation to the Minister for Sustainability, Environment and Conservation; the Minister for Water and the River Murray; and the Minister for Aboriginal Affairs and Reconciliation for 30 minutes.

I remind members that the committee is in its normal session, so any questions have to be asked by members on their feet and all questions must be directly referenced to the Auditor-General's Report. I remind members that it is an examination of the Auditor-General's Report, not estimates, the budget process or question time.

**Mr WILLIAMS:** Minister, I will start off with the Auditor-General's Report Part B, Volume 4, SA Water Corporation, on page 1,339. With regard to the North South Interconnection System Project (NSISP), the Auditor-General's Report has made a number of comments, including the following:

inadequate documentation to support waivers of competitive tender processes and assessment of proposals. Examples were noted where waivers were approved at the same time services were provided and where there was insufficient documentation supporting the reasons a public tender should be waived.

Can you comment on that? The explanation the Auditor-General provides further down the page says that 'SA Water provided a response which indicated that:' and it goes on with some supposed explanations. I find them rather insufficient, to be quite honest, and I was hoping you might be able

to explain to the committee exactly what has been going on in SA Water with regard to the north-south interconnector.

**The Hon. P. CAICA:** I thank the honourable member for his question. I am not surprised, as I thought this might be the first cab off the rank, but it is something that, to a very great extent, I as minister and the SA Water board are not necessarily very pleased about with respect to the audit report. You may make your own views—as you will anyway—about whether or not the work within the Auditor-General's Report sufficiently explains it or whether SA Water has sufficiently explained it.

The concerns of the Auditor-General were raised with SA Water in April 2011 and with SA Water's audit committee in June 2011, and SA Water, as you identified, provided an initial response. That included amongst other things the significant and far-reaching nature of the concerns raised by stakeholders on the NISP and, of course, I acknowledge the presence of the member for Bragg, who played a very big role certainly in heightening the awareness of stakeholders with respect to the very important north-south interconnector project.

To cut a long story short for the member for MacKillop, there were causes of the breakdowns of internal controls within SA Water. Part of that, of course, is a project that commenced with (and has continued to grapple with) tight project time frames, but also I acknowledge the serious nature of the concerns raised by the Auditor-General and the fact that the audit committee was activated as soon as it was alerted to it by the Auditor-General.

The audit committee required further explanation from management and also commissioned an internal audit review of procurement in general—and that is scheduled to be tabled, I am told, at the December 2011 audit committee meeting—and the procurement on the NISP in particular.

The findings of the internal audit review noted that several procurement controls did not appear to be operating effectively and in particular requirements to comply with the organisation-wide procurement templates, to prepare and approve a procurement plan and offer a valuation plan, to obtain approval in accordance with SA Water's delegations of financial and procurement authority and to obtain approval for contract execution and contract variations prior to work commencing.

SA Water, of course, acknowledged the findings of the Auditor-General's Report and has developed and continues to develop and implement a range of strategies to address the findings of the Auditor-General's Report and its own internal audit findings. I could go through further actions that have been taken on this particular matter and particular steps that have been taken by SA Water to do this, and I am happy to go through that if another question is asked, if indeed the member for MacKillop wants me to.

I would summarise it by saying that SA Water and I, as minister, acknowledge that in this instance the standard of procurement practices has been lower than the high standard SA Water expects and the standard that I expect as the minister responsible for SA Water and, of course, those high standards have been demonstrated in other large projects including, for example, the Adelaide desalination plant.

Further, during the reviews of the project by internal audit, SA Water did not identify any evidence that would indicate—and I think this is a very important point—that those involved with this particular procurement process had any malicious intention to deceive, to subvert, to frustrate or breach policy.

I finish off by saying that I think from SA Water's perspective it has been handled well upon the notification of the Auditor-General. Of course we accept what the Auditor-General has said, and SA Water will continue to deal with that to make sure that circumstances like this do not happen again. I am advised that the project continues to be on time and under budget.

**Mr WILLIAMS:** I want to ask some more questions on the same matter, because the Auditor-General points out on page 1340 that he has commented on SA Water's procurement controls in his previous annual reports, and it seems that the same mistakes are still being made. He goes on to say:

These issues have again been evident in the audit review of the NSISP [the same project] procurement during 2010-11.

I have two questions. On the previous page, 1339, one of the dot points says:

reasons for significant increases and extensions in contract values. Examples were noted where contracts had increased as much as six to ten times the original contract amount.

When I read that, I found that rather startling. Minister, can you tell the committee how much money we are talking about? Is this a \$100 contract, a \$10,000 contract, or is it a half a million dollar contract? What contracts are involved; and what was the dollar amount where contracts have increased as much as six to ten times the original contract amount; and what impact has this had on the total budget of this project, which I think is some \$403 million?

**The Hon. P. CAICA:** I thank the honourable member for his question and I note the section to which he refers and I have that here. We are talking about components within the funding envelope that related to consultancy work. Also, the time frames needed to complete the project, and the incorporation into the project of a higher level of consultation than what might have been envisaged to start off with, in respect to engaging the community.

You know yourself, Mr Chairman, as does the member for MacKillop, that we initially engaged a consultant to do the community engagement. I thought it was an unsatisfactory arrangement, for a variety of reasons, and created a situation where SA Water had to take it back over, which questions why we were not doing it in the first place, but that is another question for another day.

We took over that particular process, met our contractual arrangements with that particular organisation and took it over ourselves, to the extent that we are now getting letters of congratulations from the community who were up in arms at certain stages because of assertions of secrecy and doing things behind doors.

We are now building state of the art pumping stations that fit heritage designs within the areas in which they are located, and I think it has been a very good process. A lot of those particular costs to which you refer were costs incurred as a result of the extension of, or the upgrading if you like, of the consultation process, and the extension of that consultation process to ensure that we got community support for what is a very important piece of infrastructure for this state.

**Mr WILLIAMS:** This is a very important piece of infrastructure for the state and when it was originally announced—I think it was in December 2007—I recall that the press release costed it at \$304 million. When it was reannounced as a project—I think it was following the announcement to double the size of the desal plant, and I think that was the day after the federal budget in 2008—it became \$403 million, so there was a \$100 million change. Those dates might be wrong, I think the time frame was a little bit longer than that. But there was certainly a \$100 million change in the cost of this project.

Minister, I am somewhat concerned that the Auditor-General is suggesting that some of the problems associated with this have been caused by 'tight deadlines'. Is it a fact that the tight deadlines caused that escalation in cost from the original announcement of \$300 million to the now budget that seems to be something like \$400 million? Is that the price at which the project will be delivered? Again, and I will repeat the question that I asked a moment ago, these contracts that the Auditor-General refers to, and you have just talked about, have increased about six to ten times the original contracted amount. What amounts are we talking about there?

**The Hon. P. CAICA:** I am not going to talk about the dates that the member for MacKillop spoke about in case I get it wrong. I will just assume on this occasion that the member for MacKillop is right in respect of the dates that he said so that I do not have to come back and correct the record. To add to the previous answer, and I probably should have added this, some of the costs incurred were about the variations in designs and the creation of new designs and options for the pumping station, amongst other things.

When the project was first envisaged—in fact, it goes a long way back—it was always SA Water's position that Adelaide needed appropriate connectedness between the northern section of their operations and the southern section of their operations so that we could have water flow between them in the most efficient way and go to where it is needed.

One of the early options was a single pipeline, a new piece of infrastructure, and early and preliminary costs I am told could have even been as high as \$1 billion for that stand-alone new piece of infrastructure. As a result of that, determinations were made to, where practical, use the existing infrastructure. There is some amazingly good work going on that I cannot speak about in



detail, because I am not technical in nature—things such as re-sheathing. These types of things are a credit to the technology being undertaken by SA Water to complete its projects.

I know the member for MacKillop has been to the desalination plant and seen the quality of the work going on down there and, of course, the quality of the work in respect to the interconnection is going to be of an equally high standard. The first project was for a stand-alone pipeline worth \$1 billion. What I am told is that \$400 million has been consistently the figure that has been used in budget forward estimates for the interconnecting project—and that is how I will keep referring to it.

As I said earlier in response to one of the earlier questions, I am pleased to report to you, Mr Chairman, and the committee that we are on schedule and under budget at this point in time for this particular project. Everything that has been done to date within the project, including the designs, options and the like, is of course built in within the \$403 million that has been allocated for this particular project. The ten times increase, as I mentioned earlier—if I did not, I will rephrase it—was for a consultancy that has an outturn of less than \$2 million. That was the tenfold increase to which the Auditor-General referred.

**Mr WILLIAMS:** Let me clarify that, minister. Are you telling us that there was a contract awarded that was less than \$2 million but the Auditor-General is suggesting—I am not sure whether he is talking budget—that the original allowance for this was only \$200,000? Am I correct in that assumption?

**The Hon. P. CAICA:** I am told that it was encompassed within what was a budget that was provided of \$38 million, and that was a component of that. We always expected to spend that \$38 million, but that was a component of that.

**Mr WILLIAMS:** I must say, minister, I am still not satisfied with your answer; because the Auditor-General is saying that the contract had an increased value by a factor of 10 and you are saying that it was \$2 million. I am assuming that originally it was expected that the contract would be \$200,000, but you have actually spent \$2 million. It is no wonder the Auditor-General has highlighted it and it is no wonder it jumped off the page when I read it. But I will move on.

**The Hon. P. CAICA:** No, I will answer it because I do not want to move on while the member for MacKillop is confused, and I hope I will not confuse him any more. It was essentially a project that we expected would be \$200,000. It did have a 10 times increase for an out turn of \$2 million, but, as I understand it, that also incorporated a component which was the second phase that was then brought in because of the consultation that was required. So, it does fit to what I was saying. In essence, you are right to say that it was a 10 times increase on \$200,000, but funding for that particular aspect of the project was brought back into this. So, that '10 times' was money that was already going to be expended on that particular project.

**Mr WILLIAMS:** I thank the minister for his answer. Minister, it would certainly help me and, I am sure, the committee if you were able to provide a bit more background to that and what other elements were brought into that contract to account for that incredible increase in the cost. I will be happy for you to take that on notice because there are some other matters I would like to address.

I move on, Mr Chairman, to page 1034 and the Adelaide desalination project. I believe that we still have not achieved first water. We still have some issues there with a project that has been delayed. I think that the original time to achieve first water was supposed to be December last year; then we learned that it was going to be pushed out to March-April, and then out to July. We still, as I understand it, have not achieved first water.

I would like an update on that and when we expect to get first water. Even more importantly, minister, I raise the issue of the \$228 million of funding from the federal government, which was used, I think, to justify the decision to double the size of the desal plant. There has been an ongoing argument between the South Australian government and the federal government about the quid pro quo for that money, namely, the reduction in the reliance on the River Murray for our critical water needs here in Adelaide.

It has always been my belief that the federal government at least had an expectation that SA Water's licence would be reduced to deliver that quid pro quo for that money. I know that there has been argy-bargy back and forwards. Can you update the committee on that? Is there still an expectation that there will be a reduction in that licence, or have you won that argument and is the money now free to flow to the project on completion?

**The Hon. P. CAICA:** I thank the honourable member for his question. Of course, these are very good questions—they may be not necessarily be connected to the Auditor-General's Report, but I will answer them nonetheless.

*Mr Williams interjecting:*

**The Hon. P. CAICA:** No, it's all right, Mitch. What I can report to you is that we are actually operating now at twice the requirements for first water. First water was signed off on 21 October. I knew that occurred, but I am told now that we are operating at two times what is the requirement to meet the contractual arrangements or the arrangements for what stipulates 'first water'. I can see that you are very pleased about that, and so are we.

You talk about the argy-bargy and the argument between the commonwealth government and the state government, which has hardly been anything in comparison to the argy-bargy that has been provided by the opposition as to a 50-gigalitre capacity versus a 100-gigalitre capacity. We stand by the very sound decision that was made by this government for all the right reasons to say that a 100-gigalitre capacity desalination plant is going to ensure water security for South Australians from the time it starts operating effectively and well into the future.

In relation to the contribution of the commonwealth government, we knew that stage 1—when it was a 50-gigalitre plant—was provided with \$100 million. When that very sound decision was made by the government to increase it from a 50-gigalitre capacity to a 100-gigalitre capacity, we entered into an arrangement with the commonwealth whereby the commonwealth committed to provide \$228 million for that component, or that increase, in the capacity of the desalination plant. We are very pleased that they did.

One of the initiatives that was reached, a landing spot between the commonwealth and the state government, was that the contribution would reduce the state's reliance on the River Murray. It is safe to say that the opposition has interpreted that as it sees fit, but the commonwealth and the state government has reached what is an appropriate spot on that. What that essentially means is that it will have no impact, which is a good arrangement for South Australia. The \$228 million will have no impact on the existing licence held by SA Water.

It is also safe to say that the commitment that was made in the provision of that money was that by reducing our reliance we would not come back and call for more water as it relates to SA Water's licence, and that is a good thing. If you transpose that against what has occurred to the Murray-Darling Basin over a significant period of time, where water has been allocated willy-nilly by upstream states, what we have done is reach a suitable arrangement that suits the state government and the commonwealth and, in turn, provides the water security that this state requires.

Mr Chairman, you would know yourself that scientists are telling us that the drought that we had, the millennium drought, is a glimpse into the future, where droughts will become more intense and more frequent. To that extent, the 100-gigalitre capacity desal plant and the decision to increase the size was a sound decision when it was made and will prove to be a sound decision in the future.

**Mr WILLIAMS:** We will continue to agree to disagree on that, I am sure, minister. At the bottom of page 1345, and I am somewhat confused by this, under the heading, 'Other comprehensive income', it states:

Other comprehensive income of \$598 million (\$820 million)—

which I am assuming is the figure from the previous year—

is attributable mainly to the revaluation of assets.

Can you explain to me how the revaluation of assets has contributed most of the \$598 million in income?

**The Hon. P. CAICA:** I acknowledge the confusion that the member for MacKillop has with this particular sentence. I am no accountant, but I suppose there are plenty here today and I will not be disparaging towards accountants because they do a very good job, but this is—are you an accountant, Mr Chairman? There you go; and a very good one, I expect, too. What I will say is that this is an accounting process and what happens is it relates to, as much as anything else, revaluation, if you like, of assets, but also inflation and, importantly, the replacement value. Then, as part of an accounting method, that is calculated as comprehensive income. I do not know why they do that, but that is the world of accountants in which we live and it is an accounting method.

Perhaps the Chairman of Committees might be able to explain it to us, but it takes into account inflation, revaluation and those issues that I raise there. For the life of me, I do not really understand it either.

**Mr WILLIAMS:** I did study some accounting at university level and you have not helped me one little bit, I can tell you that. I am still at a loss. Maybe you would be kind enough to have somebody in SA Water with some financial expertise provide the committee with a considered opinion. I understand the issue of revaluation and that it significantly changes the value of the SA Water asset, but I fail to understand how, through revaluation, you get an increase in income of over half a billion dollars. I fail to understand the connection between asset value and income. I will move on because there are a couple of important things—

**The Hon. P. CAICA:** Just before you do, if you do not mind. You are asking for feedback and I am presuming that if you are asking for something then I have to give a commitment to do that. So, I will give a commitment to get back to the committee on that particular issue, and the previous one where you asked for more information. I just wanted that on the record so that it is there. It appears on the balance sheet as income, as I understand it.

**Mr WILLIAMS:** Thank you, minister. Sorry, I was expecting that you would oblige the committee with that. On page 1349—I will read this out so the committee understands what I am talking about—it says:

The financial ownership framework gearing ratio range was 15-25 percent with a long-term target of 20 percent.

This is the gearing ratio of borrowings to the asset value. The Auditor-General goes on to say:

Up to 2008 the debt/asset ratio was below the long-term target predominantly due to the value of assets increasing significantly due to revaluation. However, from 2010, due to borrowings to fund capital works (discussed above), the ratio exceeded the long-term target. It is noted this was envisaged by the annual performance statement debt/asset ratio target, which established a target of 28.5 percent.

On my reading of that, again I am confused, because in the first line it says, 'The financial ownership framework gearing ratio range was 15-25 percent'. It has been that ever since 2006 when the treasurer made these arrangements that the debt/asset ratio would be within that zone. Now, all of a sudden, in this year's A-G's report, we see that the target for the current year was blown out to 28.5 per cent.

I am pleased to note, on the previous page (1347), that even though the target was 28.5 per cent the actual result came in at 25.1 per cent—almost within the range. I assume that is because SA Water exceeded its planned profit before tax by \$92 million. I assume that is what has given us that result.

My question is: has the target moved or was a decision taken, notwithstanding the target range of between 15 and 25 per cent, to exceed that target out to 28.5 per cent? Who took that decision and what justification sat behind that decision?

**The Hon. P. CAICA:** I thank the member for MacKillop for his multi-pronged question but I will—

**The CHAIR:** It was multi-pronged, you are quite right.

**The Hon. P. CAICA:** Yes. He was assuming that no-one had read this. You did not have to read it out, Mitch, but it doesn't matter. In essence, as I understand it (and I have previously raised this with the former treasurer and the current Treasurer) the increase to 28.5 per cent that is identified in this document, the Auditor-General's Report, was really about borrowing for the capital program. The major component of the capital program, of course, is the desalination plant.

Also, given the fact that it had been sitting for such a period of time at 25 per cent, through this borrowing we were going to exceed what had been custom and practice. However, as agreed by Treasury (of course, they are the people who we discussed this with and who agreed with what it was that we needed to do in respect to the borrowings), it was understood that it would go up to 28.5 per cent which I understand is still well within acceptable prudential limits.

I am also advised that an impact on this, if you like, was the delays to the desal plant. As a consequence of that we did not have to borrow at that particular time, so we could borrow later. I am advised that that had an impact on this as well, but in essence it was agreed to with Treasury.

**Mr WILLIAMS:** Was it a cabinet decision or was it done mainly by SA Water to shift that target?

**The Hon. P. CAICA:** Essentially, the decision to build a desal plant was a decision of—

**Mr WILLIAMS:** You concede that now—from 25 per cent to 28 per cent—but did that go to cabinet?

**The Hon. P. CAICA:** What occurred was that the decision to build a desalination plant—I know you said, 'No, no, no'—was a decision of cabinet and that was the most major component of the requirement to borrow for our capital program. As a consequence of that, that then had an impact to 28.5 per cent (which is still within prudential limits) whether or not that actual detail went to cabinet. It was done through a budget process for all aspects, so indirectly you could say that, yes, cabinet was a very important part of that process because the budget process incorporated all that information.

**The CHAIR:** That ends the examination of the Auditor-General's Report in relation to the Minister for Sustainability, Environment and Conservation, the Minister for Water and the River Murray, the Minister for Aboriginal Affairs and Reconciliation. Thank you, minister. We will now proceed to the examination of the Auditor-General's Report in relation to the Minister for Manufacturing, Innovation and Trade, the Minister for Mineral Resources and Energy, the Minister for Small Business for 30 minutes.

I remind members that the committee is in normal session, so questions have to be asked by members on their feet, and all questions must be directly referenced to the Auditor-General's Report. I also remind members that it is an examination of the Auditor-General's Report, not estimates or question time.

**Ms CHAPMAN:** My question relates to mining. I cannot remember what page it is on, because I was just after a prompt.

**The CHAIR:** It is the member's responsibility to cite a page.

**Ms CHAPMAN:** Is it?

**The CHAIR:** It is.

**Ms CHAPMAN:** Page 931 sounds familiar. There is a contingency provision in the budget for mining, and my question is: is any provision for a settlement with Marathon Resources to come out of that contingency fund or is that to come out of a separate Treasury fund? This question has been raised with the Treasurer today and he said it was your issue.

**The Hon. A. KOUTSANTONIS:** The government said quite clearly, after it took the decision, supported by the opposition, to ban mining in Arkaroola, that we would look at a compensation package for Marathon, not because they were entitled to one but because we felt it was the right thing to do by the industry in general. The government is under no obligation whatsoever to pay Marathon a cent; they did not have a licence to mine, nor did they have any expectation in terms of any regulatory approval for a mine. They had a licence to explore, and that exploration licence carried with it no automatic right to mine. Indeed, this exploration licence had no automatic right of renewal. In terms of the compensation package, I will take that on notice, but there will be a clearer answer made very soon.

**Ms CHAPMAN:** Perhaps you misunderstood, minister. My question was not asking how much it is, nor even that you have negotiated it, because we were advised by the Treasurer that you are still in negotiation. My question is: is there provision for it in your contingency amount, or is there some other source upon which any funds that are negotiated will be deducted?

**The Hon. A. KOUTSANTONIS:** It depends entirely on the amount.

**Mr HAMILTON-SMITH:** Minister, is any branch of your department involved in the photocopier cartridge issue? Have any invoices turned up in your department or its extended tentacles linked to that entire issue of alleged payments associated with cartridge purchases?

**The CHAIR:** What page are you referring to in the Auditor-General's Report?

**Mr HAMILTON-SMITH:** Page 1424, the header page, that talks about the assessment of controls, the important control measure.

**The Hon. A. KOUTSANTONIS:** The agency undertook a review of toner cartridge purchases in 2011 for the financial years 2006-07 to 2011-12. I am advised there appear to be no unusual purchases during this time frame.

**Mr HAMILTON-SMITH:** So the answer is no?

**The Hon. A. KOUTSANTONIS:** The answer is that I am advised there appear to be no unusual purchases during this time frame. However, if there are, there is a process in place. I understand the possibility of fraudulent purchases of toner cartridges was raised in August 2011. I am advised that a review of e-procurement was undertaken at that time, covering all of these trading names, that is, The Company, Mycom Australia, Laser Specific, Reliance, Premium Office Supplies and Elite Imaging.

**Mr HAMILTON-SMITH:** Sorry, minister, I might be having trouble hearing. I think you said there were no purchases?

**The Hon. A. KOUTSANTONIS:** No. I am advised that the agency undertook a review of toner cartridge purchases in 2011 for the financial years 2006-07 right through to the financial year 2011-12. I am advised there appear to be no unusual purchases during this time.

**Mr HAMILTON-SMITH:** Page 1424 of the Auditor-General's Report talks about financial assistance grants paid to organisations to develop the state's economy. Can the minister tell us whether he has had the money invested in Tiger airlines returned, as he assured the house he would do? If the money has not been returned, how much money are we after and when will it be returned?

**The CHAIR:** What page are you referring to, member for Waite?

**Mr HAMILTON-SMITH:** Page 1424 refers to audit's attention to financial assistance grants paid to organisations to develop the state's economy. It is at the bottom of the page. If you go onto page 1426 you will see 'Grants and subsidies \$17 million' on the table.

**The Hon. A. KOUTSANTONIS:** I am advised that the matter is now with SAFA, and the amount we are pursuing from Tiger Airways is \$2.25 million. The amount that we have recouped I will get for you on notice.

**Mr HAMILTON-SMITH:** Do you remain absolutely adamant that all of that money will be returned, or are you now concerned that all of that money will not be returned?

**The Hon. A. KOUTSANTONIS:** I am advised that SAFA is an organisation that has a fine track record of recouping money that is owed to the government. I have full confidence in them, but ultimately I will keep the house fully informed of any updates as they come along. The matter is with SAFA, and I have confidence in them.

**Mr HAMILTON-SMITH:** Moving to pages 1425 and 1426, the auditor makes observations in regard to financial assistance grants. In particular, he refers to the process of auditing backlogs in overdue obligations. Can the minister tell the committee what action he has taken to improve reporting to the chief executive and continual follow-up of these outstanding obligations, because they are still considerable?

**The Hon. A. KOUTSANTONIS:** I am advised that the department has a full-time resource now working on this. As of 30 June 2011, I am advised that the department has reduced the number of obligations outstanding to 44, of which 13 are greater than 60 days, and it continues to follow up all outstanding obligations. I am advised further that the 13 obligations greater than 60 days relate to four progress reports. One of those projects has since been terminated, with a repayment invoice being issued to the guarantee.

I am also advised that several of the reports relate to review of performance, which is currently in the draft negotiations, with the review consultant to finalise. I am also advised of one final report that relates to a regional project that is currently under negotiation, with the business unit to finalise. I am also advised of one acquittal, which relates to a sponsorship of the university.

**Mr HAMILTON-SMITH:** Apart from those investments that you have just outlined to the house, are there any other grants or loans that are doubtful or at risk and about which you have concerns, in terms of either recovery of those amounts or failure to comply with the terms of the grant or loan?

**The Hon. A. KOUTSANTONIS:** On advice, I will have to take that on notice. Generally, the department would monitor these, and I can get back to the member very quickly with an answer. We just do not have that information with us here right now.

**Mr HAMILTON-SMITH:** In the same volume, Part B, Volume 4, page 1,427, I note that the auditor observes that there was decreased spending of '\$7 million in travel, advertising, contractors and other expenses due mainly to reductions in overseas and marketing and migration programs'. I am just wondering why we would be reducing such a significant amount of money from our overseas marketing and migration programs and what the impact has been on industry outcomes in the state as a result of that cutback in spending.

**The Hon. A. KOUTSANTONIS:** I am advised that these all form part of the Sustainable Budget Commission's recommendations. However, as the member would have heard today in my answer in question time, the state's exports are now leading the nation, with our farmers doing an exceptional job increasing our exports of barley and wheat products. Our miners and manufactured goods are doing exceptionally well. In terms of a comparative rate to the rest of the nation, South Australia is doing exceptionally well, but these are savings that the government made from the Sustainable Budget Commission report.

**Mr HAMILTON-SMITH:** I take that point, minister, but skilled migration remains a very important obstacle to industry growth in this state—something that the government has made considerable commentary upon—so I am just wondering why we would cut our skilled migration programs, because I am assuming that the \$7 million has predominantly come out of programs rather than salaries. That might not be right. Is the \$7 million inclusive of the positions that you cut back last year, or is it actual programs for migration and overseas marketing that have been cut?

**The Hon. A. KOUTSANTONIS:** I am advised that the new department no longer has responsibility for skilled migration. That now rests with the Department of the Premier and Cabinet.

**Mr HAMILTON-SMITH:** On the same page, 1427, the Auditor-General observes a decrease of \$2 million in grants and subsidies reflecting slower than anticipated implementation of some grant programs intended to develop business in the Riverland and industries in this state. Could the minister tell us why these grant moneys were not put out there into the Riverland and other industries in this state? Why were we unable to get that money working?

**The Hon. A. KOUTSANTONIS:** I am advised that the question you are talking about now relates to the Riverland Sustainable Futures Fund, which is the responsibility of minister Gago.

**Mr HAMILTON-SMITH:** Yes, minister, that's fine; it may now be the responsibility of Ms Gago, but when this budget year ended on 30 June 2011 it was your responsibility, so I am looking to inform the committee as to what the impact may have been in the Riverland or the state as a result of a failure to get this \$2 million of grants out there. Can you at least answer that part of the question?

**The Hon. A. KOUTSANTONIS:** I can, and I refer to my first answer: it has always been the responsibility of the regional development minister. Minister Gago, I am advised, has always administered that grant.

**Mr HAMILTON-SMITH:** I note that the Auditor-General informs us that full-time equivalent staff fell from 193 at 30 June 2010 to 121 at 30 June 2011, but there has now been a significant restructuring and a lot of new people have come into your department. Can you tell the committee whether these cuts that you made last year will be sustained or whether what has occurred with this reorganisation is in effect a recognition that you cut too far and you have now, if you like, put extra positions back? Can you just tell us how this information from the Auditor-General relates to your restructuring and the growth in the department?

**The Hon. A. KOUTSANTONIS:** Mr Chairman, with the utmost respect to the member and the parliament, the restructure happened post financial year, so it really does not relate to the Auditor-General's Report. However, I will say this: the reductions we made to the former department are something that the government stands by. We know it was difficult and we know that it was a very dramatic change, but I think the department performed exceptionally well, and I do not believe that we cut too far at all.

**Mr HAMILTON-SMITH:** Thank you. Page 1442 outlines remuneration levels within the department. I note that there are two employees receiving in excess of \$330,000, one employee receiving \$310,000 or more and one receiving \$290,000 or more.

*The Hon. A. Koutsantonis interjecting:*

**Mr HAMILTON-SMITH:** It is on page 1442—\$290,000 and more. Regarding those top four people in your department, could you tell us what appointments relate to those positions?

**The Hon. A. KOUTSANTONIS:** I am advised that regarding the two people who are in the top bracket, it was a combination of targeted superannuation packages plus their salary, so that has pushed them into the top bracket. In terms of who they are, I am advised that they have left the department and are no longer employed. Are you asking for their names?

**Mr HAMILTON-SMITH:** No, just appointments.

**The Hon. A. KOUTSANTONIS:** Including TVSP, the figures were over \$300,000 in that bracket. They have received targeted separation packages, and the combination of the package and their salary has pushed them into that bracket.

**Mr HAMILTON-SMITH:** Moving onto overseas representative officers, which is dealt with on page 1444, I note the figure of \$798,000 in operating expenses for China and \$573,000 in operating expenses for India. Could you tell us whether have you replaced Mr Ken Xhu, who was the head of our commission in China, and what is happening with our China office? What salary is being paid to whoever has replaced Mr Xhu? Similarly, could you confirm the salary arrangements in this year for Mr A.K. Tareen in our India office?

**The Hon. A. KOUTSANTONIS:** I am advised Mr A.K. Tareen's salary is unchanged since the last time I reported it to parliament. I am also advised that on 30 June this year the contract of our trade representative in China expired and has not been renewed. There is continuity in the office, and the department has begun a process of replacement. I was in China a day and a half ago with our two staff there, Miss Renee Dong and Miss Fion Jia, and they are excellent employees and a credit to this state.

Mr Geoff Knight, Chief Executive of the new Department of Manufacturing, Innovation and Trade is there, and the process is in place and being managed by Mr Stephen Annells. If the shadow minister would like a further briefing on the process of the replacement of Mr Ken Xhu in China, and the intricacies that go with that in dealing with the Chinese government in terms of government to government relationships, which are quite intricate and quite detailed, I am happy to give him a briefing at any time.

**Ms CHAPMAN:** At Volume 3, page 993, back to mining, and I am talking about the top of the page on royalties. Mineral production has gone up and petroleum production has gone down. That includes the money you get from Santos, is that right?

**The Hon. A. KOUTSANTONIS:** I am advised: yes.

**Ms CHAPMAN:** My question is: given the current litigation in the Supreme Court with Santos, could you advise what funds have been spent in the 2010-11 year on the legal cost of those proceedings and whether there is any amount budgeted in this year, 2011-12?

**The Hon. A. KOUTSANTONIS:** Could you point to the reference in the Auditor-General's Report?

**Ms CHAPMAN:** Royalties, on the income.

**The Hon. A. KOUTSANTONIS:** You are linking royalties to a legal action?

**Ms CHAPMAN:** To income, and to the current litigation the government has with Santos and its effect, ultimately, on the income. My question is: how much, so far, has your department spent on that litigation in the 2011 year and is there any budgeted amount for that: or, alternatively, is that in a contingency allocation?

**The Hon. A. KOUTSANTONIS:** The advice is that I do not have any information on that bizarre line of questioning. I would expect that would probably be a question better put to the Attorney-General and the Crown Solicitor's office.

**Ms CHAPMAN:** Can I put this to you, minister: in the event that you are a party to those proceedings—you may not know, but if you are—could you take that on notice and provide that information to the committee?

**The CHAIR:** The second part of the question is about the 2011-12 year. That is either for the budget or question time, not the Auditor-General's Report.

**Ms CHAPMAN:** Can I just clarify one thing, Mr Chairman, because I will be around a few more of these, and that is: are you saying—

**The CHAIR:** And that does not mean you are right.

**Ms CHAPMAN:** Are you saying that there can be no questions for anything in relation to finance post 30 June 2011? The reason I seek clarification of that is that many items have been identified by the Auditor-General as continuing discussions, identifying projects that are for remedying errors or defects in the process. Of course, there are many events that have occurred since 30 June 2011 which are within the direct ambit of the report.

**The CHAIR:** And you will have an opportunity to ask those questions in other forums. I have been pretty lenient, but this forum deals—

**Ms CHAPMAN:** So, are you saying that in this forum I cannot ask any question about any event post 30 June 2011, even if the Auditor-General says there are ongoing discussions or a process in his report up to the date, which of course, is October 2011?

**The CHAIR:** No, if the report is on it, I would probably allow it; but, given that the other matter was speculative, you will have to use another forum.

**Ms CHAPMAN:** Thank you. I will await your answer with interest, minister.

**Mr WILLIAMS:** I draw the committee's attention to page 975 of the Auditor-General's Report, the Extractive Areas Rehabilitation Fund. Considering the time, I have two questions and will ask them together. I recall when we changed the act to change the way this was collected and the rate of collection. I was informed in the discussions I had with the then minister that part of the money would go to compliance and the employment of some additional compliance officers.

The last information I had is not totally up-to-date; something might have happened in the last six months. The information I had was that no more compliance officers had been employed within the extractives area notwithstanding that a considerable amount of money had been paid supposedly for that purpose.

The other part of the question relates to the fact that we did change the way in which the money was collected for the fund because the fund was getting to the point where it was not going to be able to continue to operate. I am pleased to see that the balance of the fund is now, as at 30 June, back up to a bit over \$14.5 million.

In the 2010 year the expenditure exceeded the income (only by a handful of dollars; that is not an issue), but in the most recent year (2011) the expenditure is considerably less than the incoming factor; it is less than half of the income. Is it government policy to continue to build that fund, and, if so, to what level, or is it government policy that the fund should be expended as the money is coming in?

**The Hon. A. KOUTSANTONIS:** I am advised that it is a demand-based fund; so, as people have demands on the fund, the fund grows.

*Mr Williams interjecting:*

**The Hon. A. KOUTSANTONIS:** I am advised that there is no target to grow the fund to any particular level. There is no budget figure.

**Mr WILLIAMS:** Are there no extra compliance officers to be employed in that area?

**The Hon. A. KOUTSANTONIS:** I am not aware of that, but I will check and get back to the honourable member.

**Mr GRIFFITHS:** I would like to ask a question on small business, if I may?

**The CHAIR:** You may.

**Mr GRIFFITHS:** I refer to page 1,445. Minister, there are very few references in the Auditor-General's Report about the Small Business Commissioner, but \$270,000 came from contingency funds for the establishment cost as part of that commissioner's role. Minister, can you confirm whether that includes payments made to Professor Frank Zumbo and, if so, how much?

**The Hon. A. KOUTSANTONIS:** I am advised that the budget allocation towards the establishment of the Small Business Commissioner—which was successfully passed in this house in no small part thanks to the Deputy Speaker and with no thanks to the shadow minister—was



\$270,000 (or \$0.27 million). As per the auditor's financial statements, I am advised that the following costs were incurred in 2010-11: employee expenses, \$200,555; consultancy, \$50,000.

I am not aware whether that total amount has gone to Professor Zumbo. If it has, every cent has been well earned. Professor Zumbo has been an excellent consultant for the state government. He is a leader in his field. He is called on by many levels, including, I understand, the federal opposition to give advice. He is someone who is held in high regard by the industry.

I hope and I pray that this is in no way an attempt by anyone to smear the good reputation of Professor Zumbo, because he is an expert in his field, and the government is more than happy to pay a consulting fee that matches his expertise.

**Mr GRIFFITHS:** I certainly made no effort to slur a good name but just to ascertain what costs were involved.

**The CHAIR:** That ends the period available to examine the Auditor-General's Report in relation to the Minister for Manufacturing, Innovation and Trade, the Minister for Mineral Resources and Energy and the Minister for Small Business.

Progress reported; committee to sit again.

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

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

**Mr BIGNELL (Mawson) (17:40):** I rise to conclude my remarks and to reiterate my support for this bill and this fantastic project for South Australia. I point out that it is beholden on all 47 members in this place to work with our communities to explain to them how they can be a part of this project. We can all be winners out of this project; it is not simply confined to Roxby Downs or to the north of the state, everywhere in this state can produce winners out of the Roxby Downs expansion.

As an example, I know that the winemakers in McLaren Vale are already talking about going up there to showcase the great wines that we have, but also to try to attract people who might be on a fly-in/fly-out working arrangement to settle around McLaren Vale, Aldinga or Willunga—a beautiful part of the world—and we can then start to hook into that two-speed economy.

At the moment, in our area, business is doing it tough, exporters are doing it tough with the high Australian dollar and it has been really hard on the wine industry, which is one of the biggest employers in our local area. If we can get some of the mining money into our local region then it will help to diversify our local economy, and that does not just go for the electorate of Mawson, it goes for the entire state. It is up to us, as I said at the outset.

So many South Australians do not have a real understanding of how enormous this project is, or maybe they think it is so big that they cannot be a part of it, but when you break it down into bite-sized chunks and work out what it is that your business, or your son or daughter or you can do to get a job, whether it is a job up in the mines or it is one of the thousands of jobs that will be created in related industries, then it is beholden on all members and business people and other members of the community to look at this project and say, 'How can we benefit from this?'

As I said at the outset, I think this is a great day for South Australia. The future is looking very bright. A diversified economy with mining, defence, agriculture, manufacturing and other business, is only a good thing for South Australia. Long may this state prosper.

**Mr PENGILLY (Finniss) (17:43):** It is an interesting time.

*The Hon. M.J. Atkinson interjecting:*

**Mr PENGILLY:** I do not need the Speaker's protection from the member for Croydon, but if he cares to comment every now and then I will leave it up to you. It is interesting that 29 years ago in this place decisions were made on the original Roxby Downs bill, on this very carpet, probably with Tom Playford looking over their shoulders, and here we are 29 years later going through round 2 of it. So, I wonder where most of us will be in another 29 years. I think I know where a few of us will be.

**Ms Chapman:** The member for Morialta will still be here.

**Mr PENGILLY:** Yes, he will be. I guess in 50, 60 or 70 years time (as long as it takes for this project to work through the obvious) the benefits to South Australia from the decisions made in this place over the next two or three weeks, notwithstanding the nonsense that may go on in the other place, will be profound. I read with interest this morning in *The Advertiser* the headline about the amendments that the Hon. Mark Parnell in another place is proposing to pursue.

I also note with interest that the rules that apply to us in this place do not apply there, and they could go on for months, quite frankly, but they will not. I hope there is not a lot of nonsense takes place there. Some Independents will appear and grandstand and carry on, but at the end of the day, in a show of bipartisanship, the government and the Liberal Party will get on with things, and I suspect (without knowing) the Independents in this place as well, in the best interests of South Australia.

*The Hon. M.J. Atkinson interjecting:*

**Mr PENGILLY:** I am really looking forward to hearing the member for Croydon's contribution on this bill because I am going to sit here and bag him the whole way through—but, no, I wouldn't give him the time of day. There are a few things to do with this bill that need working through. I am not convinced of what effect the desalination plant is going to have on the gulf; I am not convinced, despite what BHP is saying. I am not sure that there will not be possible ill-effects, and I hope that over the course of the next few years as things start developing my mind can be put to rest.

I am a great supporter of desalination. I went to Kwinana in the west a few years ago, and I was astounded to see the sea dragons on the end of the outflow pipe living there quite happily. Circumstances are different in the Upper Spencer Gulf and, Madam Speaker, no-one would know that better than you. As long as you are in this place you will be keeping a pretty close eye on that.

Much has been said about the employment prospects, and I think there are some issues that need to be taken into consideration. The mining industry is a difficult industry to work in, but no doubt it is going to employ many people. Other members in this place have talked about the harsh conditions in which people work in that arid country and the effects they have; some of them do not stay and others go. It is going to be interesting to see what happens with the township of Roxby Downs, as that in itself is going to develop far beyond where it is at the moment.

I have numerous people in my electorate who work in the mines, as I am sure others do; some work off the North West Shelf in north-west Australia and in New Guinea but live in my electorate, and increasing numbers are choosing to live down in Victor Harbor, Middleton, Port Elliot, Goolwa and Yankalilla for the lifestyle. It is hard on family life as these people are away for two or three weeks at a time and the wives, husbands and children are left to get through those times. That is the life they choose.

However, as time goes on and more and more jobs are created and more and more people choose to live in electorates such as mine for the lifestyle, that is going to be a big drain on state government resources in providing infrastructure, whether they be health facilities or educational facilities. It is going to require increased power infrastructure and it is going to need more water. In my electorate on the Fleurieu, Myponga dam was built some 30-odd years ago, off the top of my head, and it catered for a very small population. Myponga dam is running full bore at the moment, and there is no threat of running out of water down there.

We will need to look at just what infrastructure is required, and I dare say that in 15 or 20 years' time one of my successors, whoever that may be, will probably be standing in this place talking about the necessity for increased infrastructure in the electorate. That is going to happen, and it is going to happen in the minister's electorate because there will be people down there. It is going to be good, but it is going to require huge amounts of additional state government resources over and above where we are at the moment.

I look forward to it. I know that it is going to be good for the people of South Australia. We have been given limited information, understandably, and I know that members of the government who were in on the contract—given that it is a contract between the government and BHP Billiton and not the parliament—are probably more conversant with many of the issues. There were members from our side who were involved and given information, some of which was in-confidence, and I appreciate and understand that, so there are probably a lot of things that they are aware of that we are not, and that is just how it is.

I must say that I am rather bemused, as I am sure other members are, to have members on the other side now avidly supporting this mine extension, given their depth of feeling about it some 29 years ago, but things change, people change and members come and go.

**The Hon. M.J. Atkinson:** I always supported it.

**Mr PENGILLY:** Good on you, Mick. That leads me to the next thing. I am all in favour of nuclear power; I am a great advocate for nuclear power, a supporter of nuclear power, and one of the things we do need to think about is the issue of uranium and the future needs of this nation for power. We are roaring around now selling a lot of this uranium and what not off, digging it up out of the ground and exporting it, but in 150 or 200 years' time, when they are seriously looking at opportunities for power generation in this nation and in this state, they might wonder why we are selling everything at the moment.

That does concern me, and I think there is no doubt that future generations will scoff at some of the things we put in place, including the Arkaroola Wilderness thing. They will mine Arkaroola; they will think keyhole surgery, or whatever they call it. They will mine it because they will need it. They will mine Antarctica. They will be looking for oil in Antarctica—

*The Hon. M.J. Atkinson interjecting:*

**Mr PENGILLY:** Well, you may be right; I am not getting into that debate. Future generations will question some of the decisions we have made as much as we now question decisions that generations in the past have made. You make decisions on the day that you hope will have long-lasting, good effects.

I see a great future for South Australia in the production of hydrogen fuel from the sea. Some years ago, when I was involved in the tourism industry, I had someone from the oil industry, from Mobil in Texas, who I took on a tour of Kangaroo Island. We stopped at Vivonne Bay, and he looked out across over the Southern Ocean and said 'You guys are blessed. There's your power source for the future.' I said 'What are you talking about?', and he said 'Hydrogen, that'll be the next source, when the oil runs out.' So perhaps that is something we could be looking at.

This mine expansion will be wonderful for the state of South Australia. It will be nine or 10 years, or whatever it is, until we get some financial benefit through royalties, but all the hard work has to be done initially. I remember the former premier standing here and talking, in his second reading speech, about how it will be the biggest truck order ever, the biggest open pit mine in the world, and so on. I read it with interest, and I actually distributed his speech to some of my branch members to read, so that they knew exactly what was going on.

I talked recently at a meeting of the Southern & Hills Local Government Association, a combination of a number of councils in our area. I gave them copies of that second reading speech, and I gave them copies of the bill for a bit of light reading—and wished them all the luck in the world. It is an important issue, and they need to understand—and I am not sure that they do—just how big this thing will be. They probably pushed them to one side and did not read them; however, in 10 or 15 or 20 years, when they come squawking to the state government about not having enough money to put in the infrastructure to cater for all the people moving there—and more than likely it won't be us worrying about it—they will need to be reminded that this material has been circulated.

I know that the member for Bragg spent countless hours reading the speeches from the original bill, back 29 years ago; reading through that and reading the contribution of Norm Foster. So whether they look back on the speeches we make now I do not know, or where they go with that, but it is in the best interests of the state and the nation. We have these two enormous nations to our north, India and China, that are developing rapidly. I am not getting into a debate on exporting uranium to India or whatever, but these places have such huge growth potential and they are looking anxiously for our resources. We have them, but we have to make sure that in times to come our nation has resources that can be used for future generations. We do not want to throw out the baby with the bath water, in my estimation.

So I look forward to the process. I wish the bill a speedy passage in this house, which I am sure it will get. I am not so sure it will get such a speedy passage up the other end of the building; we will wait and see. Should some of those members up there want to hinder, obstruct, or slow down the passage of such an important bill for South Australia they will know what I think, I can tell you. They need to know. They need to know, because you cannot pander to 10, 12, 13 per cent of the population who want to wrap everything up in cotton wool and not do anything—

*The Hon. M.J. Atkinson interjecting:*

**Mr PENGILLY:** You agree, Mick? Come over by me and we can get right into it. We cannot let minority groups push and shove and ruin the future for the vast majority of South Australians of this generation, future generations and our children who rely on jobs in an attempt to grandstand now and grab the spotlight. I do not think that I need to say any more. I think I have made my point, as have other members here. I am sure that when we go into committee there will be numerous questions asked. I wish the bill a speedy passage and conclude my remarks.

**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.

**The Hon. J.W. WEATHERILL (Cheltenham—Premier, Minister for State Development) (19:46):** The passing of this indenture through this place will mark another significant step forward in the life of this world-class project. The proposed expansion of BHP Billiton's Olympic Dam mine is a project like no other in this state's history. There is no doubt that this project is good for South Australia. It is good for our economy, it is good for our jobs and it is good for our future prosperity.

Not only will it ensure South Australia's place as one of the world's best mining jurisdictions, but the project will also provide a rare opportunity for huge benefits to flow on through our standard of living. It will lead to new opportunities for regional development, leveraging off the supporting structure. The project will transform South Australia by bringing unprecedented wealth and economic opportunity to the state well into the next century.

Olympic Dam is the world's largest uranium deposit and the fourth-largest gold deposit on the planet. It is also the world's fourth-largest copper deposit, currently producing around 180,000 tonnes of copper each year. Under the proposed expansion, that would increase more than fourfold to around 750,000 tonnes per annum. The ore body itself is valued at more than \$1 trillion. By 2050, the size of the pit will grow to about 4.1 kilometres long, 3.5 kilometres wide and one kilometre deep, and the entire mine site will eventually stretch the equivalent distance of Gepps Cross to Flagstaff Hill.

Olympic Dam is already a significant contributor to the South Australian economy, contributing \$1.7 billion a year to the gross state product and around 12 per cent of our state's exports. More than half a billion dollars a year is spent by BHP directly on contracts with South Australian businesses and services.

However, the expansion would see this contribution to the state's economy increase significantly, bringing Olympic Dam's total annual contribution to South Australia's GSP from \$1.7 billion a year to \$8.6 billion a year operating at full capacity. BHP estimates that the expansion would generate up to 6,000 new jobs during construction, a further 4,000 full-time positions at the expanded open pit mine and an estimated 15,000 new indirect jobs. Madam Speaker, you will be pleased to know that this includes 6,500 jobs in the Upper Spencer Gulf region.

Regional development is a key outcome of this expansion. The project touches many regional areas in the state, from Roxby Downs, Andamooka and Woomera to Whyalla, Port Augusta and Eyre Peninsula. It will generate considerable development opportunities in these regional areas, particularly through wealth generation, increased employment opportunities and the use of local services and companies.

The expansion includes a doubling of Olympic Dam's current smelting capacity, and the bill provides for BHP Billiton to process ore from other mine sites. This will not only value-add opportunities to existing and future mines in the region but will also increase the total volume of minerals processed in this state.

To facilitate these opportunities, BHP Billiton will develop an industry and workforce participation plan that outlines initiatives to maximise opportunities for local industry for the workforce and for the use of local service providers. Furthermore, the state government is also working to ensure that the local industry sector is positioned to take advantage of the long-term growth that the proposed Olympic Dam expansion offers.

To that end, the state government is developing a strategy to build local value chains from the proposed Olympic Dam expansion project, as well as the mining industry as a whole. And, Madam Speaker, this is where I think the real opportunity exists with this incredible project. It is crucial that we have a manufacturing sector that complements the mining industry in this state. It is here that the crucial role for government needs to be played, as well as the right policy framework, to develop the necessary relationships between mining, manufacturing and the public sector to ensure that the potential transformative effect of the expansion is realised.

I think that some of the enterprises that will spring from the expansion have not yet even been imagined. The opportunities exist in the minds of some of our best scientists, our best engineers and our best managers who can supply the solutions not only to this mine but also to mines around the world, and not only the mining industry but the civilian applications outside the

mining industry for these new technologies that inevitably will spring through the opportunities presented by this mine.

Some of the members opposite have mentioned in supporting the bill that they could have negotiated a better deal for the state. I can assure this house that we did not discount South Australia's future to get this agreement signed. The member for Port Adelaide and the former premier should be commended for the way in which they negotiated this deal. Madam Speaker, BHP Billiton will pay the same royalty rates that other mining companies pay under the Mining Act. The company will pay the same rate for water from the Great Artesian Basin as others do—for the first time paying for water that, under the previous indenture, was totally free.

The new indenture sees more comprehensive environmental managing compliance regimes for Olympic Dam, bringing the legislative framework for the mine into line with our Mining Act. BHP will develop a stringent program for the protection, management and rehabilitation of the environment that is the subject of strong compliance and enforcement.

Madam Speaker, under the indenture, the Olympic Dam mine will be subject to the Environment Protection Act for environmental authorisations for the project, ensuring the independence of the EPA for environmental approvals, licensing and necessary compliance action. In addition, BHP Billiton is obliged to produce a greenhouse gas and management plan which will detail its commitments to greenhouse reduction and ensure that there are those consequential reductions. This includes using a renewable energy to totally power the desalination plant and the water pipeline (piping hundreds of kilometres) and installing solar hot water systems (or equivalent) at the Hiltaba Village.

Furthermore, BHP will provide the state with a rehabilitation security in the form of a performance bond to secure the performance of its rehabilitation obligations. This is a cornerstone agreement for the state, providing the state with guaranteed financial security against the rehabilitation requirements at any time with the Olympic Dam project.

I turn now to the opposition of those who have made their public remarks about this project in more recent media reports, and, in particular, I note the position of the Australian Greens. I note their opposition to the bill and, of course, to the proposed expansion of Olympic Dam. Their opposition to the bill springs from one fundamental proposition, that is, their declared policy to oppose uranium mining—no more or less than that.

The suggestions, the questions they raise, the amendments that they propose (we are told 100 in total) do not spring from an attempt to alter the nature of the indenture to permit the expansion to occur: it instead springs from an intention to prevent the mine from going ahead, because it is their declared policy to oppose uranium mining. There is no sense in which the Greens' amendments or questions they raise concerning this bill are about a genuine concern to improve the quality of the indenture. They are more honestly expressed as an intention to frustrate the whole intention to proceed with the expansion.

One powerful example of that is the proposition they raised today that no Roxby expansion should be considered if it was not considered exclusive of the uranium aspect of the mining. In other words, the proposition is that BHP should mine the uranium ore, separate it and then replace it back into, presumably, the ground from which it was taken. One only needs to reflect upon that for a moment to realise how absurd it is and to realise that at the heart of that proposition is not a serious attempt to propose an alteration to the arrangements in the indenture, but instead an intention to frustrate the whole purpose and viability of this scheme.

There is no mining company on the face of the planet that would accept such an absurd proposition, and the Greens either know that, or should know it, yet they propose it, not to honestly suggest that they are doing it to frustrate the operation of the mine, but somehow offer it as an improvement or alteration to the indenture agreement.

**The SPEAKER:** Excuse me, Premier. Could we have a little bit of quiet from my left, please. I can hear your conversation, so I am sure that other people can as well. If you want to have a chat, can you go outside. Can we hear the Premier in silence, thank you. Premier.

**The Hon. J.W. WEATHERILL:** The proposition being put by the Greens is that somehow this uranium should be restored to its place in the earth, ignoring the fact that the uranium is bound up with copper and other materials and that the process that would be needed to separate it from the other ore components would be at precisely the same expense that would be needed to separate the uranium for the purposes of sale. For them to promote that demonstrates that this is



not a serious proposition to improve the project, but in fact an excuse to hide behind what is, in truth, their opposition to the project, their opposition to the mine as it currently stands and their opposition to the expansion of the mine.

One needs to reflect upon why it is that they would be promoting such an absurd proposition. There can be only one explanation for that; that is, they are aware that there is a community consensus for the government's position. The government's position is that we should proceed with this expansion and that the deal that has been negotiated with the company is a good one that is in South Australia's interests, and the Greens know that the majority of the community support that proposition.

Instead of taking that proposition head on and seeking to argue, as their policy suggests they should, that there should be no uranium mining at Olympic Dam and, consequently, no expansion, they would have to make their case about that, and they have chosen not to do that. What they have chosen is the least honest way of approaching it; that is, to seek to frustrate, to delay and to deter BHP from its course to seek to promote questions.

There is one fundamental question that they will refuse to answer; that is, what are the conditions upon which the Greens, as represented in the Legislative Council, would be prepared to permit this expansion to go ahead? They will not answer that question because there are no conditions upon which they would be prepared to allow this expansion to go ahead. That is the dishonesty in the debate and that is what we are having to grapple with at the moment. That is why I have asked to see the Hon. Mr Parnell and why I am asking him to drop the myriad of questions, questions that have been asked and answered before, and amendments which do not spring from a genuine attempt to improve the quality of the indenture.

Another example of the extent to which there is disingenuousness about the propositions being put by the Greens is their suggestion, in today's media reports, posing this innocent question: why isn't the company committing to an investment in cleaner energy to meet its increased electricity demand to reduce its enormous increase in the state's greenhouse pollution of 12 to 15 per cent?

That is obviously put out there to seek to excite community anxiety about the effect this is having on greenhouse gas emissions, yet they completely and wilfully ignore what has been probably the most significant commitment that the company has given in the indenture, which is that in its commitment to this BHP Billiton has created some of the deepest cuts in emissions through its greenhouse gas and energy management plan that have been committed to by any company in any arrangement of this type anywhere in the world.

This allows the company to make the most commercially viable decisions towards achieving its goal of reducing 4.7 million tonnes per annum of CO<sub>2</sub> equivalent emissions (the 250 target stated by BHP Billiton) to approximately 0.1 megatonnes, in other words, from 4.7 million tonnes to 100,000 tonnes per annum: the most extraordinary commitment to reduce greenhouse gas emissions.

This is the largest single greenhouse gas abatement undertaken anywhere in Australia and it would be amongst the largest, we imagine, in the world. Such decisions are obviously ones that will excite community anxiety when they are not drawn to the attention of the community. This information was known by the Greens and yet they chose, in posing their questions today, to wilfully ignore this commitment.

The public reporting that will occur on the roadmap developed by BHP Billiton will report on the progress towards meeting these targets and will quantify emission-reduction opportunities and achievements, and the decisions of the company will be exposed to public scrutiny along the way. The government will continue to work with BHP Billiton to develop a voluntary sector agreement on greenhouse and the use of renewable energy under our Climate Change and Greenhouse Emissions Reduction Act 2007.

The information that the Greens are putting out there is calculated to undermine community confidence in this project. The questions are not designed to extract concessions that will permit the Australian Greens to support this project: they are merely excuses and opportunities to frustrate and delay the progress in an attempt to deter BHP from making its decision, hoping that by putting some distance between the passage of the indenture and today they will frustrate the process of approval for BHP.

That is something that we are not prepared to cooperate in. We have responded to every reasonable inquiry from the Greens, and any other community member, for information concerning this project. It has been subject to the most rigorous environmental assessments, and we continue to make ourselves available to answer any reasonable question concerning this. I have made arrangements to meet with Mr Parnell. I will answer his reasonable questions.

I will ask him to facilitate the passage of this legislation in a reasonable time period, subject to the proper processes of the other place. This could not be a more important project for our state. It has the prospect of being transformative for our state and our economy, both socially and environmentally, and I commend the bill to the house.

**Mr TRELOAR (Flinders) (20:04):** I have the privilege of being the last speaker from the opposition on this particular bill, and I am pleased to take up that opportunity. I rise, as have my colleagues, to support this indenture ratification. It is an extraordinary document—176 pages—and I congratulate all those who have been involved with the development of this particular document. The Olympic Dam expansion is an extremely exciting proposal. It is obviously a critical project for the state's economic future; it is pivotal in the state's history.

It is not the first time that mining has played a pivotal role in the state's history. As has been mentioned in this house before, I am sure, the early days of this colony were quite difficult until the discovery of copper, firstly at Kapunda, followed soon after at Burra, and not too many years after that in the Copper Triangle around Yorke Peninsula.

**The SPEAKER:** Order! I ask members on my right to show the same courtesy that members on the left showed the Premier in the last part of his speech. I am finding it difficult to hear the member for Flinders.

**Mr TRELOAR:** Thank you, Madam Speaker. As I was saying, it is not the first time that a mining venture has played a pivotal role in this state's history. As we have heard a number of times today and yesterday, this will become the largest open-cut mine in the world. Various analogies have been drawn; one that I heard very early on is that the hole, the pit itself, when complete, will be the size of the CBD of Adelaide, including the Parklands, and the Premier mentioned that the mine site itself may extend from Gepps Cross to Flagstaff Hill.

It is an extraordinarily sized venture. We are looking at uranium, copper, gold and zinc. It will be the largest uranium mine in the world. Another significant analogy I heard was that to shift the overburden, before reaching the ore body of this particular mine site, will require BHP to shift a million tonnes of overburden every day for four years—an extraordinary effort and extraordinary commitment by the company before actually turning a profit.

This is an amendment bill, an amendment of an original indenture, and we have heard a little bit about the history of how the ore body was first discovered in the 1970s, the development of the original Roxby Downs mine by Western Mining, and some of the politics around that. The first indenture bill was passed through this parliament in 1982 and the Roxby Downs township was established. At that time, I do recall it being very much an employment opportunity for many young men from my part of the world on Eyre Peninsula.

The farming community at that time was going through some difficult times, and many farmers' sons ventured north to the mine at Roxby Downs for employment; some stayed just a short time, a couple of years, some stayed much longer, and some are still there. It gave an employment opportunity that would otherwise not have been there. I have had the opportunity to visit Roxby Downs, the township, three or four times in the last 12 months or so, and you cannot fail to be impressed by the layout of the town, the sense of community that exists and the commitment of the people to both the mining operation and to the town itself.

As a result of this, mining will now undoubtedly be an important growth sector of the South Australian economy in the coming years—the coming years, the coming decades, and possibly even the coming centuries. We have heard that the investment will be in the hundreds of millions of dollars, possibly billions; the jobs, both on site and those that it creates in support, will go into the thousands. One particular concern I do have about the increased employment opportunities, and the opportunities that mining gives with its attractive wages, is the potential it has to take workers away from our traditional primary industries, as in farming and fishing.

I know this is a challenge that our farmers are conscious of, and a challenge that our fishers are conscious of. On the plane coming over from Port Lincoln a few weeks ago, I happened to be sitting next to one of the employers, the tuna farmers, in Port Lincoln. I put to him, 'How are

you going to be able to compete with the wages that are offered by the mining industry?' He was quite frank. He said, 'Well, we can't. We can't compete with those wages and we'll just have to make our industry attractive in other ways and achieve efficiencies the best way we can.' So the global market is going to be tight, there is no doubt about that.

There will be an opportunity for many South Australians to gain employment and provide services to this venture. The labour market now is global, and I have no doubt that the labour force at Olympic Dam will also be provided for from around the world, and possibly even those gaps in the labour market that I alluded to earlier that are as a result of these could also be filled by what is now a global labour market.

It has become quite obvious that our natural wealth in this state has become extraordinary. We talk much about the Gawler Craton. It is a huge area in the western north of this state. There are extraordinary mineral deposits, some yet to be discovered, I have got no doubt, but what characterises it is that invariably the deposits are at depth. There is a certain amount of risk and a large amount of investment required to access and develop those resources.

However, we are whether we like it or not inextricably linked to the Chinese economy in the 21<sup>st</sup> century. The demand from China is beyond belief almost. I have been fortunate enough to visit China twice, once in 1985 as a relatively young man, when China was just in those very early days embarking on industrialisation, and just three years ago I visited it again with my wife. I had the opportunity to speak at a conference, in fact. In the ensuing 25 years I was confronted by the change in the Chinese way of life and the Chinese economy itself.

China now is careering into the 21<sup>st</sup> century. Their demand for product is insatiable. We are in a good position to provide that product that they need in their quest for industrialisation. China is starting 200 years behind the west, most of Europe, and we cannot deny them that opportunity. There is a growing population. The population, think, is about 1.4 billion and the economy is growing quite rapidly. Following on from that, I have got no doubt that it will be India and ultimately South-East Asia as well. We are well placed to provide, with our natural resources, those economies with what they need.

For the last 10 years or so we have been told that South Australia is on the cusp of a mining boom. Indeed, the former premier, the member for Ramsay, was very fond of telling us here in this place about a number of new mines that have been developed during his premiership.

The reality is that we have yet to fully realise what that exploration activity has to offer, and reap the benefits of a mining boom. A good example of what can happen is what we have seen in Western Australia. That state has been spoken about in this place as has Queensland, and the economic activity and wealth that is generated from a mining boom. For any of you who have visited Perth lately it is interesting to see how that city has developed both its population and its infrastructure all on the back of the mining boom. We have that opportunity now.

As the representative of the electorate of Flinders in this place the Eyre Peninsula is also host to a great deal of mining exploration at the moment. I believe the future is bright in that regard also; but once again often the rhetoric has not matched the reality. Apart from Iluka in the state's Far West (north west of Ceduna) where mineral sands are being exploited by Iluka and shipped out of Thevenard—

*Mr Pederick interjecting:*

**Mr TRELOAR:** It's a huge operation and will be ongoing for many years. I visited that site and plan to visit it again soon. It is environmentally sustainable. The way in which the mine is operated and the landscape repaired after the mining operation has been done is a credit to the company. The development of the rest of the iron ore bodies, in particular, on Eyre Peninsula appears to be getting closer but, once again, it is fraught with all sorts of difficulties, both environmental and, not the least, raising the capital to be able to develop it.

It does offer, as Olympic Dam does, the opportunity to garner investment into infrastructure; infrastructure that would not otherwise be developed, such as ports, power generation and transmission, transport, roads, and we have heard about the railway line that will be servicing Olympic Dam.

Referring back to Eyre Peninsula, should the mining industry really take off on Eyre Peninsula, we have the opportunity to piggy-back off that really to establish and make real gains in our infrastructure, because investment in infrastructure has been sadly lacking, particularly in the regions, over the last number of years. Amazingly enough, we are not able to generate or transmit

enough electricity to provide a sustained and equitable supply to the businesses and homes of the regions.

As we look at the Olympic Dam project in the context of the state's mining future, I do believe it is a good outcome that the parliamentary Liberal Party has supported the passage of this bill; it has been bipartisan in this house. As a result, the ratification of the indenture agreement will be for the benefit of the whole of South Australia. Our challenge will be to capitalise on the wealth generated and make good use of the wealth and the other investment opportunities that this will generate, and for all South Australians to share in this wealth.

In the few minutes remaining, I would like to touch briefly on the issue of the desalination plant associated with this project. As we know in this state, mining companies are required to source their own water. Up until now, BHP has drawn water from the Great Artesian Basin, free of charge, I might add. Of course, as we now know, the amount that they are drawing out and the fact that they are able to access that for free are not sustainable.

A desal plant was proposed as a way to supply the water required for this mine expansion and mine operation. A number of sites were proposed. The Upper Spencer Gulf is the site that has been settled upon. I have to say in this place, as I have said before, that there are many, many concerns still in my electorate about the siting of this plant in the upper gulf. Other sites were proposed, particularly on the West Coast. That, in the opinion of many of the residents on Eyre Peninsula, would have been far preferable.

I understand it would have been at a greater cost, but of course the environmental risks of siting a desal plant in the top of the gulf are great, despite the fact that the environmental impact study has been conducted, and BHP have made some changes to its proposal. The referral of the desal plant issues to the Environment, Resources and Development Committee of the parliament did, in my opinion, mean that the Liberal Party was able to articulate some of these concerns that various groups and industries had about this plant.

I would argue that referring these issues to the committee has helped to raise the profile of the environmental issues to the point where I believe BHP has made considerable concessions, and there are now strict environmental guidelines in place in terms of salinity, etc. The Environmental Protection Agency (EPA) will be required to issue a licence to operate this desal plant. There is an opportunity still, I believe, to have some input into the development of those licensing arrangements and responsibilities. No doubt there will be a number of environmental groups and fishing groups who will take the opportunity to do that.

The cuttlefish have been top of mind, of course, in regard to the desal plant and its outflow but, for mine around the Spencer Gulf, certainly some fishing industries—line fishing, aquaculture and the prawn industry in particular—have been quite vocal in raising their concerns. As the member for Hammond mentioned just a moment ago, the Spencer Gulf and West Coast prawn fishing industry just yesterday was awarded by the Marine Stewardship Council certification as a sustainable fishing industry. It is well deserved. They value it and they want to preserve that. They will be doing everything they can to ensure that their fishery continues.

I must say that the fishing industry and the seafood industry feel like they have been taking a bit of a battering of late with the announcement of the desal plant at the top of the gulf, and its unknown consequences, and the other proposal that the government has on the table at the moment around the marine parks. I guess the licensing arrangements, as I alluded to, around this desal plant will be thrashed out as this project progresses. The desal plant is still a number of years away, and we look forward to having further input into that.

This is a moment in history. It is one of the defining moments, I believe, of this state and of this parliament. One comment I would make is that I have been a little bit surprised by the lack of contributions from the government benches, given the historic nature of this indenture and the fact that it will have a lasting impact on this state's economy and the way we do business generally. I was a little bit surprised about that. I guess in a way if it is out of sight, it is out of mind, but we do all require a growing economy and we enjoy the luxuries of modern life, and there are things we need to do to ensure that that takes place.

I will finish by complimenting all on the work that has been done thus far: the member for Port Adelaide, the former premier (the member for Ramsay) and the contributions and efforts that have been made on this side as well. I do thank BHP for taking the time to include us at least for part of the way in their discussions and also giving us the opportunity to attend briefings, which was of great value I must admit.

During those briefings we also had the opportunity to pose questions, gain answers and satisfy ourselves as to the way the project was unfolding. My compliments go to all those who have worked on this thus far, and I must also say good luck and compliments to all those who will be involved with the project from hereon in probably over the next century.

**The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (20:23):** We have passed a sizeable step in the long process of passing this indenture. We are not there yet, but I do want to place on record my thanks to members opposite and members of the government who have, I think, behaved in a most patriotic way in the way we have dealt with the passage of this legislation.

I place on the record my deep appreciation for the way I have worked with the Deputy Leader of the Opposition. They were faced with some very tough obstacles leading up to this. They were faced with very short time lines in terms of briefings. They were faced with allowing the second reading speech to pass with only two speakers, and they had to rely on the word of the government that they would be given the opportunity to speak during the committee noting the report. The government has delivered, and I thank the opposition for the trust that they have shown the government. I think this is a very good template for future legislation.

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** I know all is not that well, and I am looking forward to the committee stage to deal with some doubting Thomases.

Motion carried.

In committee.

Clauses 1 to 13 passed.

Schedule 1.

**Mr HAMILTON-SMITH:** I found when entering into business contracts and negotiations, it is a very good idea to read the fine print and to understand what you are signing up to. Supportive though we are of this measure, and passing it unanimously as we are without delay, it behoves the parliament to have a very clear understanding of what we are signing up to. The reason for that is that we are signing up on behalf not only of ourselves, but also of our children, our grandchildren and our great grandchildren.

I am particularly focused on clause 12 which relates to the use of local professional services, labour and materials, because, as mentioned in the second reading debates, we need to ensure that South Australia gets the benefits. My concern with this clause is that, although the pathway towards creating jobs in South Australia and letting local contracts is paved with good intentions by BHP and the government, what is in the letter of the indenture ultimately will underpin whether or not BHP's performance on local jobs can be measured and enforced. Subclause (1) states:

The company shall for the purposes of this indenture, as far as it is reasonable and economically practicable—

and it goes on to describe a range of things that BHP undertakes to do, and particularly in paragraph (d) where it states: 'give proper consideration and, where possible...' etc.

My question to the minister is: while BHP has the best of intentions, I am sure, how can he use this clause to ensure that BHP does deliver on jobs? As I read it, the indenture and this clause do not require BHP to create one single job in South Australia. We all know they will and we all know that they have stated intentions to do this and that, but how does this clause require, in an enforceable way, BHP to do the things that it says should be done under clause 12(1)?

**The Hon. A. KOUTSANTONIS:** As the shadow minister for industry and trade would be well aware, there are WTO arrangements that prohibit jurisdictions precluding other jurisdictions bidding for work. Of course, the Australian Constitution itself precludes us compelling companies hiring just South Australian—

**Ms Chapman:** Not even an Australian.

**The Hon. A. KOUTSANTONIS:** Exactly. While I understand the member's point and I think his question is also paved with good intentions, of course, the truth is this: BHP and the

government have come to an agreement that they will do their very best to ensure that local contractors, the local workforce and local bidders can, as much as practicable (and that is economic), be given an advantage to bid for work. BHP can break down the contracts to smaller sizes to suit local companies.

Ultimately, BHP is a publicly listed company that has the interests of its shareholders at heart and we have the interests of the South Australian people at heart. What will give the maximum benefit to the people of South Australia is that this mine is located in South Australia. Because it is located in South Australia, our local manufacturers and local suppliers have a cost-competitive advantage over their competitors; that is, they are closer to the site, they are closer to the workforce and their costs are less to deliver to BHP.

Ultimately, we cannot—and, quite frankly, will not—preclude interstate companies bidding for work, because other state governments would retaliate. For example, I suppose the obvious one is vehicle purchases. If we cease purchasing cars manufactured in other states or, indeed, cars manufactured overseas, those jurisdictions would retaliate and not purchase cars manufactured here. So we are trying to get the balance right. Is it perfect? No. But I think it is a very good outcome for the people of South Australia that BHP will do everything it possibly can to make sure that local manufacturers are given every opportunity to bid for work.

**Mr HAMILTON-SMITH:** Thank you, and I note the minister's response. Of course, this argument was used during the briefings, and I understand the point the minister is making. I am not talking about insisting or requiring BHP to use South Australian firms. I am not talking about any act in the indenture that might look like it is compelling or compulsory—I am not talking about that—because, as the minister points out, other states would retaliate and there is free trade across borders.

What I am saying is that this has been, in essence, a commercial negotiation. BHP is saying that it will provide a certain level of local business employment. They are saying that and they intend to do that, and my point is: on a commercial basis, BHP could have said in this indenture, 'We will ensure, we will guarantee you, that at least 15 per cent or 20 per cent of the jobs will go to people who reside in South Australia.' It could have been higher.

The minister might say, 'No, that would be wrong,' but just this morning the Public Works Committee heard that in regard to the Adelaide city stadium, DTEI has agreed with Baulderstone that a rate of, I think, 15 per cent of jobs will be sourced in South Australia in accordance with a certain industry participation formula the government has.

I guess I ask: why would it not be possible for BHP to state and bind itself to the commercial KPIs (key performance indicators) that it has publicly gone out and said it will meet but has not been prepared to put in the indenture—on a commercial basis. I am not talking about anything that breaches WTO rules.

**The Hon. A. KOUTSANTONIS:** I did not say you did, and I do not see that there is any reason to be combative about this at this stage. I accepted your question in the spirit in which you asked it and I answered it. I was not trying to be combative about it at all, but I will say this: BHP must provide, I am advised, an initial Industry and Workforce Participation Plan within nine months of the ratification date outlining initiatives to maximise opportunities for local industry, workforce diversification, use of local service providers through opportunities for employment and workforce development, local suppliers and value-adding activities, support for regional development and Aboriginal economic and workforce development and opportunities for research, development and innovation.

The plan will be updated by ODC every two years after the variation date, and the ODC must report annually on the outcomes of the implementation to the indenture minister. Within that participation plan, subsection (5) of clause 12 provides:

The company shall, by not later than nine months—

and it is required that it does do this—

after the ratification date, submit to the minister a two year plan describing the company's strategies or plans to maximise opportunities for local industry, diversification of its workforce and expansion of its use of local service providers (an 'Industry and Workforce Participation Plan') through—

- (a) opportunities for employment and workforce development, especially for young people and Aboriginal people;
- (b) opportunities for competitive local suppliers;

- (c) opportunities for value-adding activity by local companies or through inward investment to South Australia;
- (d) support for Aboriginal economic developments;
- (e) support for regional development;
- (f) opportunities for research, development and innovation; and
- (g) any other appropriate opportunity for the expansion, development or diversification of local industry, workforce or service provision associated with a project.

It goes on to talk more about that Industry and Workforce Participation Plan. Ultimately, I think it is a very robust procedure that BHP has entered into and agreed to with the government. Of course, I will be held to account, or whoever the indenture minister is will be held to account, because that report will come to me every two years, and I think rightly so.

The public of South Australia will hold us to account on it as well, but I think that, when you look at any endeavour of this size, there is bound to be international and interstate investment in South Australia because of the size of the work, but it will also mean that BHP would look to local industries to supply its operations. It is only normal and natural; and, again, by preparing these plans which are legislated and which must be submitted to me.

I think that it is a very robust practice. I also think that, given what I said to you earlier about other states retaliating and WTO requirements, we have got a very good balance. Like I said earlier: is it perfect? No, but it is a very robust plan.

**Mr HAMILTON-SMITH:** I have got few questions on this clause, Mr Chairman. I have still been dealing with clause 12, subclauses (1), (2), (3) and (4). I thank the minister for his reply. I note that subclause (4) provides:

Nothing in this clause 12 shall require the company or an associated company to act other than upon commercial considerations.

Fair enough. I note that subclause (2) provides:

The state continues to support the availability of analytical, process, research and development and other scientific and technical service in South Australia and the company, in accordance with the provisions of clause 12(1), shall give reasonable consideration to the use of such services...

Again, this is the language of 'will use its best endeavours', 'will try', 'will do its best but will not be held to account on performance'. I accept that as a fact, but the minister a moment ago was talking about subclause (5), the Industry and Workplace Participation Plan, all of which is good. There will be a plan, and I will refer a question about that in a minute. But if you look at subclause (7), it provides:

The company or the minister may make the Industry and Workplace Participation Plan or annual report publicly available...

'May'. To me, what that means is that the company is under no obligation to make it publicly available at all. It is up to the government of the day to choose whether it wants to reveal BHP's performance to the plan. If BHP is not performing, the government of the day may have no interest in telling the people of South Australia that jobs are not being created in South Australia and that the workforce is predominantly flying in and flying out from interstate or overseas.

So, where is the openness and accountability in that? Why did the government not insist that the company make it available in its form? Let me leave it at that in the first case: why did you not require BHP, and use the words 'the company must make it available', rather than 'may'?

**The Hon. A. KOUTSANTONIS:** Because there are two parties to the clause. So, either the company may or the government may. There is no reason to compel both. I give this commitment, that I will make it public.

**Mr HAMILTON-SMITH:** You may make that commitment as the minister today, but you cannot bind a future government or future minister to that, whereas the legislation, were it to say 'will make it available', could. The other point I would make is this: the company is required to give you its report, but not to make it public. It then says 'the Minister may make the Industry and Workforce Participation Plan or annual report publicly available'. It does not say in what form. In other words, it does not give me an assurance that the plan or the report that the government might make available (and you have said that you would) will be an exact version of what the company has provided.

The government may choose to edit it, it may choose to produce an executive summary, or it may choose, if you like, to cherry-pick what it makes publicly available and not make verbatim the actual performance report from BHP, because a future government—and it may very well be this side, it could be that side, it could be anybody—might be a little embarrassed or not want to take the heat if BHP is not performing to that plan. So, I would make the point that, would it not have been better for the bill to provide that the company must make it available and the government must make it available, and in fact, the government's comment and supplement available as well, because the government, I am sure, will have a report of its own on BHP's report.

**The Hon. A. KOUTSANTONIS:** I am not a conspiracy theorist. I do not believe that BHP (a publicly listed company) would do anything other than protect its commercial viability and any commercial contracts it may have. We will make things public; it is not in anyone's interest not to. I have just been given the example of the Alice to Darwin rail link where there was only one tenderer and the government was being compelled to release information that was commercially sensitive towards that one tenderer.

I think that what we are doing here is making sure that we are protecting a public company in doing its business, but also being as open and transparent as we possibly can. Obviously, I am not going to convince you that the government and BHP's intentions are the very best, because you are looking, I think, to make a point (probably a political point), but my view is that any minister who attempted to keep the workforce participation plan a secret from the public would not last very long in the job.

Going back to an earlier question: how can the minister use the clause to ensure that BHP will do the things in clause 12(1)? Not only is it the government's intention to make the plan and annual reports public, but it will contain those strategies and plans. So, I think that reporting process will also aid in that being made public. If you attempt in any way to hide that it would put a great deal of pressure on whoever the indenture minister is.

**Mr GRIFFITHS:** A question on timing: as I understand it the plan has to be presented to the minister within nine months of the ratification being endorsed. Within nine months of the ratification the plan has to be presented to you, as the minister. On that basis, if it is around Easter of next year when the BHP board makes its final decision (therefore, some five months into the future), there is a four-month lag time in between that final decision and the presentation of the plan.

I have some concerns about the level of decision-making that is going to occur over the next nine months. I think the term that we were given was a 'no regrets investment'. Four months after the final decision by BHP about the level of investment that is going to occur, where there is no publicly-available plan to scrutinise where the level of BHP is going to happen, what level of negotiation has occurred about the nine-month period? Was there an effort to bring that back to a tighter time frame to give South Australian businesses some confidence that they would have an opportunity, through the plan, to seek investment opportunities?

**The Hon. A. KOUTSANTONIS:** The truth is (the Leader of the Opposition explained it exceptionally well on ABC Radio in the Riverland) that the company is basically already out doing this work now because the preparation for this venture is so massive that the company cannot just wait for the ratification, it is actually out there now.

It is also important to remember that under the current operations at Olympic Dam, 65 per cent of the workforce is already sourced locally; that is, they are South Australian. Given that the company has already started that work—because you are right, you cannot wait nine months. We cannot have the ratification and nothing happens, because there is a queue of works in place that BHP must do. If they skip those time-slotted works that have been planned well in advance in preparation for the indenture passing in certain time lines that have been negotiated with the government, then they are set back dramatically, hence Mr Parnell's tactic in the upper house to try to delay the indenture for as long as possible.

Ultimately, if the company is not planning that now (advice is that they are), they are going to fall behind and miss those time lines. This is a very large venture so they are already beginning. You will find in your own constituency of the Yorke Peninsula that there are local suppliers supplying Rex Minerals, and I am sure if you speak to them that many of them will also probably be engaged by BHP Billiton.

**Mr GRIFFITHS:** That is the emphasis of my question—the nine months before the delivery of the workforce participation plan—why is it such a lengthy time frame? I base that upon the



concerns that I have. There was a report in *The Advertiser* last Saturday of 3,000 accommodation units that are going to be sourced, as I understand it, from China; and 1,250 that are going to be Australian-sourced. I am sure there are suppliers within South Australia who would love an opportunity to do that, and I have had some level of contact with even small businesses in my electorate who would like to get their toes into the doorway of that. That is where they want these questions asked about what level of assurances exist for them to have an opportunity to be in the field of putting a price in to get some jobs.

**The Hon. A. KOUTSANTONIS:** I will say this: I would love to know where your suit is made. Is it made locally in South Australia? Is the pencil you are using made locally in South Australia? My point is that BHP will source the products that it needs for its mining venture. It would prefer to source as many of them as it can locally, but ultimately they are a business and they are going to base all their decisions—as well as a workforce participation plan (given the advantages of small businesses, by breaking the contracts down smaller to give them the ability to meet the time lines)—they are also going to make decisions based on cost.

Given the massive capital expenditure that they are putting in before they even receive a return on the expansion, it is no surprise that BHP has to source products from overseas, because it is so large. Even if the constitution was different and we could compel BHP to buy everything locally, it would probably struggle.

I see your point. We want to give many of your local constituents and small businesses every opportunity—we all do—to bid for this work. What we are not going to do is go down a path where the government directs businesses what to buy, from whom, and at what price. This is a free market economy. Ultimately, BHP will make decisions based on that.

The reason this state is so successful—and you heard my remarks today when questioned about our export growth—is because we are such a safe place to invest; people can have investment certainty in this state without being compelled to buy things that are uncompetitive. They can employ local South Australians, as they do currently, and make a profit.

That is the reason BHP is investing in South Australia, because we are such a safe jurisdiction to deal with. I think nine months from ratification is a very reasonable time. Is it perfect? Would we like it up and running immediately? Of course we would, but we are talking about a massive undertaking that is not rivalled anywhere on the planet.

**Mr GRIFFITHS:** When the industry and work force participation plan is presented to you as the responsible minister, is it your responsibility to critique it, to review it, to determine its performance, whether it meets the expectations of government when it comes to the negotiations about this indenture bill, and indeed the development, to seek an opportunity to review, to improve and enhance it or is it just to accept it as it is presented to you and then, with the assurance you have given, for it to be publicly available for scrutiny?

**The Hon. A. KOUTSANTONIS:** Cabinet recently approved an arm of the Olympic Dam task force to engage local companies to have a voice in the Olympic Dam task force to speak and liaise with BHP about these issues. However, ultimately, by making it public—which is the commitment I have just given in the house today—you shine a light on it, and I am sure that, if it is lacking, or if it is not good enough, if it is not rigorous, you will be the first person to get up and say 'Minister, you have failed in your duties.'

The whole idea of this plan is that by making it publicly available people can scrutinise it. BHP would be put under pressure, we would be put under pressure and whoever the minister of the time is would be put under pressure. Obviously, local companies are free to go to the paper and say 'We're bidding for work and we're not getting it; we're being excluded,' or whatever it might be. You can use the participation plan as a platform for that to be scrutinised publicly, so people will know what is going on. So, yes, of course; I will be critiquing it, you will be critiquing it, *The Advertiser* will critique it, independent associations will critique it, because it will be public.

**Mr GRIFFITHS:** But do you have the power to demand an amendment to it?

**The Hon. A. KOUTSANTONIS:** Ultimately, I would consult with BHP. It is not in my nature to direct private companies.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Yes, but we are talking about me as indenture minister. I have a very consultative view, despite what you may think about me. I try to be as consultative as

possible, and I will be talking to BHP if I am unhappy with it. They are here listening now, and I am saying that if I am unhappy with it I will let them know. I am not shy.

**Mr HAMILTON-SMITH:** Still on subclauses (5) and (6), the government has chosen, on a commercial basis, not to ask BHP to spell out what KPIs it might meet in regard to local jobs and local industry participation. There are promises but nothing that they can be bound to. I would like to make two points. Nick Bianco, when asked why his business was going into receivership (and I am sure there were many reasons), why he built a \$50 million facility out at Gepps Cross, etc, was asked if he did that on the expectation that there would be work there in mining and defence. Did he over-prepare and overinvest, and make a poor business decision—

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr HAMILTON-SMITH:** —but on the expectation that there would be work there? His answer to that was, 'Yes, that's right.' Now, there are businesses right here now, spending money right now, because they have heard ministers, the government and BHP in the media talk up this project. I went to one last week. They have moved to a new factory site. They have spent a substantial amount of money. They are banking on getting work from the BHP project. I do not know what is going to happen to this quite large company if they do not get that work. They happen to be in the steel fabrication business. They told me that they are competing with Chinese product.

They told me that Chinese companies with whom they are competing are able to take our iron ore, just like OneSteel is able to take our iron ore. Off it goes to China and Australia respectively, they manufacture it into steel, fabricate it, paint it, precondition it, and get it back here for less than the Australian steel manufacturer can produce the steel. I have not tested that; that is what they said to me. They say the reason for that is that the Chinese government owns the company, or the Chinese company is in receipt of a subsidy from the Chinese government, which is enabling them to undercut our people.

I hear the free market language coming from the minister, that we are not here to tell BHP how to compete, blah, blah blah; but, as my friend the member for Goyder has just pointed out, I have independently heard the same assertion from another company who tells me that the Hiltaba construction camp has already been let predominantly to Chinese companies. Aren't you raising the flag and saying, 'Well, look, we are basically going to let this work go offshore because BHP make that decision in the interests of their shareholders'?

**The Hon. K.O. Foley:** What would you be doing?

**Mr HAMILTON-SMITH:** I am asking you, you are the government, how—

*The Hon. K.O. Foley interjecting:*

**Mr HAMILTON-SMITH:** Well, we have had Bianco go belly up. I have had other companies tell me—

*The Hon. K.O. Foley interjecting:*

**Mr HAMILTON-SMITH:** I was at an industry meeting recently with Sophie Mirabella, the federal shadow minister. We had a series of companies come before us all day, and I was quite shocked at the number who said they were a whisker away from receivership. They pointed to issues such as those I have just raised, and they said their main gripe was that, with the taxpayers' money on investments like the stadium and other investments like this BHP indenture, they were not getting the work.

They understand they have to compete. They understand that, but what they want is openness and accountability. They want to know what work is out there. They want a visible process, whether it is a website or some sort of an open bidding process, so that they can see what they are competing with. What answer do you have for these companies? I have a serious concern that this has been overspruiked and talked up to a point.

We have heard language like, 'We are going to become the Dubai of the south.' I do not know if you have been to Dubai lately, but we are not going to become the Dubai of the south, I can tell you that now. I think a lot of South Australian companies are going to be disappointed because your government has overspruiked this and has everyone thinking that we are going to become the Dubai of the south.

Yet now you are telling us in this clause that actually you have signed up to an arrangement where there is absolutely nothing you can do if BHP lets every single contract. We

know they will not, but they could under this arrangement let every single contract they write to an overseas or interstate company. My understanding of this clause is that there is not a thing you can do about it; is that correct?

**The Hon. A. KOUTSANTONIS:** No, I cannot alter the Australian Constitution. As much as I would like to be the one person who could, unfortunately I cannot. In terms of Nick Bianco, he is a friend of mine and I speak to him quite regularly. I was just as upset for him about his misfortune. I am not going to stand up here under parliamentary privilege and talk about his business practices because, quite frankly, he is a great South Australian who has done a lot of things for community groups and sporting clubs, and he deserves a lot better.

Mr Bianco made decisions that ultimately put his company at risk. If you are saying to me that there are manufacturing firms out there now who are taking risks to be prepared for BHP work and what can the government do if they fail to get that tender, the first thing the government can do is help case manage it to make sure that they are doing a pre-competitive tender, that they are pre-approved for tendering. We can do all we can, but what we will not do is risk taxpayers' money. It is not the position of the South Australian government that we will use taxpayers' money to subsidise business. I am not saying that is what he said, I am just saying that is our position.

In terms of Adelaide Oval, the opposition is doing the whole 'if you drown you're innocent, if you float you're a witch' thing again. If we had compelled Adelaide Oval tenderers to use South Australian prefabricated steel entirely for their work and the costs had blown out, you would have called us bad economic managers for not keeping on budget. If we keep on budget and they import the steel, you say we are letting down South Australian manufacturers. What we do in those capital expenditure works like Adelaide Oval is to provide a vision, much like the vision that you wanted to take credit for in the Public Works Committee when you talked about the stadium.

We agreed that the stadium in the city was a good idea. We chose Adelaide Oval, you wanted a standalone stadium. We think yours would have cost more, ours cost a lot less.

**Mr Hamilton-Smith:** You pinched it.

**The Hon. A. KOUTSANTONIS:** You say we pinched it—fine. Ultimately, governments make decisions that are in the best interests of the taxpayer. We think our decision to put these things out to tender to make sure we get the best price for the taxpayer is the right thing by the taxpayer. What you are saying is that it is better to pay a little bit more, or a lot more, and get work locally. Well, there is a cost to that—a big cost.

I cannot help the communist Chinese government subsidising local steel manufacturers. Of course, when we complain about them subsidising steel manufacturers, we do not complain when they buy our barley and wheat, when they bring over their international students to live in South Australia, or when they invest heavily in South Australian mining companies that employ South Australians and export minerals overseas. International trade is not perfect, but what it does do is guarantee that we will not become Cuba.

This state is internationally competitive, and we do it exceptionally well. When we put up protectionist barriers, what we are really doing is hurting local industry. We hurt local businesses when we put up trade barriers. If you want an example, go to Europe. Go to the most subsidised agricultural workforce in the world and look at how their farming sector is going because they are so highly subsidised. Go to their steel manufacturers and see how they are doing. See how their governments are running debts that are over 100 per cent of their GDP. Australia is a shining light, and that is why these firms can do the work that they are doing here and BHP can invest in Australia.

*Mr Venning interjecting:*

**The Hon. A. KOUTSANTONIS:** Thank you, member for Schubert. I know you are wearing the Communist Party of Australia (CPA) tie today.

**Mr Venning:** It's blue, not red.

**The Hon. A. KOUTSANTONIS:** I understand communists wear blue, too.

**Mr Hamilton-Smith:** The red ties are on your side.

**The Hon. A. KOUTSANTONIS:** I don't wear the—

**Ms Chapman:** Red stars on the hat.

**The Hon. A. KOUTSANTONIS:** No, no, no. Ultimately, the government cannot and will not compel BHP to make financial decisions that requires them to buy 100 per cent South Australian. We will do all we can to encourage them. We will shine a light on what they are doing. People will know and we will put them under scrutiny. Remember this: currently, 65 per cent of their workforce is locally South Australian. They have already started the work and they are encouraging local firms to apply and be pre-approved and pre-tender for work, but no politician can guarantee you that everything we do at Olympic Dam will be made here in South Australia.

**Mr HAMILTON-SMITH:** I thank the minister for his answer. We have established now through this exchange that under subclauses (5) and (6) there is no compulsion for transparency in regard to how BHP is performing with its workplace plans. It is only that they may make them public, so it could all be kept secret. Remember here, we are talking about future governments over the next 100 years. The minister may have certain feelings that he will make it publicly available, but there is no guarantee any future government will make it available or that BHP will make it available. So, we have basically signed an agreement—or your government has signed an agreement—that provides for no openness and accountability into whether or not BHP is delivering the jobs and economic activity they say they will deliver. There are the best of intentions, but there is no compulsion.

What I ask the minister is: how was it possible for us to build the Darwin to Adelaide railway line and to use Australian steel from OneSteel? How come we could do it then but we cannot do it now? I remind the minister that, I think in 2008, the Chinese government-owned company Chinalco considered a serious tilt at BHP—a very serious tilt. We have no idea who will own BHP.

**The Hon. K.O. Foley:** Rio.

**Mr HAMILTON-SMITH:** Sorry—but the point I'm making is that we have no idea who will own BHP or this mine, and I notice that assignment of this arrangement is something we can talk about in a later clause. Who will own it? The mine could be owned by someone else, so we have to remember that the party we are dealing with could be a different party in 10, 20 or 30 years' time and the government could be a different government—and will be—in 10, 20 or 30 years' time.

What we have signed up to, as I read it, is an agreement where BHP is not required to create a single job in South Australia. It is not required to let a single contract in South Australia. There is no transparency, and now I move to clause 8 which provides that the company will use all reasonable endeavours to implement—'all reasonable endeavours', those are good words—however a failure to implement the industry and workforce participation plan 'shall not be a breach of this indenture'.

In other words, there is nothing in this clause and therefore nothing in this indenture that requires BHP to spend a single dollar on creating—theoretically, and I know this will not happen but theoretically you have signed up to an agreement where they could fly every worker in from interstate or overseas, let every contract to an interstate or overseas company. It would not be a breach of the indenture, and there is no compulsion to tell people about your failure to meet the industry workforce plan.

That is possible under this clause. I know it will not come to that. We all know that that will not happen, but we could find BHP or whoever owns this mine in the future seriously underperforming on jobs and economic stimulation in this economy. Minister, you will be gone; I will be gone; the former treasurer will be gone.

Others will be held accountable, but people will look at this *Hansard* and ask: how did we sign up to this? I ask you: if it is not a breach of the indenture; if there is no openness and accountability, how can you be sure, despite BHP's best intentions, that South Australia will get the economic benefits that are promised with this? I just want some confidence that we are going to get delivery here.

**The Hon. A. KOUTSANTONIS:** I will give you a very simple example that is happening right now before the indenture has even passed. BHP has a very simple equation: quality, quantity, price. Camp accommodation for Olympic Dam: 3,000 units from China, 1,250 units from an Australian company. They are equal on quality only. The Chinese can deliver more than 35 per cent cheaper than the Australian company. BHP have bought 3,000 units from China and 1,250 from an Australian company. They have paid a premium of 35 per cent to purchase Australian, and this has not even passed yet.

The thing about mining which we often forget, because all we really hear, from maybe some shock jocks who talk about shut the farm gate campaigns and all the rest, is that ultimately mining companies do not look for a mining licence. They do not look for an indenture. They look for a social licence to operate, and that social licence to operate is employing local people.

**Ms Chapman:** They look for a cap on the tax.

**The Hon. A. KOUTSANTONIS:** I have to say this is really surprising me. Tony Abbott is out there railing against the MRRT and super profits tax, and yet comrades opposite from Moscow and Havana here are telling us, 'Bring in a super profits tax.' Quite frankly, make up your minds. Which one is it? I think that example shows—

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** I have always been a right winger. I will die a right winger. I am a right winger. I believe in a free market. I make no apologies for it. That is where the Labor Party belongs. Ultimately, remember this: it is BHP's money, they are our minerals.

**Mr Hamilton-Smith:** South Australia's minerals.

**The Hon. A. KOUTSANTONIS:** I just said that: they are our minerals. If you think this is a bad deal, vote against it. You are a member of parliament representing the people of Waite and the Riverland. No-one can compel you how to vote. I always hear from the Liberal Party, 'We are never bound by party room decisions. I am a free individual to do as I please.' Well, exercise your conscience and vote against it.

**Mr HAMILTON-SMITH:** I might respond to the minister's point, even though it is not dealt with in this particular clause but he has raised it in this particular clause. The problem is, as he knows, is that the way in which the government has brought this matter to the house, along with BHP, is on the basis that not a single word in the bill or the indenture can be changed. You have made that very clear. You have said that if a single amendment is made, then the whole deal is off. It has to go back to the drawing board, and the public pronouncements from both the government and BHP have implied that that means deadlines will be missed, the thing will not go ahead, there could be a delay of a year or so, it is back to the drawing board.

As I said in my second reading address, I must take my hat off to BHP at the way they have managed this negotiation: they have been brilliant. You say no-one is going to vote against this, it is crazy, we are supporting it unanimously, and that is because of the way in which it has been brought to the house. The way in which it has been brought to the house is, 'It is this or nothing,' so no-one is going to vote against it. Your proposition is that this deal is perfect. It is not perfect. What we are doing here tonight is exposing for future governments some of the potential risks to performance on this agreement.

I hope that it will go extremely well and I am reasonably confident that it will, but when you sign a contract, minister, it is a very good idea to read the fine print. It is a very good idea to know what you are signing. This is probably the most important contract any of us have seen in this parliament or will ever see. The reason that we are asking you the questions is that we want the people of South Australia to understand what you have signed up to, not only on our behalf but also on behalf of our children.

My son will be dead of old age and this agreement will still be current. He is only seven today, and if he lives to be 107 this thing will still be going—just remember that. This is very important. I must say to the minister that the way in which this has been brought to the parliament and handled expedites swift passage of the matter, but it is not necessarily thorough.

**The Hon. A. KOUTSANTONIS:** I believe increased competition will make local companies more innovative, more efficient, and more competitive globally. Goran Roos, the Thinker in Residence who talked about manufacturing, said the best thing that the government could do rather than subsidising was to end all subsidies, push our local manufacturers even harder, give them harder tasks, innovate, set higher procurement levels, and make them reach for even higher standards—that way we will be more globally competitive. I think this Olympic Dam indenture expansion will push our local manufacturers, and I have confidence that South Australians will rise to the challenge.

I have never said that this bill is perfect; in fact, in my opening remarks I said that it is not perfect. I will say this: without wanting to offend my friends from BHP, they are not that good at negotiating. How did the merger with Rio go? Not very well. How did the potash deal go? Not very

well. I would not be saying what great negotiators BHP are and, quite frankly, in my view—and I know this will set you off—the Hon. Kevin Foley did an excellent job of negotiating this contract. In my view, negotiating is knowing what you want, not seeing what you can get.

*Mr Griffiths interjecting:*

**The Hon. A. KOUTSANTONIS:** Fine. You may think that is a silly idea but that is how I have always operated. I know what I want and, when I know what I want and what I think is best, I negotiate for that. I do not turn to a negotiation hoping to see what I can get.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Okay, yes, I am sure you would have done a much better job than everyone else, and I know that you are an expert in every field you ever comment on.

However, there is also the ICN, which I know the shadow minister and I are quite fond of because it does a lot of good work and there has been a lot of bipartisan support. It is already working with local companies and local suppliers to build capability and help potential suppliers to pool their resources to win work. But, if you are looking for a minister of the Crown to get up and say, 'I can guarantee that every single contract will be let to South Australian firms,' I cannot. I cannot do that at Prominent Hill, at Carrapateena, with Rex Minerals, at Moomba, with Beach Energy or with Santos. I cannot do it with any endeavour. I cannot compel any South Australian citizen to buy South Australian, yet you want to compel BHP. I think, quite frankly—

**Mr Griffiths:** I just want to ensure the opportunities.

**The Hon. A. KOUTSANTONIS:** Sure, absolutely, I know you do. So do we. I completely sympathise—especially for your community. Yorke Peninsula is a very hardworking community. It has been very loyal to the Liberal Party for the last 100 years, returning member after member. I think mining opportunities, agricultural opportunities and manufacturing opportunities will help that community thrive and prosper, and Rex Minerals and the Olympic Dam indenture will do lots to help those local manufacturers do well, but I cannot go to your community and guarantee them that every one of their tenderers will win—

**Mr Griffiths:** They don't expect that.

**The Hon. A. KOUTSANTONIS:** No, and they wouldn't want it.

#### VISITORS

**The DEPUTY SPEAKER:** Before I call on the next speaker, I acknowledge in the gallery very quickly some constituents from the electorate of Stuart who are guests of the member for Stuart. If my eyes are correct, I think I can see a former mayor in the gallery, former mayor Hornsey. Welcome to the chamber.

There are some Kapunda people here who I can see, and some other people I do not know, unfortunately. Welcome to the house.

**Mr VENNING:** Also, the Confucius Institute is here as well.

**The DEPUTY SPEAKER:** The Confucius Institute is here as well, at the back. The member for Giles.

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

In committee.

**The Hon. L.R. BREUER:** I ask some indulgence from members of the house because, as Speaker of the house, I have not been able to speak on the bill but, as the local member for the district of Roxby Downs and having been involved in what has been happening for many years, I would really like to be able to speak to this; and also to get some reassurances from the minister, following on from the questioning from the other side, in the same vein.

*Members interjecting:*

**The Hon. L.R. BREUER:** It is very interesting being this side and keeping my mouth shut. A number of times I had to restrain myself very carefully. There are some issues that I would like to clarify on behalf of the people of Giles and my part of the state concerning the impact that it will have on our local communities. First, I want to express my full support for the legislation and I

appreciate the opportunity to make some comments as the local MP, because I think it is important for me to pass on comments from my particular electorate.

I am fully supportive of the indenture and what is happening there, and I want to congratulate all concerned who have been involved in this because it has been a long and very difficult process, I know, in getting to the stage that we have in the last two days.

My feeling is that it will certainly change the face of South Australia, but particularly in my part of the state. I remember when I was first elected 14 years ago what dire straits we were in in my part of the state, but certainly in the last 14 years things have picked up; and I think that the Olympic Dam expansion will be a real turning point in our future and all of us will benefit. It was interesting to hear the comments of the member for Goyder, the member for Stuart has commented about it also, as has the member for Flinders and, certainly, me. We will benefit, I think, more than anyone from the expansion of the dam; it is very important for us.

There will be an opportunity there for our young people, for our Indigenous community and for our numerous trades people, and so many other occupations will be involved in the service industries, etc. It is really important for us. It is going to be a wonderful opportunity for us for the future. I also have to express my appreciation to BHP for the consultation they have done with our communities. I presume that they have consulted with the other communities as they have consulted, certainly, with my community, Whyalla.

They have been in there for a number of years talking to us about various aspects of the proposal to expand the mine. They have talked to our communities. They have come in and kept constant contact with us, and that has been appreciated because we have been able to find out some of the answers that we needed to know. I have been on record many times talking about my concerns about the desalination plant. I suppose that will be considered later.

I do have concerns about the location of the desalination plant, as do many in my community of Whyalla, particularly in regard to the cuttlefish but certainly in regard to our other marine species that are based in that area. We have concerns about the tidal movement in that particular area. However, the EIS and the experts say that we will be okay, so all I can do is say that we have to trust the experts and hope that it is all okay.

We also have a number of years, I understand, before that will be completed or even commenced, so, maybe there is still time if we need to do more work for that. However, I am concerned and wanted to ask the minister about it. Maybe I have missed it, but not one person has actually mentioned the issue of Andamooka in their discussions and the impact of the mine on Andamooka.

Certainly, as the local member for Andamooka, I am very, very aware of the impact that that is going to have on the community of Andamooka. It is only a very small community but a very important community, and I feel beholden to ask the minister about some issues regarding Andamooka. Again, I ask an indulgence. Can I just read a few extracts from a letter that was sent by the Andamooka Progress and Opal Miners Association? Peter Allen, the chair of that association, sent a letter to minister Russell Wortley on 24 October.

Last week I was able to meet with Peter Allen. I asked him to come down to Iron Knob and meet with minister Wortley, me and the Outback Areas Authority. I am interested to see Mark Sutton here tonight who also met with us last week. The Grants Commission came over from Canberra and we had a discussion about the future of Andamooka. Peter wrote to the minister, saying:

I write on behalf of the Andamooka Progress and Opal Miners Association and the community of Andamooka to request your assistance to address a situation that has reached an untenable and unsustainable position.

The town of Andamooka is an opal mining community that had approximately 400 people in the seventies. With the discovery of the Olympic Dam ore body the town itself actually started to change. The letter continues:

...into the mid 1980s many opal miners were involved in the sinking of the first mine shaft, the Whenan shaft, and the community of Andamooka continued to play host to the Olympic Dam mining operation. Accommodation for a variety of workers was provided...

The population of Andamooka increased but since that time the population waned for a while. Now it has started again. With the expansion phase in the late 1990s, it started to expand again. Currently, around half of the working-aged residents commute to Olympic Dam for employment.

The number of permanent residents has been increasing and stands at around 800 at this time. However, the management of the community is way beyond the ability of volunteers.

Andamooka is run by a progress association, by a volunteer group, two-thirds of which are pensioners, sick and unable really to participate fully. Some of them are business people. Really, it has been left basically to the chair, Peter Allen, to do the work that is involved in what is happening with the expansion in the mine with the help of the Outback Areas Authority. He is doing things.

He talked to me about the fact that he had 11 inquiries on one day—last Friday—from developers wanting to develop in Andamooka. None of this has come out in the discussions that we have been talking about today. Andamooka is devoid of most accepted infrastructure which is taken for granted in most of the western world. They get \$50,000 a year from the Department of Transport for the maintenance and construction of unsealed roads. They have very little other income that comes into their township and they are trying to run the town.

With the expansion of the Olympic Dam mine, the town's population will rise alarmingly. It has already begun, with some 120-plus development approvals in place as at July of this year. One of the proposed developments is that of the Opal Inn, costed at up to \$12 million and including the provision of accommodation units to cater for 120 people, as well as new hotel facilities and the inclusion of 20 poker machines. This development is not for the townspeople of Andamooka, but for the Olympic Dam expansion.

The method of volunteer government has been in place for many years. In the last three years it has been unable to cope with the demands placed upon it and it has to be replaced by a model that can be successful and sustainable. It is a matter of the utmost urgency. I know that Peter is very stressed. It is getting beyond his capabilities. It is getting beyond the town's capabilities. There seems to be very little recognition of this, and that is where one of my major concerns is: we must recognise the impact of the expansion of Olympic Dam.

BHP has indicated that because there is no expectation for its workers to live there that it has not been included in this indenture act. Peter has asked:

In conclusion, I ask for your assistance in whatever manner may be available to aid the Outback Communities Authority and the Andamooka Progress and Opal Mining Association in managing the community now and into the future.

I was somewhat heartened earlier today when I spoke to minister Wortley. After our meeting of last week he has come up with a number of proposals, which I will be talking about more with him. So, I think there will be a short-term solution; however, there needs to be a long-term solution for Andamooka as well, because it is absolutely involved in the process of the expansion of this dam. It will have a major impact on the community and I believe that the state government has an obligation to support that community.

Again, I want to know what assurances we can have for the community of Andamooka. What assurances can we have that they will receive significant support from the state government? Following on from previous comments from the opposition, we want to make sure that our communities benefit to the maximum: to use local engineering firms where possible, transport service industries, etc. I want support, as I said, for Andamooka.

I would be very happy, of course, if OneSteel steel could be used in the construction. That would be wonderful for us and Whyalla because the steel industry in Australia is struggling, very much so, and we know that very well. I also want assurances that the infrastructure and services will be there for the community. Are we going to be using local resources there, or will we be able to get them in from Adelaide, etc.?

There is a significant birth rate in Roxby, the highest in the country. There are backup services but we are going to need a lot more in the future. One of the real issues for Roxby Downs people, and I see this all the time, is that there are many young children living there, babies, etc., but there are hardly any grandparents, and you really notice that in a community, how important grandparents are, because they are not there to back up the community and the families. So, we need to provide other services.

It has always been a young community and it will probably continue to be a young community, and we have to provide those services. If the young parents in this place did not have grandparents around then I am sure that a lot of them would be in a lot of trouble. When you are 200, 400 or 500 kilometres away from the grandparents, then we have to make sure that the infrastructure and services are there in the community for those parents and families. Again, where



we can use local services, I would ask that you are looking at them. This has been left out of the picture a bit because we have been talking about the expansion of the dam rather than the expansion of the community and what has been involved in that.

I do not want to take up any more time, I just wanted to get on the record. I congratulate all those involved once again, particularly the former premier and also former treasurer Foley for the work that he has put into it. The Olympic Dam Task Force has put in an incredible amount of work, and Paul Heithersay has been involved in it for many months (years), and previously it was Paul Case. I know they have been very concerned with the social aspects of what would happen to the town of Andamooka.

I hope that the Greens get over whatever their problems are because for our part of the state this is our future and if they hold this up then I hold them to ransom. All their good talk about how they feel about it and they want to do this and they want to do that and protect people, etc., is rubbish when it comes to the expansion of the Olympic Dam. We need this desperately in our part of the state.

**The Hon. A. KOUTSANTONIS:** I will say very briefly at the outset that when the member for Giles speaks, I listen.

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** No, I wasn't. I have done plenty for the member for Giles and she is someone I have a great deal of admiration and affection for.

BHP currently provides the bulk of water connections providing potable water to the township. There is also potential for the provision of ICT connectivity to Andamooka, and this would be dependent on the type of capacity of the infrastructure that BHP provides to Hiltaba. They subsidise the school quite heavily already. They supply the water. When there was damage during the flood, BHP repaired the pipework and returned that water supply. In terms of the subsidy to the school, they return approximately \$70 per child to the area school. The company funded tens of thousands of dollars for the restoration of historic cottages at Andamooka and associated interpretive signage.

Obviously the state government will always be there for you and Andamooka, and we will meet regularly. The task force will be meeting with BHP monthly to discuss all these issues. Obviously, all local members, when their local communities are affected, are more than welcome to have input into that process. Ultimately, Andamooka will see the benefit of the expansion even if it is not directly articulated in the indenture.

**Ms CHAPMAN:** On the same clause, pages 44 and 45 of the indenture, I start by indicating that I have questions about the use of both 'services' and 'labour' in this clause. They are both covered. It is fair to say from the answers you have provided to date that two things are clear; one is that there is no binding obligation on BHP, a party to this indenture, to employ anyone. However, there is a reasonable expectation from the information you have that they will find it most convenient and commercially beneficial to them to explore and exploit—and I mean that in a positive sense—the available workforce in South Australia due to location, accessibility, and accompanying things, such as language and the like.

*An honourable member interjecting:*

**Ms CHAPMAN:** Well, I hope that the member for Morialta is listening because he will probably be the only one who will be alive by the time this contract comes to fruition. He is the one to whom we are bequeathing the obligation to ensure that there is some compliance with this indenture—so listen up, member for Morialta. I go back to the expectation that BHP will find it commercially viable to explore and harvest from South Australia, as best they can, opportunities by way of employment.

Last year, members of the opposition attended the mine, and it was of benefit for me to be able to go back to the mine after a number of years. On this occasion, I did not go underground, but I was briefed with my colleagues, and there was an expectation provided to us at that time that there would be a combination, about fifty-fifty, of fly-in and local employment. That was the reasonable expectation they had on the basis of the expanded employment that was available. We are talking the 6,000, the 4,000, the extra 15,000 and the like that were quoted in the explanatory material for the promotion of this indenture and agreement.

I note the minister's confirmation that it is his understanding that it is currently at about 65 per cent. I want to address a number of the clauses here because the second aspect from the minister is that his understanding, although there is no legal obligation in this regard, and the expectation, as I have indicated, are that he is in some way prohibited by either the Australian Constitution or some trade practices law from imposing any impediment to a completely open free-trade agreement. I think it is fair to say that in the general marketplace that is a reasonable assumption to make; that is, that there is considerable difficulty, including from consumer and competition laws, in actually restricting the terms of a contract for the purpose of employment.

However, it seems to have escaped the attention of the minister that what is happening here is that BHP is an existing important company in South Australia. They and their predecessors have, for the last 35 years, been exploiting this resource, and there is no indication whatsoever that they would not continue in that role, even if they didn't have the opportunity to go into this fourth phase of the development of this mine, the fourth time they have come to the parliament to seek some protection by way of indenture.

It also seems to have escaped the minister's attention that it is actually BHP that is seeking, not unreasonably, to have some security of access, some ownership ultimately by way of free title, some exclusive use—and I will not go into the merits of these things at the moment—and, obviously, a significant cap on the royalty rate that is imposed, all in exchange for obligations that the state government, on behalf of South Australia, could quite reasonably expect. In presenting to the South Australian public the benefit of this arrangement in providing all these privileged positions to a significant player for the economy of South Australia, they equally have an obligation. You, minister, with the government, have an obligation to explain to South Australians how you will ensure that the promises you make about expectation of employment and private local contracts is going to come to fruition; in particular, the presentation to them that there is an expectation that there will be a large slice of the 25,000 work force that is expected to develop as a result of this expansion.

The question has been raised about the qualifications on behalf of BHP—and I note subclause (4) also gives it another out, if we want to describe it as that—and that is that they are in no way required, as a company or any associated company, to act other than upon commercial considerations. My first question is: why is it that we are here now being asked to pass this indenture before BHP has indicated any commitment to provide the funding to proceed with this venture; that is, in advance?

The state government has come in to sign, for good or bad, terms of the agreement, and the BHP representative in Melbourne has come to the party to sign about the commitments they are going to make, but London's meeting of the board is yet to make a decision about the progressing of it. I understand that you have published, or the former premier has published, his requirement that there be a 12-month rule in the commencement of the implementation of this to ensure—I think, from what I have read between the lines of what he has said—that there is some reasonable expectation that they will progress that commitment, so that they do not just sit on the indenture.

Having done the signatures, can the minister explain to me why we are progressing this indenture before we have two things? The first is a commitment from BHP in London that they will actually progress this on the basis of the indenture occurring, not just think about it in the meeting in April next year; and, secondly, your government has not explained to the people of South Australia what financial commitment it is going to make and allocate in its budget to provide for the schools, clinics, etc., regarding your obligations on our behalf in the indenture.

**The Hon. A. KOUTSANTONIS:** I think there were about 15 questions there, and every question was premised with, 'My first question is'; but that is fine. I understand the member's passion for this, but I know that when I spend \$25 billion I like to have a bit of certainty ahead of me. I think when you are asking the largest mining company in the world to embark upon the largest mining venture in human history—

**The Hon. K.O. Foley:** Any history—plant history.

**The Hon. A. KOUTSANTONIS:** —any history—they would want some certainty. I think what the opposition is putting to the government is that they would expect a massive commitment of investment by BHP in the order of between \$25 billion to \$30 billion in advance of an indenture passing. If you can do that, you could sell the Bakewell Bridge.

**Ms CHAPMAN:** Clause 3, minister—

*Members interjecting:*

**The CHAIR:** Member for Bragg, you can continue.

*The Hon. A. Koutsantonis interjecting:*

**Ms CHAPMAN:** I know, we are being nice to each other. We have had the edict from the Premier. I withdraw calling you a grasshopper on heat, and you are going to be nice to me, so we are just going to get through tonight. Clause 12(3) has been omitted. This is a removal from the indenture. Just for the record, I know you said you were going to offer this new indenture as some kind of precedent, but I remind you that this was an indenture drafted back in 1981 for approval of the parliament in 1982. It has been changed twice. This precedent is 30 years old.

We are not drafting a new contract: you are drafting an amended aspect to the indenture, and you have removed subclause (3). Subclause (3) anticipated that there would be a magnificent Technology Park developed and that it would be accessible for the purposes of research. That has happened, of course, and there is Technology Park. It might be full, it might not be available for research, I do not know, but perhaps you can explain to us why that subclause has been removed or at least not reworded to confirm the accessibility to Technology Park.

**The Hon. A. KOUTSANTONIS:** Rather than being prescriptive about a site where the innovation and research will occur, I am advised that we have on the following page subsection (5)(f) 'opportunities for research, development and innovation.' I think it gives a more broad appeal for BHP to be able to invest in different sites rather than just being committed to one site at The Levels.

**Ms CHAPMAN:** I will just clarify that, because all of those subclauses relate to the company's obligation as to what they are going to do in relation to the plan that they have to prepare for you to approve; it is not the other way around. Subclause (3) imposed an obligation on the then state government to make Technology Park available for the purposes of research. I think you are saying that you have taken it out because you think they can go anywhere that they might do that and you are not obliged to give them anything because they have not chosen to go there necessarily; they have not asked for it, or whatever.

*The Hon. K.O. Foley interjecting:*

**Ms CHAPMAN:** That's what I just said before. I note you are listening carefully, thank you, member for Port Adelaide. Subclause (5) is the obligation on the company for them to put a plan to you, minister. So I am not quite sure how that means that you are going to make available other spaces, because I do not think it is. Am I right in that assessment?

**The Hon. A. KOUTSANTONIS:** All subsection (3) provided was that we would give reasonable consideration to the use of this park as a site for research and development activities for the purpose of this indenture. It did not require them to go there. Given what the member for Waite was saying, when his party negotiated the indenture in 1982 they were using terms like 'reasonable consideration', 'experts in their field' and 'great negotiators', but when we do it we are hopeless, I think what we are trying to do is say that we do not want to restrict BHP to one site. We would like them to engage with all our universities—University of SA, University of Adelaide—

**The Hon. K.O. Foley:** Laureate.

**The Hon. A. KOUTSANTONIS:** —Laureate, Flinders University.

**Mr Hamilton-Smith:** We will come to that in a later clause.

**The Hon. A. KOUTSANTONIS:** Okay.

**Ms CHAPMAN:** I thank the minister for his answer. I think he has acknowledged that (5)(f) has nothing to do with 12(3) and in fact relates to the company's obligation with respect to the plan and not the reverse. In any event, I appreciate that answer. On the workforce itself, one thing that is evident is that, in the pecking order of BHP's investment in Australia, we are certainly not first. We would be struggling to be second and, arguably, we are even fourth.

The reason is this: obviously, we are not the first. BHP Billiton acquired Western Mining's assets, which existed extensively in Western Australia and in Queensland. Those who have read the indentures in those states, including the proposed significant coal expansion in Queensland, would understand that BHP's eyes are not exclusively on South Australia. There is no question that they have an investment at the Olympic Dam station and that they have developed the Roxby Downs site, but they have maintained their headquarters in Melbourne.

BHP is building a multistorey new building in Perth as we speak, which you may have been over there to see. I have put that on the transcript, minister, but it is the reality. They already have a magnificent building in Perth, not surprisingly; they have a massive investment in that state. If you have an opportunity to go to Perth, you will see a very significant new building. I am not sure whether, when it gets to finished height, it will be the tallest building in Perth, but it is a very substantial investment.

If you couple that with what we all had to see—that is, the Premier having to get on a plane to go to Melbourne even to sign the indenture, which I thought was humiliating—I suppose it at least brings us down to earth about the reality of BHP's perception of us. The reality is that we have to appreciate that we are not the only attraction in Australia for BHP. If you couple that with the quite significant advertising campaigns they already operate in all those states, including in Melbourne (to the best of my knowledge, they do not operate any mines in Victoria), as do Rio Tinto and Xstrata—this is not something exclusive to BHP, and I am not presenting them as something unique in this regard—the reality is that they are already out there presenting to the public of South Australia the opportunity to live in major cities and work in the outback in their mines.

When I arrived at the Melbourne airport on Monday, I saw a great big banner up in lights that said, 'Mining career, Melbourne living.' Then in the smaller print it outlined the opportunities to develop a career while having all the benefits of the cafe latte set in Melbourne but being able to fly in and fly out to Queensland, to Western Australia, offshore or to our mine here. It gives an appreciation of the level of sophistication that is already out there that will have a contra benefit to what we are being told, and that is the primacy of wanting to promote local employment.

The second thing that concerns me is that, having worked on this project for a number of years and having statements from time to time by your predecessors and the former premier of the importance of understanding the skills that would be required for the development of this mine, we hear that geology is very low on the pecking order.

We have a significant under-representation of that in our universities as a course and the question of it even remaining on the national curriculum, and we have the complete inept response when we have to ask current education ministers what they are doing about this. Whilst there has been some continued promotion of maths and science that was started under the previous government, really there has not been any significant preparation for what is necessary for the skills base of the workforce of this mine.

All of the things are stacked up against the culmination of there being this dream, this panacea, of work opportunity for our predominantly young South Australian population and that is very concerning because as you know we lose, depending on the year, some 3,000, 4,000 or 5,000 people net per year from South Australia into other states, predominantly to Queensland. It remains a concern to me what is being done to arrest that and to be able to prepare for that opportunity which otherwise has eclipsed us.

I ask you minister: what efforts has your government made in the last six years to prepare for that 25,000 workforce? If you can point to any establishment of a chair in the university such as Santos did when the development of their opportunities came and the development of their faculty within the University of Adelaide, as an example, I would be very pleased to hear it.

**The Hon. A. KOUTSANTONIS:** Let's just clear up a few points to start with. South Australia has the largest cohort of geology students in the nation.

**Ms Chapman:** Cohort—what does that mean?

**The Hon. A. KOUTSANTONIS:** Students, I am advised. The premise of the question was that we are the lowest in the nation. I suspect that if BHP turned up and said, 'We want to build a massive, big building in the middle of Adelaide,' the people who would be opposing it are the same ones who are complaining about them not building one.

If I had a choice between a mining company spending probably the largest amount of money on removing an overburden before they make a return or moving their headquarters here, I would choose the mine. The opposition may not. I am not sure that the days of the 1980s when we travelled the world saying, 'Open a mine in South Australia and move your headquarters here and move all your staff here—'

**Ms Chapman:** You did with the Santos indenture.

**The Hon. A. KOUTSANTONIS:** Exactly—an indenture with Santos. When was that? What year was that?

**Ms Chapman:** Two years ago.

**The Hon. A. KOUTSANTONIS:** What you are saying is you want BHP to move out of London, move out of Melbourne, move out of Perth and move to Adelaide. Quite frankly, what I would rather BHP do is invest in doing the work to make sure that this mine gets operational because this mine will change the face of mining in South Australia.

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** Great contribution, yes.

**Ms Chapman:** I asked what you're doing.

**Mr Whetstone:** We're listening.

**The Hon. A. KOUTSANTONIS:** Yes, I'm sure you are. You asked what the government has done. The Centre for Exploration—

**Ms Chapman:** Any idea what it is?

**The Hon. A. KOUTSANTONIS:** The Centre for Mineral Exploration Under Cover and the government through PACE supports the professional chair a hundred per cent. The government also supports 50 per cent of the chair for mining geology so, yes we are. Again, you purport a premise to the parliament. You are not accountable for it. There will be nobody accusing you of misleading the parliament but you start with the premise that we are the lowest people involved in geology in South Australia and that is not true. You say that we have not invested anything in any sort of professorial chairs for mining and it is not true. BHP is investing nearly \$30 billion on a mine that will not see a return for decades. That is not good enough for you.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** What am I doing? We are trying to pass an indenture that will create over 15,000 jobs and all we are getting from the opposition is that it is not good enough.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Well, fine, then I say to the member for Bragg: vote against it; vote with your conscience. But, of course, the member for Bragg will not vote with her conscience; she will vote for it. She wants the best of both worlds: if I drown, I am innocent, if I float, I am a witch. That is exactly the point of view that is letting this state down. The Leader of the Opposition has shown more leadership in this debate than you have ever shown in parliament.

**The CHAIR:** Minister, would you like to move that—

*Ms Chapman interjecting:*

**The CHAIR:** Member for Bragg, take your seat please.

*Mr Whetstone interjecting:*

**The CHAIR:** Member for Chaffey, I am about to ask the minister to extend time—okay? I know you all seem to know more than I do.

*[Sitting extended beyond 22:00 on motion of Hon. A. Koutsantonis]*

**Ms CHAPMAN:** I regret to note that your answers give me no confidence in relation to the labour workforce, and I am very sorry about that, because this is a very significant aspect of this bill in relation to the expectations of South Australians, and it is very concerning that you cannot name one single thing that your government has done in preparation.

I ask now in relation to engineers, surveyors, architects and other professional consultants. The reason that I ask is that you will be aware that, under 457 visas, people have the opportunity in Australia to advertise for work outside their local workforce, to bring people into Australia if they cannot secure the expertise and skills in Australia, and South Australia is no exception to that. In fact, we have some extra provisions to make it a little easier to bring them in, in a number of circumstances where there is a skilled workforce shortage.

Incidentally, that is a classic example where there is a threshold where an obligation is to be met before an employer can go off and get workforce outside the area that is to be encouraged. But it is concerning for one other reason; that is, I am told that recently engineers have been removed from the list of skills that we need in Australia for immigration purposes and for the opportunity for people to come and study here.

A resident of South Australia from India who recently came to me had undertaken an engineering degree but had converted to accountancy when he was advised that engineering was no longer on the federal list for the purposes of skills shortages to come into Australia, to be able to get permanent residency. That is exactly the sort of thing that is of concern for members on this side to hear when we are trying to develop a skills base that is necessary, not only to support this mine, but also other manufacturing and development in South Australia.

My question is: what action have you taken, minister, or a representative from your department, to ensure that the areas of expertise that we need for the purpose of applying for permanent residency and, therefore, bringing people to South Australia—hopefully who will stay here or at least have a chance when they get here—to explore those professions which will give preference to them?

**The Hon. A. KOUTSANTONIS:** I am not sure if the member is aware that I used to be the state migration minister until the recent reshuffle. We were in regular contact with Chris Bollen's office.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Yes, you never asked me a question once.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Sure.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Chris Bollen is very good. He is a very good minister. Obviously, the federal government and the state government are in constant contact about skill shortages. One of the problems we have—and I have to say that if you are going to have problems this is the one you want to have—is that we have a skill shortage; and we are doing all we can to try to bring the skills that we are short of into the state. Ultimately, it is a matter for the federal government.

We are constantly negotiating with the commonwealth government about skill shortages and constantly asking for a greater proportion of the share of skilled migration into South Australia. However, there are some fundamental problems with that; one is that there is no restriction of borders in Australia once you land. When the commonwealth government grants 457 visas or visas for entry to a particular state, the only way they can monitor them is through Medicare or through a family benefits application. Often, what is happening is that some people are trying to jump the queue by applying through a skill set in a state that has a regional status.

Perth has a regional status (recently), South Australia now has a regional status and Tasmania has a regional status. I understand, and I could be wrong, some parts of New South Wales have regional status. But what happens is that a lot of these migrants come in and they go straight to Western Sydney where minister Bollen's electorate is. As a nation we need to grapple with travel between borders and migration in terms of skill shortages. The best way to do that, and what the commonwealth is doing, is trying to link visas to jobs.

Under the old system we would say, 'We need more engineers,' so we would get an allocation of, say, 8,000 skilled migrants and we would say, 'At the top of that list is mine engineers.' So, a mine engineer who wants to migrate to Australia could jump the queue. They might want to move to New South Wales but they can see a South Australian point of entry and they jump the queue. Once they land here, there is nothing that we can do to keep them in this state.

The commonwealth is trying to grapple with that by getting the companies that are seeking the skilled migration to do the visa applications based on a location. Ultimately, the commonwealth is dealing with this. It is a very difficult set of circumstances. Obviously, the federal parliament is in gridlock. There have been many attempts by the federal government to amend migration laws, especially quite recently because of offshore processing. I do not think you are going to see many changes to our migration laws in this current parliament, simply given the nature of the parliament.

What happens is that we are back to the old days when state ministers turn up to national meetings with federal ministers and we are into this bargaining stage where we all want more. Quite frankly, as a state, I was very disappointed when Perth was given regional status because that is unacceptable. But that was a decision of DIAC at the time and I think it disadvantages us. I want to pay tribute to Amanda Vanstone and the former Howard government because they struck a very good deal with the then Rann government about skilled migration into South Australia which would positively discriminate for South Australia. Unfortunately, that has now lapsed.

I understand what the member is saying. It is a good problem to have. There is very little we can do about it.

**Ms CHAPMAN:** So that I can be clear about this minister, do I take it that what you are saying to me is, because it is too difficult to deal with, you have not actually asked in the time you have been minister? You have not asked for engineering, surveying, architecture and the professional consultants relating to mining to stay on the list for permanent residency opportunity? Is that what you are saying to me? You haven't because it is too hard, or—

**The Hon. A. KOUTSANTONIS:** No, with all due respect to the member for Bragg, that is not quite how it works. I have many times asked former minister Chris Evans and minister Bollen about the skill shortages relating to the mining industry in South Australia, the manufacturing industry in South Australia and, of course, the agriculture sector. As the minister for industry and business, many competing sectors are coming to me, saying, 'We need more skilled migration.' Still, manufacturers are coming to me regularly asking for more skilled migration in their sector because they are competing directly with the Chinese.

We have a high Australian dollar. It is very expensive to train skilled artisans so they are wanting to import them from overseas to get into the work very, very quickly. It is a cost-competitive problem. I do ask regularly and I do lobby as much as I possibly can, but ultimately the decision is up to the commonwealth minister. It is not that I have not tried, I have, but the decision is with him.

**Ms CHAPMAN:** Thank you. In relation to the local contractors, which has been the subject of questioning tonight, the most published example of the opportunity for BHP to demonstrate its commitment to local and regional contract opportunities was the housing for Hiltaba's development. We heard of the 3,000 it sourced from China. I think that you have explained to us that they have purchased 1,250 within, I assume, South Australia. However, reading the recent press from Mr Della Valle those figures are consistent. I think that, from what you have said tonight, there is a 35 per cent, or thereabouts, penalty that they have paid—that is what they have explained to you, notwithstanding that they have bought some locally and they are sourcing the rest from China.

This was probably the first opportunity for the company to show good faith to all of us but including to the government about their commitment to this principle, that is, look local where it is at least commercially competitive. What I would like to know, minister, is what inquiry has your department made about the terms of that arrangement of BHP? Have they simply just said to you, 'Look, it wasn't commercially an option. We got 3,000 from China. They were by far the cheapest'; or was it, 'We couldn't get 3,000 more', because my reading of the press from Mr Della Valle is that it was not a question of price competitiveness. That was not mentioned in the article. What was mentioned in the article was availability of access to that source.

I was reading that as there just was not another 3,000 house building capacity within the housing market here to provide that service. On the other hand, I am sure that I am like other members in this house in that the housing industry is saying to me, 'Look, because of change of federal rules and the like and first home owner grants we're actually in a huge downslide in the building of new homes.'

There are a number of companies in South Australia, and there are certainly some just over the border in Alice Springs and more in the Northern Territory, that are big builders of housing for remote areas, particularly mining companies. We know that in the west they are converting, for a cost of about \$12,000 to \$18,000 per unit, containers—and I had a look at one of those in Western Australia not long ago—into quite presentable accommodation, usually for a single person.

They are not huge, but when one compares that with the area that is proposed for the units for affordable housing at the Bowden development at Clipsal, they are positively palatial. I would just like to know what they have told you. Was it cost alone? What attempts did they make to search in South Australia to buy these properties? When did your government first know that it needed 4,500 houses ready to start next year for its development for presumably the

commencement of the dig, and what action more particularly has your department taken to coordinate that with the housing industry for the provision of that contract, or did BHP not even come to you to ask your help to prepare for that inevitable first very big contract?

**The Hon. A. KOUTSANTONIS:** I think the question is: why have you failed so miserably in every aspect of this endeavour? I think that whatever answer I give will not be able to satisfy the member. She asked, 'Of the 3,000 units that BHP purchased from China, was it a case that they purchased only 3,000 because they could not get any more?' I am advised that they could have gotten more but they made a decision that—

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** I do not know what it said in the paper, I am talking about the advice I have received, and if it is wrong then I will correct the record. The advice I have received is that, yes, they could have purchased more at a 35 per cent efficiency dividend, but they did not. They spent 35 per cent more and bought over 1,200 local ones. Why did they do that? I think BHP is a good corporate citizen and it wants a social licence to operate.

Is it a good commercial decision? Probably the eggheads in their departments would say no, but I think that sometimes they make decisions that are based not on good commercial decisions but on, one, probably maintaining a strategic presence locally. So, if something does happen in China and they cannot source, they have a supplier here. It is diversity of supply and that is why they split it. Two, social licence to operate. Three, maybe they want to test the capability of the local market, they want to see their ability to deliver. These are all good things that multinational companies do.

One thing that I know from my limited experience of business, is that you want diversity of supply because if you are relying on one person to supply you and something goes wrong, then you are in serious trouble. That is why the desal plant and the GAB, that is why they want to be able to import and source locally, that is why they want to have diversity of supply and sale. What is this government doing? This government, in the indenture, has negotiated a participation plan which BHP will submit to me and we will be making public to see what they are doing locally.

I know the member does not think it is good enough. Then again, I do not think that anything I do is good enough for her. On balance, I think it is a very good and very well negotiated indenture. I think it gives good rewards to local companies: the ICN is there, the IPP is there. I think you will find that ultimately we are really arguing about not very much because there will be so much demand that we will not be able to meet the demand, and that is a good problem to have.

**The CHAIR:** Any more questions or comments on this clause? Which clause would you like to go to next?

**Ms CHAPMAN:** 14A. Clause 14A refers to the workers' village, Hiltaba. The village is to be built between Andamooka and the current Roxby Downs township and is ultimately to be a single person's quarters of some thousands. It is primarily to accommodate single persons, as I have said, for the initial construction and then to provide, as I understand it, accommodation for what will be a substantial fly-in/fly-out service. For those who visit other mines, Beverley is a classic example on a much smaller scale of a facility where one worker flies in, uses the room and then flies out, and then the replacement for their shift takes over the room. I do not know what the actual details are.

This indenture makes a number of provisions for this village. It gives, firstly, the right to the company to establish a workers' village and to have all of the infrastructure which surrounds that. I do not want to go into a lot of detail in relation to the village itself. I note that there are a whole lot of issues relating to leasing and renting. There is even a provision that they have to have solar hot water services, which I am pleased to see, considering that we do not even have them in Housing Trust homes in Adelaide, and all the run-off water has to be used for dust suppression, etc.

What I want to get back to is this: during the course of the development of this indenture in 2010 I corresponded with Monsignor Cappo, formerly the head of the state Social Inclusion Unit. He corresponded with me because I wrote to him about what involvement he was going to have in some of the social aspects of this development—in particular, Hiltaba—because our understanding was that there had been a survey of the people in the existing Roxby Downs township and there was a general feeling that it would be undesirable to have a huge number of single persons (particularly men—I don't mean to put a reflection on that), but there was a concern that men coming into the town en masse would cause some social disruption.



All of that may be so; I am not criticising that assessment by the local town. The information we had from BHP was information they respected and from which they developed a proposal for this separate village which was to be some kilometres away from the main town which, in itself, would have all its telecommunications services and facilities to go with it.

Monsignor Cappo wrote to me after he had launched with the Premier a glossy new publication called *Digging Deep: The Social Benefits of Mining in South Australia* which cost nearly \$20,000 to produce, espousing the virtues of mining, the potential for the social infrastructure of South Australia, and the benefits to us. He explained in his correspondence, in response to my inquiry about aspects of the proposed Roxby Downs expansion:

I will be following this issue up directly with BHP Billiton and other various stakeholders involved in the Olympic Dam expansion, to ensure the issues of housing, health and community services and employment opportunities are considered.

That correspondence was back on 21 December 2010, after I had made an inquiry about what he was going to be doing.

During the course of 2011 there have been a number of briefings and meetings. I have inquired a number of times with BHP whether Monsignor Cappo had either (a) sought a briefing with them about their proposed development, (b) attended the mine or the proposed site of the expansion, or (c) sought any information from them about the social data that had been collected and which is reported in the extensive EIS reports that we have tabled.

The answer to that question is no in all categories. That was concerning. I then wrote to the freedom of information officer at the office of the Premier (which, of course, was responsible for Monsignor Cappo's unit). I sought whether there was any correspondence—a letter, a note, an email, a report or anything—that had been sent to the Premier from Monsignor Cappo about any of these issues in respect of the Olympic Dam expansion. I was very saddened to receive a response which said not one single document was in existence.

I am very concerned to hear that, because we have had a lot of reassurances in publications and statements by the government to date (including the former premier) about the significant work that has been done to investigate these aspects and to validate, I suppose, the claims made in the EIS about the social aspects of the development of this mine. That includes the question of whether it is actually very sensible to put 8,000 blokes out in the desert by themselves, separated from other infrastructure, whether they should have gone into Andamooka (who wanted them), or whether they should have been in the township. These are all issues that were—

*The Hon. K.O. Foley interjecting:*

**Ms CHAPMAN:** The member for Port Adelaide seems to be collapsing into—

**The Hon. K.O. Foley:** That's a ridiculous statement.

**Ms CHAPMAN:** Can I say that these were all issues that were explored and referred to in the EIS about why they had made these decisions. In the process of the government doing its report on the EIS, and doing the modelling for the financial aspects, etc., this is one of the things we had a clear indication was being looked at by your government, by the representative who had been appointed to look at these type of things.

Given all that background, and given the very disappointing response I have, is there any single report the minister can provide to the parliament which demonstrates the government had taken any investigation, modelling or assessment of the decisions that had been made about the social provision of infrastructure, including the housing arrangements, that his government has done to support the proposed accommodation arrangements at this expansion?

**The Hon. A. KOUTSANTONIS:** I cannot speak for Monsignor Cappo or what correspondence he did or did not send to the Premier. I refer the honourable member to the Environmental Impact Statement Assessment Report, page 442—Whole of Project Social Management, which states:

The proponent [that is, BHP Billiton] must collaboratively prepare and implement a social management plan (SMP) within 12 months of the date of the approval in consultation with the state government and key stakeholders for approval by the indenture minister that includes, amongst other matters, measures to achieve the following:

Then it lists a whole series of things such as maintaining a minimum rental housing vacancy rate at Roxby Downs at 5 per cent; providing a minimum of 7 per cent of affordable rental and home purchase opportunities within all new developments; monitor rental rates, rental availability and

housing stress at Whyalla, Port Augusta, Andamooka and Woomera; inclusion of community health, social wellbeing, indicators to manage social wellbeing within Roxby Downs and other affected communities. It goes on and on about this sort of thing. I refer her to that.

**Ms CHAPMAN:** I read that—I said that. What have you done is my question? Do I understand it, minister, that all your department has done is require in the indenture, on the questions of the machinery of occupancy, tenancy, lease arrangements, etc., that BHP provide you a plan? Is that all that you have done? Has there been any independent assessment by your department of any of the proposed housing accommodation arrangements, including the village out in the middle of the desert, that are proposed? If not, I am happy to hear it. If there is something, will you bring it to the parliament so we can have a look at it?

**The Hon. A. KOUTSANTONIS:** I am not sure whether the honourable member understands this: the role of the assessment report and the indenture is that we require BHP Billiton to undertake certain aspects, and they include social responsibilities, and then we will assess that. BHP Billiton and mining companies in general already manage large populations in remote areas that are prominently known, and they do it exceptionally well. They have already built-in procedures and management in place. They made a decision that it was not appropriate to have a construction site or camp in Andamooka or in the township. I think that is a very socially responsible outcome.

They will manage those issues. They will manage the distribution of alcohol on the site, I would imagine. They will manage the testing that is normally available to all mine sites; most mine sites have regular breath testing and other testing that goes on. These social management plans are the requirement of BHP, which we monitor: it is not the other way round. They are the ones conducting the work; we are the ones who monitor it. It is not the other way around.

The reason we do that is because we are not establishing a community in the middle of nowhere; BHP is, for the purpose of the extension of the mine. Therefore, we want BHP to come back to us with the management plan. In my view, that is how it would be best; that is how every government has done it, including your government in the past. You may disagree with that approach, you may think we should be mandating this, but I think that the way to do it is to allow a private company to establish its own protocols and put them in place to make sure that there is good social management.

I recently went to the Challenger gold mine, one of the most remote mines in South Australia. They have excellent social management plans in place to make sure that the diversified work force (1) behave themselves, and (2) operate effectively with alcohol. Being away for a long period of time creates a lot of social problems; they deal with that and they deal with it effectively. So will BHP. Mining companies are very good at this. We will monitor them. That is how it operates. If you are asking whether I am sitting in the ring with BHP telling them how to design the camp: no.

**Ms CHAPMAN:** I thank the minister for being honest about that, because clearly the correspondence I have had with Monsignor Cappelletti has, frankly, not been worth the paper it is written on. You and I, minister, expert as you may think you are, are not the experts in relation to the social aspects; you and I are not. One of the reasons we in here rely on the information we are given about the assessment of these things is that you—being in the position that you are—ensure that, when we are given assurances about the checking of proposals that come through before you signed up on this indenture, you actually do that.

So it is very disappointing that you would say that to us now. Notwithstanding the assurances given in the correspondence, whether Monsignor Cappelletti did it or anyone else—and he was indicating that he was going to do it—he or his unit did not do it, and you tell me that your department has not done any of that, because, as you say it, you are not here to tell the mining company about how they set up the social infrastructure.

You can't have it both ways, minister. You are giving them instructions about levels of affordable housing, about leasing arrangements, about rental arrangements, even about whether they have a solar hot water service. You are giving them the prescription in relation to just those accommodation arrangements, and they are very prescriptive. Yet you are saying that you have done that without any independent assessment by the department on the matter.

The reason it is concerning is that you have been quick, as a minister—and the former premier as well, and indeed the member for Port Adelaide—to give reassurance to the people of South Australia, which I think is important to do, to say that you have actually checked the EIS reports, that you have used the resources of your departments to do these assessments and that

you have undertaken modelling, for example, on the economic impacts of a number of the EIS and proposals put to you. Yet you are telling us that you have done nothing in relation to this model regarding accommodation. That is extremely disappointing, minister, and begs the question of what else we can rely on, when we have had assurances of a thorough investigation of these matters.

I do not know whether it is going to be a social experiment that will be a disaster or whether it will be a new model for the future of mining, but I did read in the national press just this last week of 3,500 wives—it may have been spouses generally, but probably and accurately mostly female, as being wives—who were taking a petition to BHP with their complaint about the terms and conditions of, I think, not just accommodation but wages as well of their husbands in relation to the Queensland operation. So, there are social impacts on these things.

We get all these promises about what the Social Inclusion Unit or other parts of your government are doing to monitor these things and to make sure we get the best model possible, and in all the prescription you have given BHP on this, you cannot give me one piece of independent data or documentation; that is extremely disappointing, minister. I will save my next question in relation to affordable housing for when we get to clause 21(17).

**The Hon. A. KOUTSANTONIS:** The village is to meet a temporary need—albeit for a number of years—and will then be wound down to about 1,500 beds for the short-term annual maintenance needs. Also, the block living: they will be working 12-hour shifts; they work, they sleep, they work, whilst in the camp, and they are monitored. I am not quite sure what else I can say to the member, and I will leave it at that.

**Mr HAMILTON-SMITH:** I am raising the issue of third-party access. I note that this is dealt with in clauses 13, 16, 17, 18 and 48, but I might choose clause 16 to raise it. I refer particularly to page 68, (2B)(e), which provides:

- (e) the tenant may exclude any third party from the premises the subject of the lease if required for the tenant to conduct its operations and necessary activities.

I am just using this as a trigger, because it is mentioned right throughout the indenture. My understanding is—and perhaps the minister could clarify this for me—that in this new indenture, we have given up something that was in the earlier indenture, which was the preservation of a right to, in certain circumstances, insist that third parties be given access to infrastructure. Could he just clarify that for me first? Was that provision in the original indenture, and have we removed it?

**The Hon. A. KOUTSANTONIS:** The state has removed its right under the state access regimes, but not the federal access regimes. There still maintains, in the indenture, the right of third-party access under a federal regime.

**Mr HAMILTON-SMITH:** But there was a third-party access criterion in the original indenture, as I understand it, that we have now surrendered; is that correct?

**The Hon. A. KOUTSANTONIS:** I think a telling point on this is that under the old indenture, there was no exclusion—I am advised—for third-party access, yet BHP did not construct any infrastructure that could have been accessed, I am advised by—

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** Hang on. I think what we are seeing here now is a commitment by BHP to actually construct infrastructure that would be their property. They are making a commercial decision that they have put to the government, and the government has accepted it.

**Mr HAMILTON-SMITH:** The reason I raise this is that I think it is a very important issue. I think that point was proven with the Fortescue Federal Court case, where the Western Australian government found that another mining opportunity came along—Fortescue's iron ore deposits, a project that was probably not bankable without access to, I think it was BHP and Rio Tinto's railway lines. That was ultimately resolved. I understand BHP spent a lot of money defending the case—millions—and Fortescue had access to the railway and that made that further project a viable proposition for the Western Australian government. It created jobs, tax, royalties, all the benefits that go with it.

Curiously, the government has chosen to freehold the mine, the desal site and a lot of other precincts within the indenture. We are selling the mine; it is like selling the farm. We are selling the land, freehold; they will have the minerals and the land. Of course, that means the infrastructure they build on the land, as the minister quite rightly points out, is their property on their

land. I know the minister's answer will be what I know BHP's answer will be, 'Well, we own the land, it is our infrastructure. We've paid to build it, so we are not going to let anyone else use it.'

I can understand BHP feeling that way, but if the land had been retained leasehold, or alternatively if they had freeholded it with certain caveats in regard to access to infrastructure—it could have been done either way—then if another opportunity came along, another significant mine that was bankable with access to that railway line or that airport or that infrastructure, but not bankable without that, then we would be able to say yes to that project.

Let me use this analogy: if I lease you my farm and you put new fences on the farm and then at the end of the lease you go, unless there is some separate deal the fences are mine, by and large. Similarly, if you build some piece of infrastructure on the lease I may have caveats in the lease that give access to myself or others to that infrastructure. I can build certain things into the lease agreement in regard to access. By freeholding, you have given that up to a degree and you have also given up any third-party access regime, as I understand it. I mentioned all the clauses that it applies to.

I understand BHP has made it clear this was a die-in-the-ditch issue for them. It was a deal breaker for them, apparently. They did not want to give up access. I understand all that, so there is no need to repeat it. BHP is acting in its self-interest and you cannot blame it for that, but when negotiating the deal the government's responsibility was to act in the interests of its shareholders, the people of South Australia. If another mine is found up there—it could be bigger than Roxby for all we know; I understand Rio has a tenement just north of this site—then that railway line, that airport might be very important to the future of this state.

I am not suggesting that the government should say to BHP, 'Look, you've got a railway line, you've got an airport; we want you to make it available to Rio because they've discovered a mine as big as Roxby. Why don't you just interrupt your commercial operation and not run the trains, and we will let Rio come in?' Clearly that is not a sensible proposition, but we could get a situation where we have an airport that is only being used three times a day that would have the capacity to be used 30 times a day to fly in and fly out a workforce to another mine.

We could get a situation where the railway line BHP has constructed is only used twice a day and there is capacity there to use it without interfering with BHP's principal operation. Why would we say no to this other mining venture simply because we have signed away on behalf of future generations any access to that infrastructure? So my question really is: why did you feel it was necessary to agree to that provision? I know BHP was prickly on it, but should we have fought harder on that, given the prospect that there might be another mine discovered up there?

**The Hon. A. KOUTSANTONIS:** I am not sure that the airport is excluded from third-party access. The advice that we are receiving is that because it is governed under the Trade Practices Act it probably is open to third-party access.

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** Because it is commonwealth. In terms of the state regimes, I think the point that you are making is that if the line is available why not let a third-party take advantage of that for a commercial purpose. I suppose the answer to that is that BHP do that currently now with OZ Minerals.

*Ms Chapman interjecting:*

**The Hon. A. KOUTSANTONIS:** They do. They have an exclusive piece of infrastructure that they own and they share it with Oz Minerals. I will make this point to you: I do not believe that BHP would take the risk they are taking now, and I do believe this expansion is a risk—all endeavours are a risk for a company. There is a lot of risk here because the overburden is so large and they are subject to some of what I believe are the strictest environmental conditions in the world. You might not think so, but I think so. It is a lot stricter than for people who are currently operating under the Mining Act.

If we were to say to BHP, 'We want you to undertake this massive undertaking, but all the money you spend on infrastructure may be in the state's interest, taking third-party access, when is commercially viable for you, of course,' that adds another layer of risk to them. So, what you are really doing is pushing that bankable feasibility that they make and making it harder for the project to stack up.

Every layer of regulation we lay on top of BHP in terms of the way they do this project makes it harder and harder for their board to press a button on a project that I think it is obvious that most members of the current board will not see a profit on. They will not be on the board until a profit is returned. A majority of the board members who press the button on this development, who agree to begin work to expand Olympic Dam, when they make the decision sometime next year, will not be on the board when BHP returns a profit on this project. That is how far into the distance this is.

Our job is to do two things: protect the state's interests and give BHP as much of an opportunity as possible to get this project up and running. They really are one of the only companies in the world that can do this project. Every layer of regulation that we lay on top of them (and we have laid many, especially with the desal plant, the most regulated, highest environment standard desalination plant in the country by far—they have ticked the box) we start putting in jeopardy their rail movements. I know you are not suggesting that we define how that would be done. It just adds a level of complexity to BHP that gives another reason why this project probably should not proceed.

As mining minister, as shadow mining minister and as shadow industry minister, third-party access is very important to all of us, because infrastructure is very important to the state. I would love nothing more than BHP to say, 'We'll open it up to commercial considerations, open up third-party access for all of our infrastructure,' but they act in the interests of their shareholders and they act in the interests of their board. We act in the interests of the state.

I accept your point. If we had compelled BHP Billiton to allow third-party access on a commercial basis, I suspect we would not be here debating the indenture bill. I suspect they would have walked away. In dealing with mining companies, the one thing I have always noticed is the way they protect their infrastructure because capital is so scarce.

The world is changing. If you are going to invest this type of money into this type of venture and then have the risk of a commercial proposal, meaning that if you do not accept it you are in breach of the indenture, and then later on BHP find a larger ore body a bit further down, a bit to the left, a bit to the right, under their mine plan, and all of a sudden have to delay production because they have signed a commercial agreement with a rival mine a few kilometres to the north, a few kilometres to the south, whatever it might be, they would be letting down their shareholders and, quite frankly, probably the state. It is a tricky balance—a very, very tricky balance—and sometimes we suffer for it, but I think we have got the mix right.

**The Hon. K.O. FOLEY:** This is a difficult situation I find myself in as the person who negotiated this. The mining minister is doing an outstanding job in representing those negotiations, and, on every bit I think I could add some value to, I do not want to be on my feet; but on this one of third-party access I feel it is important—

*Ms Chapman interjecting:*

**The Hon. K.O. FOLEY:** No, I am making a contribution.

**Ms Chapman:** As an answer?

**The Hon. K.O. FOLEY:** No, I am entitled to speak on this.

**Ms Chapman:** He is not going to ask a question: he is going to tell us. We are happy to have it.

**The Hon. K.O. FOLEY:** I am giving you some more information. As I said from the outset on this negotiation, if you pull apart the 150 components of this indenture or whatever—the EIS, the many hundreds—yes, there are outcomes that you would like perhaps to be better outcomes from the state's point of view, but in any negotiation it is the total package and it has to be considered and understood in the totality of the package. You cannot go into a negotiation and expect to get 100 per cent of what you want. Despite comments that you would have done so much better and that I was rolled and my tummy tickled, I actually think that we negotiated a very, very good outcome.

The issue of third-party access was a real sticking point. BHP was very hot to trot on this one—very hot to trot. They have had experiences in the Pilbara and they are scarred by them. Now, as I am a free marketer, I think third-party access regimes are an appropriate piece of public policy. However, in this negotiation, we made it very clear that we would not make any representation to the commonwealth about commonwealth regulatory regimes.

They understood that and they were not, for that matter, necessarily asking for it. What we did was we got down to the couple of issues and it was mainly the rail because we are a state-based rail regulator. Their argument is that they are spending that money. It is their money. As the minister quite rightly said, they need to minimise the risks associated with this project. Whether we like it or whether we agree, they see, they saw and they feel that third-party access is a major priority issue for them. I took the view as the lead negotiator that this was not an unreasonable right to trade off. It did mean something quite significant to BHP and it was a negotiating option that we could give away that would be part of our position in terms of what we can give, so that we can take on a further item.

At the end of the day, the situation is this: BHP is building that rail line. It is for the purpose of serving Olympic Dam. BHP may well wish to enter into a commercial arrangement. No-one is saying there cannot be third-party access. What we are saying is there will not be mandated state regulatory third-party access. If BHP wishes to have a commercial arrangement with a Rio or an OZ Minerals or whoever—and I cannot think at this stage who it would be, given that there is no known activity that I think would want to use that rail at this stage; there maybe—if BHP can manage it commercially, it will do it.

As for the airport, the airport will be governed by national regulation and BHP, obviously, understands the importance of that airport for other users. I do not think that will ever be an issue.

The only other issue where we had some third-party discussions was around the desalination plant. Now, their argument is that they are building it. If they have surplus water, we get first right of refusal. My guess is that, if they have excess capacity of water, they may well enter into commercial arrangements with another mining company, should they so wish.

What we did do with the access corridors for electricity, gas and water is, with the easements and the approvals, we have corridors available for duplication of infrastructure, should that be needed. In a planning sense, we have corridors such that other easements can be granted for other pipelines, etc. You can mount a very strong case that we should not give them ground on this, and I would not be critical of you for doing that. All I am saying is that, in the totality of the negotiations, you had to take some hits.

My team and I both felt that in the quantum, quality and totality of what we were negotiating, and given it was so important to BHP—and I am not sure if it was a bit more philosophical than real for BHP. I do not know their motivation on it, except obviously, as the minister said, in terms of regulatory burden. All I knew was that it was an important issue for them and I do not think we gave anything of any material value away in agreeing to it.

I guess what I am saying is that there are no wrongs or rights in this. You have a good point and you may have negotiated differently. You may have given something else away and not given this one away, but those are the negotiations we were in. This took six months. There were hundreds of these things. I had to accept that there had to be some give and take, and this was one of them. There is no right or wrong answer.

**Mr HAMILTON-SMITH:** I thank the minister and the former minister for their answers and accept the general point. Although it is clear that in all likelihood this will not develop into a major problem, because I imagine BHP will want to enter into commercial arrangements if somebody wants to use their railway line, their airport or whatever the case may be, you could always get a situation where BHP might choose to unreasonably deny someone access.

I accept all the arguments about the risk, but surely they could reasonably deny access if they could prove that it would interfere with their operations and therefore not be required to give access. If it was a reasonable access request, I certainly would have liked to have seen that preserved. You see, it does not matter for this generation, but it may well matter in 20, 30 or 40 years' time.

I can see a huge compensation claim and other complexities if we find another mine up there, we have other miners wanting to use the infrastructure and BHP is being difficult—or whoever owns BHP at the time, or whoever owns the mine, because we have preserved rights for transfer of all the rights under this indenture to whoever might own it. There could be a problem there. Anyway, I do not want to dwell on it. I accept the answers, but I think it is a weakness in the contract that we have entered into.

**Ms CHAPMAN:** We are on a cluster of questions in relation to infrastructure on the question of third party access, so I will ask my questions here. The former minister touched on this

in his contribution to assist in this matter, and that is the third party access by the state to the excess water, which is by way of first option or first right of refusal to that extra portion of the 100 gigalitres that they are going to be providing.

In fact, there have been some discussions certainly with the opposition about the fact that they were going to have a much higher capacity than what their anticipated needs were for this expansion and whether they would consider selling it to other commercial competitors, withholding it, providing it to the Whyalla township or giving it to the state. It seems as though that has been an excellent resolution, that at least the state has got first right of refusal of it, because we know what an important resource that is, especially for the Iron Triangle towns up there.

My question in relation to the freeholding generally—and bearing in mind that we have two separate things. The first is the freeholding of a much larger area of property, because of the expansion of the size of the mine and the infrastructure immediately surrounding it. There is a much bigger patch of territory that is going to be freehold. It is not new, because the freeholding capacity is in the original indenture.

I may not be right, but if you can clarify this: as I have read the contract, where the pipelines for water supply are going to go, the pipelines for gas supply linking up to Santos facilities are going to go, and the rail line are going to go—both to ports and I think there is a facility out to the west at Pimba or somewhere. I am summarising this now, but there is going to be some kind of compulsory acquisition by the government of the land necessary to facilitate the development of that infrastructure on behalf of this project, and that it will then be made available for this infrastructure to be built on.

Are these corridors that the former minister referred to going to be freehold as well, or are they going to have some kind of ownership by the government with a right of access over them? I have just heard from the former minister that within these corridors it seems that there is a facility for other infrastructure to be built. Can you explain to me the legal mechanism by which this is going to be held and by whom, and what opportunity there is for these other parties to come into it?

**The Hon. A. KOUTSANTONIS:** I will answer the most controversial part first—compulsory acquisition. That will always be a matter of last resort, and it will not be how we will do the majority of the easements. They will be an easement facility. If it is a slurry pipe or a rail line or a power line or a water or gas pipe—whatever it might be—it will be done on an easement basis, so it will not be freehold; it will be an easement. If we reach a block where BHP cannot acquire the land for whatever reason—there is some technicality—it will always be a matter of last resort for the government to use those powers. Generally, it will just be an easement option.

**Ms CHAPMAN:** I refer to clause 22, page 90, under the category of section 21, which is provision of infrastructure. At the bottom of page 90, subclause (10) deals with the state's obligation to equip buildings and structures for all of the educational, hospital, medical, dental, police, fire, local government, judicial, recreational, town maintenance depots and other civic and communal services, and the housing accommodation.

My question is: assuming that this relates to both Hiltaba and the necessary extra facilities that may be located in the Roxby Downs township, what budget, if any, has been prepared for the estimate of the cost of this to the state to comply with its obligations under this section? I am assuming at this point that it has not been put into any forward estimates because we are six to 10 years away, but I am not sure. Perhaps you can explain to me, if there has been any provision in the next four years in forward estimates, how much has been allocated to the provision of the development of those services.

**The Hon. A. KOUTSANTONIS:** I am advised that this is an existing clause; it is in the current indenture.

**Ms CHAPMAN:** I understand that but what—

**The Hon. A. KOUTSANTONIS:** Yes, I understand that, and I am answering the question the way I see fit. In terms of estimates, there has been a standing estimate from both governments of a certain value. That value varies. What the department and the OD task force are going to do now is to start a consultation with Treasury to get a more refined figure for this work. It has been sitting here since 1982, I am advised, so successive governments have put this in the forward estimates, and it has ranged between \$80 million to \$100 million to \$200 million, but there will be a more refined rate done with Treasury to get an actual figure. Obviously, this work is really out into the distance.

**Ms CHAPMAN:** At page 92 is the insertion under subclause (17) of the affordability of housing obligation which is to be 15 per cent of all new vacant allotments in the town site. You will recall, minister, that you published in the gazette a number of conditions that were to be met prior to this bill coming into the parliament, including a 5 per cent obligation minimum for affordable housing. This now comes up to what I call the standard requirement under the Housing Affordability Act, which currently requires a 15 per cent obligation. I assume from this that it is going to apply only to a percentage of the new homes built in the existing Roxby Downs township and does not apply to the Hiltaba development.

**The Hon. A. KOUTSANTONIS:** I am advised that that is correct.

**Ms CHAPMAN:** Of the 15 per cent, is there any obligation, as is currently required at law, that 5 per cent of that 15 per cent that is under the act required to be available for the special needs obligations, that is, social housing? Is there any imposition or obligation in that legislation? In the list of all of the acts to which this indenture is to be paramount to, it does not mention the Housing Affordability Act, so my question is: is that 15 per cent going to be just all affordable housing, and will they have the same affordable housing definition as provided under the act? How is that to apply?

**The Hon. A. KOUTSANTONIS:** I am advised that that 15 per cent will be given to the state government, and the state government policies will apply. I am advised that roughly 5 per cent of that 15 per cent is the general rule—it can vary—but the requirement is on us, not BHP. So, BHP gives us the allotments; we are the ones who apply the policy.

**Ms CHAPMAN:** So, then it is only new vacant allotments; it is not housing as such? Is it just 15 per cent of the land that they might develop within those zones around Roxby Downs township?

**The Hon. A. KOUTSANTONIS:** I am advised that it is vacant allotments, and it includes new greenfield sites.

**Mr HAMILTON-SMITH:** I refer to clause 22, page 93. If I can ask the minister a question on subparagraph (l) on page 93: necessary sporting facilities and playing fields within the town site, together with appropriate change room facilities, will be paid for by the state, all costs.

I just want to use this clause to open an issue that I think is a very important one. The state is to provide all of these facilities at Roxby, including even sporting facilities. I can understand this just being part of the negotiation, but to me the broader issue is: the state is making its contribution towards this project, what contribution is BHP making back to the state and the people of this great city in regional South Australia? The minister might say, 'Well, they're paying royalties, and they're creating jobs and business opportunities,' although we have explored that under clause 12, in regard to their obligations.

I am curious that, when this government agreed to lift the share cap for Santos, we had a very feisty debate in here. One of the things that the government insisted upon was that Santos pay around \$60 million over 10 years to a range of community investments.

I might just mention some of them. They range from being involved in the Tour Down Under as a sponsor and a sponsor of the Adelaide Symphony Orchestra through to being a major partner for OzAsia, a community partner for the Adelaide Festival, school scholarships, the Santos Stadium, Youth Opportunities, The Smith Family's Next Steps program, \$25 million over 10 years into the School of Petroleum Engineering, \$10 million over seven years to the University College London's Adelaide campus, \$5 million into the RI Aus, \$3 million over five years for the Common Ground project, \$2 million into the Santos Conservation Centre, \$2 million for the Botanic Gardens, money spent up at Moomba, money for the Asthma Foundation, three years' support for the Aboriginal Power Cup. It just goes on. Santos is a very good corporate citizen.

The government was quite keen, before approving a lift to that share cap, to get some investment out of Santos for the community. I do not see the same rigour in the way it has approached this issue of the indenture with BHP. I am aware that BHP has gone out there recently and promoted their investment in University College London's British operations, and that there is an arm of that here in South Australia and there is some money being spent in Adelaide, but it is minuscule compared with what Santos has been required to invest.

I simply say: where is the consistency and where is our government seeking to insist that BHP give something back, that BHP be seen to be a good corporate citizen? I will come to the



issue of BHP in a minute and their attitude, but I am surprised that the government has not taken the leadership on this and insisted that they do more, and be seen to be doing more.

**The Hon. K.O. FOLEY:** I have seen the member put this out on a number of occasions. Can I just say, with all due respect to my good friend and a man I hold in high regard, the shadow minister for industry, it is a silly comparison. They are totally two different things. I was involved in the Santos share cap issue as treasurer and that was about, first, getting rid of an old redundant mechanism whereby the state could control the share cap on Santos. But what we were able to do, through Treasury and through independent advice, was get a feel or an understanding of what the balance sheet impact would be and what the windfall gain in shareholder value would be in lifting the 15 per cent cap.

By lifting the 15 per cent cap, the market capitalisation of Santos would increase by some significant magnitude. That was obvious. What the premier did, and very successfully, was extract some of that value back for the state. And why wouldn't he? That is, if Santos was going to get X hundreds of millions of extra shareholder value and they could use the ability of getting rid of that, the state should be able to pull some money back, and we did. Some might say it was extortion and some might say it was brutal politics. It was probably a mix of all of that. In the end, it was a totally different situation to what we face with BHP, the very point that the minister made so eloquently before.

In this deal, Marius Kloppers, Andrew McKenzie, Dean Dalla Valle—these people—have to be able to convince the board of BHP that they should invest \$20 billion, \$25 billion, \$30 billion, whatever the final number is, 'But you won't get payback on that for 18 years,' or whatever. 'You won't start to see revenue for six or seven years.' Everything is brought back to a net present value cost of the project.

Every time you load in a substantial cost to it, it affects the viability of the project. You cannot be in a negotiation—and I would argue it would be improper, in terms of my ethical way of negotiating—to be trying to trade off various things to get a lump sum of money to spend on a football stadium, an arts precinct, or whatever. That simply would have added additional cost to BHP and would probably have meant that, as the state negotiator, I would have had to give something else away because it would have been a quid pro quo situation. It was neither feasible nor was it appropriate, in my view (and I am very firm on this), for me to have tried to extract \$50 million or \$100 million out of them for capital projects outside the scope of this project.

My view would be that Dean Della Valle would have had great difficulty in extracting an approval from his senior people—Andrew Mackenzie and Marius Kloppers—to do that very thing, because it is not part of the project. Now, bear in mind that BHP picks up half the operating deficits now of the township and will do so for many years to come. It already provides substantial amounts of recreational capital to the town, because it is a company town and it does pick up a degree of its responsibility there.

If, at the end of the day, BHP wants to be a good corporate citizen and make a sizeable donation to something, well, that is a decision that it may make in its normal course of business. It is not something for which you can extract, in my view, a lump of money from them, or even attempt to get that money out of them. We got down to fighting over half a million here, a couple of hundred thousand there and a million a year here because it was all brought back to the net cost to the project.

To think that I could have extracted a \$60 million thing for the football stadium would have just been inconceivable. What BHP is doing is that it has a \$12 million community investment fund over five years. Of course, Andrew Mackenzie, I think, and former premier Rann announced the \$10 million it is putting into the universities in South Australia over the next five years. I have said that it carries 50 per cent of the Roxby Downs council deficit; it funds the Roxby Downs Area School and the Woomera and Andamooka schools; \$1.2 million over three years to the Arid Recovery Research Project; more than \$2 million a year in Indigenous funding (and that, I assume, is outside its separate ILUA negotiation that it has done with Indigenous communities); \$1 million to Carclew Youth Arts; millions of dollars into major partnerships with the RFDS, the Burns Trust, the Polly Farmer Foundation and the Port Power Community Youth Program (\$500,000 over three years); and it will also be the major guernsey sponsor for Port Power for the next five years at \$1 million a year.

*Ms Chapman interjecting:*

**The Hon. K.O. FOLEY:** I got that one in. I did get that one in. No, that's a fib!

*Ms Chapman interjecting:*

**The Hon. K.O. FOLEY:** Yes, I just noticed the old Carclew. No, that was a joke about Port Power. Don't!

*Ms Thompson interjecting:*

**The Hon. K.O. FOLEY:** Anyway—

*Ms Thompson interjecting:*

**The Hon. K.O. FOLEY:** Yes, that is my answer, and it was with the greatest respect, member.

**Mr HAMILTON-SMITH:** I hear the former minister's answer, and I must say that I do empathise with the former minister. He has been negotiating with probably one of the most sophisticated negotiating parties in the world today.

*The Hon. K.O. Foley interjecting:*

**Mr HAMILTON-SMITH:** I am sure in verbiage, but I am not sure in negotiating skill. Look, you are talking about a negotiating party in BHP that is negotiating coal and iron contracts with the Chinese and the Japanese. They are skilled in this business of negotiation. I think that this whole negotiation has been handled artfully by BHP. I accept all the arguments that the former treasurer has raised, and I am sure that he did his very, very best. Who knows if anyone else could have done any better—probably not. It has been very difficult, I know that, very difficult indeed. But I do not accept his arguments that you should somehow give up on the people of South Australia in terms of some payback.

The minister has just given us some information—some of which I think might be new information—about what BHP is doing. We will have a look at that on this side, but I think BHP runs the risk—as does the state government—of being seen to have over-promised on this and possibly, maybe in the future, under-delivering, because we have had the former premier talk about us becoming the Dubai of the south. We have had this over-spruiked.

I say to the former minister that he and the former premier and the government generally have talked a lot about this project over the last six or seven years. It has been over-promised and talked up. In fact, the government and certainly the former premier and the former deputy premier had almost staked their reputations on getting a result here and, in so doing, gave up one of their strongest negotiating points, and that was time.

BHP knows that the government and the former premier and the former deputy premier, to a degree, had their backs to the wall. You wanted and you needed to get a result, and the minute the negotiating party knew that, they had you over a barrel. They knew that you needed this almost more than they did. The great trump card from BHP—'We'll walk away; we'll delay it another year. We'll just turn on the clock and time you out.' Of course, that is why we are all here wanting to expedite this and get it going, because all the cards are in BHP's hands. It can play the delay card on the government, on the opposition and on the parliament and it knows it will get whatever it wants.

I accept the minister's point that it was different—Santos, BHP—but the principle to a degree is the same. Both companies wanted the parliament to give them something. In the case of Santos, it was a lift of their share cap; in the case of BHP, it is \$1 trillion worth of minerals that rightfully belong to the people of this state.

The former minister has talked about NPVs. He knows that the Olympic Dam Task Force briefed members of parliament that the NPV of the mineral resource was around \$1 trillion. I know all the lines that we have been given, that, yes, there is time before there is a payback on this project. All of that is true. We were told that it was \$5 billion to \$6 billion to remove the topsoil, three to four years. We were told that there was \$25 billion to \$30 billion of infrastructure to be built—all of that is fine—less than one half of 1 per cent of the value of the resource, or 2 to 3 per cent of the resource, if you add all those costs up on NPV.

However, I do not accept the negotiating point from BHP. I accept that the former minister has probably seen economic modelling and I know that the government engaged its own consultants to try to verify it, to argue that this is a marginal project. I just do not believe that. If it was a marginal project, I do not think BHP would be continuing with it. I do not think it is a company that is silly enough to advance with a project that does not stack up. If this was a loss-making

enterprise, I do not think we would be here. They are not dumb; they know when a project is viable or not.

I know the minister is going to get up and say, 'We had consultants look at it. We paid 300 or 400 grand and they told us it was a marginal project.' That is fine, but I think the fact that BHP is asking us to open this up is proof to the point. My message to BHP would be: the people of South Australia have been led to expect that BHP is going to give a lot of benefit to the community. Frankly, at the moment, they see more from Santos than they do from BHP, and they are a David and Goliath in terms of capital net worth. I think BHP could do—and could be seen to do—a lot more here in South Australia to help and invest in this community in a range of ways, from our universities to the zoo to wherever you want to go. I just think more could be done.

The minister and the former minister say that they did their best. I accept that, but it did not even need to be part of the indenture; it could have been a separate agreement. However, I am looking, and I am sure that South Australians are looking, for something more from BHP by way of an investment back.

**The Hon. A. KOUTSANTONIS:** I just point out to the member that subsection (l) was on the existing indenture:

necessary sporting facilities and playing fields within the townsite together with appropriate—

*Mr Hamilton-Smith interjecting:*

**The Hon. A. KOUTSANTONIS:** Sure, I understand. I am just letting you know that that is our responsibility and it always has been.

*Mr Hamilton-Smith interjecting:*

**The Hon. A. KOUTSANTONIS:** I understand.

**The Hon. K.O. FOLEY:** There are a couple of points here I cannot let go unanswered. I respect the member's own assessment. He is more than entitled to it. He certainly has an MBA—I don't—and that may well make him more qualified than I. But of the various business people that I take counsel from around Adelaide and certainly from around other parts of Australia, including some of the mining 'giants' in a sense in terms of personalities, all to a tee are of the view that this is a marginal project. Once they get to the crossover point, it is blue sky, but it is blue sky in about 20 years' time.

Very few boards would have the courage or the preparedness to sign off on a project that commits \$20 billion—and, you know, you are not going to see any return of any size for a decade or more. On the timing issue, can I say this: it was never about Mike Rann and Kevin Foley because I gave a commitment to BHP when I started these negotiations that I would remain in the chair negotiating this for as long as it took, and I have been doing it for six years.

We met in early February from memory. As I said in my contribution, I had to put a spreadsheet out as to what the key critical time lines are for BHP. The moons are in alignment to get this away, and this is not something that Dean Dalla Valle or anyone from BHP said to me, but I am an avid reader of the financial papers. My view is that had BHP successfully acquired potash in Canada, which I think was about a \$16 billion purchase price, I doubt that we would have started negotiations in February this year for this project because their capital was being committed to that purchase. That deal did not go ahead.

It was not long after that deal not going ahead that they re-engaged. Even for a company as humungous as BHP, there is only a limited amount of capital. The potash went off the radar. They had a lot of money. They have a lot of available capital now, but they have a lot of options around the globe, a lot of opportunities. They can make bigger iron ore mines, they can buy mines, they can do everything. But when potash went off the radar, my guess is—and this is just a guess because I have no inside knowledge to confirm this—they had a look and said, 'What is the next big investment (class A asset investment) that they can go for?'

You have to also look at the make-up of the company. Marius Kloppers, the CEO, has been there four years. He purchased Western Mining. He is taking a high risk as a CEO to recommend this to the board. My guess is that at some point Marius Kloppers will not be the CEO of BHP in a few years' time or whenever it may be because that is what happens in the world. This is not a decision or a recommendation that a brand new CEO would take to a board. We had a CEO who has been in that job long enough that he is confident enough that he can recommend and press the go button on this.

Then you have to look at the global situation. You only have to look at Europe today. You have Italy, you have Greece—

**The Hon. A. Koutsantonis:** Ireland.

**The Hon. K.O. FOLEY:** We had Ireland.

**The Hon. A. Koutsantonis:** You still have Ireland.

**The Hon. K.O. FOLEY:** This is not a—

**An honourable member:** Mauritius.

**The Hon. K.O. FOLEY:** Mauritius.

**The Hon. A. Koutsantonis:** Malta.

**The Hon. K.O. FOLEY:** Malta. Europe is frightening.

**The Hon. I.F. Evans:** Mauritius is not in Europe.

**The Hon. K.O. FOLEY:** I wouldn't know. I haven't been there on a parliamentary trip like you. There is the very obvious demand coming out of China but, if we thought we could wait another six months, what sort of environment are we going to be in? What other project might BHP get tantalised by to purchase or invest in? The buggers want to spend this money now. Why would we want to delay it? They are ready to go. They wanted this project approved before Christmas, not me, not Mike Rann. Do you really think I want to be here at midnight?

We are here because the company is ready to hit the go button. What I have been incredibly impressed by in the opposition—and this is of no criticism of your questioning tonight—is that, for the first time in my 23 years of roaming these corridors (seven as a staffer and 18 as an MP), this is without doubt the most cooperative and bipartisan atmosphere I have ever witnessed in this joint. I approached Isobel and Mitch (the leader and the deputy leader) privately some weeks before we concluded negotiations to bring them into the loop early and to give them the capacity to brief their party room early. I have to say that some of my colleagues were hostile at the idea that I should—

**The CHAIR:** Member for Port Adelaide, I think that we have covered some area, so could you wind up, please?

**The Hon. K.O. FOLEY:** I was enjoying this.

**The CHAIR:** You were. You will get another chance.

**The Hon. K.O. FOLEY:** I do not want to keep interrupting because I am not the minister, if you had not noticed.

**The CHAIR:** I will keep that in mind.

**The Hon. K.O. FOLEY:** So, I will shut up now, but whatever you asked, Marty, it was silly.

**Mr HAMILTON-SMITH:** That is a very curious remark. The reason why we are seeking this information, for the former minister's benefit, is to make sure that, before this finally advances through the entire parliament, we are all aware of the details. The former minister is aware of all the details because he has just told the house that he has been at it for six years, enmeshed in those details, but he is not the only member of parliament in this house. That is why we are working through the issues.

Similarly, he makes the point that the opposition has been full of bipartisan cooperation on this; we all are, but do not forget that the select committee only comprised six members and there are a lot more than six members in the house. So, a degree of it needs to be repeated and put on the record because there are some issues that we have raised tonight that may confound future generations when they look back on this matter and want to know how we arrived at the decision we arrived at.

That is why, as I say, I think one of the questions that they may ask, particularly if this project does not deliver on the promises that have been made, is: why did we not get more out of it? You have partly explained why and you have partly explained how difficult it has been, and I have no doubt that it has been a difficult negotiation. I do feel that it is a mystery that BHP is not out there demonstrating to taxpayers that it is prepared to make a bigger investment in them, because

at the moment, to many people, it looks like a large multinational coming in to take away \$1 trillion worth of minerals.

We are being told to expect enormous benefits back, but as we found out when we debated clause 12, we cannot hold the company to account for any of those jobs or any of those contracts because there is nothing in the indenture that does it. We heard earlier that royalties will be swallowed in horizontal fiscal equalisation. We may well be in a position where South Australians ask themselves, 'Well, you know what, we were promised a whole lot here and I don't see it.' That is why I think it is important that BHP invests something back. The former minister has just explained that that was not within the ambit of the negotiations and it could not be done. Well, it is unfortunate.

**Ms CHAPMAN:** While we are discussing the Santos indenture and we have the benefit of the history—

**The Hon. A. Koutsantonis:** We are not discussing the Santos indenture.

**Ms CHAPMAN:** Well, it has been raised at this point. I am happy to raise it now while we have the wisdom of the member for Port Adelaide to assist us. Can I ask the minister: what aspects of the Santos indenture that are currently at issue before the Supreme Court are in this indenture and what have you done, in the negotiations, to make sure that we are not exposed to the same litigation over this indenture that would be the subject of litigation?

*The Hon. K.O. Foley interjecting:*

**Ms CHAPMAN:** Well, you may not be.

**The Hon. A. KOUTSANTONIS:** The advice I have is that the dispute in the Supreme Court, which I do not want to comment on in any way, is about wharfage fees.

**Ms CHAPMAN:** I am not asking you the detail of the case, I can read the pleadings. What I want to know is can you give an assurance to the house that the issues in dispute there have been understood, anticipated and made sure that there is protection in this area, whether it is in relation to the port facilities here or anything else. I am not sure but I just want that assurance.

**The Hon. A. KOUTSANTONIS:** I cannot stop a future board, a future CEO or a future managing director of mines from suing the state government because they feel that the indenture is not being carried out. I, or a future indenture minister, may wish to act on some parts of the indenture where I think that BHP is in breach and we could well end up in the Supreme Court. Have we done our very best to minimise litigation? Yes. Can I foresee any problems? No; but you never know.

**Ms CHAPMAN:** Of course you cannot anticipate any litigation on anything, but when we were here a couple of years ago doing the Santos indenture we were given all sorts of assurances about how reliable that was going to be and, perhaps unforeseen at that time, an issue has now arisen and is being determined. It will take its normal course through the compulsory arbitration, etc. However, having had notice of that, can you give us some assurance that in the negotiating team you have directed some attention to remedying as best as practicable any repeat of the vulnerability of those clauses in this indenture?

**The CHAIR:** My understanding of that question is that you just revisited the same question, unless you have read it differently.

*Ms Chapman interjecting:*

**The CHAIR:** The question has already been answered once; that is the point.

**Ms Chapman:** He knows what the question is.

**The CHAIR:** Believe it or not, I do too. That is why I am about to rule it out of order.

**The Hon. A. KOUTSANTONIS:** Let's remember that there is an indenture currently under operation with BHP and the best advice that I have is that there has been no litigation in 30 years, and arbitration facilities are available under the indenture. While I suppose there are issues with the Santos indenture, we do not foresee any here and we haven't had any in the past, so I think (in terms of how this indenture has run) it has run exceptionally well.

**The Hon. K.O. Foley:** Trust me, if we could have kept lawyers out we would have!

**Ms Chapman:** I am sure you would have.

*[Sitting extended beyond midnight on motion of Hon. A. Koutsantonis]*

**Ms CHAPMAN:** I thank the minister for his indication. I hope it means, if I understand it correctly, that the current issues in the Supreme Court have been considered in making a determination on this indenture, and as best as practicable some attempt has been made to ensure that we minimise the risk of there being litigation in this matter. I turn now to page 100.

**The CHAIR:** If members do not wish to participate in this discussion and have a private conversation, can they please leave the chamber? It is very hard to hear what is being said. Member for Bragg, can you repeat your question, please?

**Ms CHAPMAN:** Page 100.

**The CHAIR:** 24B?

**Ms CHAPMAN:** Yes. This section has been added to the indenture obligations and that is, as I understand it, that once a certain threshold of population has been achieved and certain other threshold conditions, the township of Roxby will effectively be entitled to have its own local council, and that will both relieve some obligations of the company to provide certain services but also change the structure and entitlement to elections, etc. Who had asked for this process to be able to be effected and what was the basis upon which this was presented for consideration?

**The Hon. A. KOUTSANTONIS:** The government asked for these provisions. If there is a break-out of mass democratic feelings in Roxby Downs when they reach a certain size, we think it is appropriate that the normalisation of the town begin. It is only appropriate, as a town grows, should they choose to have it, that we would normalise the town. It is only proper with a large community.

**Ms CHAPMAN:** So, were any submissions put to you by the LGA or any other organisation?

**The Hon. A. KOUTSANTONIS:** No.

**Ms CHAPMAN:** So, apart from this being an idea that the government thought was appropriate to give them an opportunity for self government at the local government level, is there any obligation in any of our other indentures? For example, at Santos does it have some kind of provision for this? Obviously they are a smaller operation—I accept that.

**The Hon. K.O. Foley:** There's no council for Santos.

**Ms CHAPMAN:** Not entirely, but to the extent that—

**The Hon. A. KOUTSANTONIS:** My advice is no.

**Ms CHAPMAN:** So, there is no other precedent for this, is there?

**The Hon. A. KOUTSANTONIS:** Other than annexations in some European countries, no.

**Ms CHAPMAN:** In South Australia, minister.

**The Hon. A. KOUTSANTONIS:** In South Australia, as far as I know, other than giving up our Northern Territory to the commonwealth, I know of no other example of this.

**Ms CHAPMAN:** Can the minister explain where this idea then came from?

**The Hon. A. KOUTSANTONIS:** It is only appropriate that as a community grows to a certain size we normalise representative government in terms of a council. It is important that, as a community reaches a certain size, if a community chooses, we would normalise relations. It is just common sense, really.

**Ms CHAPMAN:** It might have been a thought bubble of yours—it may have been a very good one—or one of the former minister's, but did anyone or any group in Roxby Downs ask for it?

**The Hon. A. KOUTSANTONIS:** I understand South Australians thirst for democracy; they search for it everywhere, but no.

**The Hon. M.J. Atkinson:** Burnside.

**The Hon. A. KOUTSANTONIS:** In Burnside they search for democracy.

**Ms Chapman:** No, we search for a report, actually.

**The CHAIR:** Can we stick to this topic, please?

**The Hon. A. KOUTSANTONIS:** I do not think the government received any submissions from any residents about normalising the town. I think it is just prudent government forward planning.

**Mr HAMILTON-SMITH:** I just want to get on the record for future members of parliament and future generations more on the government's reasoning in regard to its outcome on royalties, because 20 years from now people will not know the reasons behind the decision unless they can read it. The government has made the point in its second reading addresses that it was just one of those things that had to be negotiated—a 45-year freeze on royalty rates. A lot of businesses in this state would like to have their tax rates locked in at today's figures for 45 years. It is very generous.

As I understand it, the government has also removed a provision in the indenture that was in the earlier indenture, where there was an element of profits-based royalty revenue possible should results exceed expectations. My question is: why did you remove that profits-based component of—

*An honourable member interjecting:*

**Mr HAMILTON-SMITH:** Yes, well, why did you not insist on it being continued in this indenture? You had the option. I note that this has been covered in *The Australian*, I think *The Advertiser* has also mentioned it. Why didn't you consider a more beneficial royalty regime either through a profits-based component or a shorter term than 45 years as a lock-in time frame?

**The Hon. A. KOUTSANTONIS:** I will ask the member for Port Adelaide to give a more detailed answer because I think the member for Waite deserves to have the person who was, I have to say, quite brave and courageous in the way he dealt with the royalties issue, explain it.

I have to say that I was very, very, very nervous during the negotiations, coming back to me. I had very different views from that. The government was always very worried about how far we could push this, but I would say this about profit-based schemes: given the size of the overburden on this mine, I am not sure it is for the benefit of the people of South Australia to have a profit-based scheme. You ask why we didn't continue the profit-based scheme that expired in 2005: it expired, and you have to have agreement from BHP to re-include it into the indenture.

I think the balance that the member for Port Adelaide and BHP reached is just right, and I think it is just right for a number of reasons. However, I also think it is important that the committee hear, from the person who negotiated it, the exact view on royalties, because I know that a lot of South Australians want to know the answer.

**The Hon. K.O. FOLEY:** This was a very, very sensitive issue. Right back at the very beginning of this project BHP made it clear that they wanted the new mining rate. The new mining rate is 2.2. Marius Kloppers, in maybe two or three meetings that I attended with the premier, made it very clear that they would be seeking the new mine rate and Dean Dalla Valle, on a number of occasions, made it clear that their inability to get a new mine rate may well jeopardise this project.

What I can say tonight—and I have not said this publicly, and I do not have BHP's approval for this—is that we reached an impasse on this issue: negotiations officially ceased for some two or three days because the government refused to accept BHP's position on the royalty rate. BHP was well entitled to put that position; the cost of those royalties to the viability of this project, from BHP's negotiating standpoint, was significant, bearing in mind that the existing royalty rate on Olympic Dam, prior to the new rates coming in that I brought in a couple of budgets ago, was 3½. So we have 3½ for processed copper, and for concentrate we have lifted it to 5 per cent. So we have already significantly lifted their royalty rate.

Under the old indenture they had a 30-year freeze. The reason we went for 45 is that they recommenced negotiations with us after two or three days—and it was a negotiation. They would accept a higher rate for a longer period of certainty. But what were we really giving away? What we were giving was certainty to BHP. The issue of royalties has to be seen in the context of horizontal fiscal equalisation. We only get to keep about 6.8 per cent, or whatever is our population share of the mining royalties. So, if we pull \$350 million a year from them, we get to keep about 7 per cent of that (\$22 million to \$23 million).

We will be producing—I do not know—80 percent of the nation's copper. We will be producing 90 per cent of the nation's uranium. We will be the price-setter of royalties. Western Australia is not going to put a royalty rate higher than us; why would they be that stupid? They will not, and they are at our rates now. This will be the norm. If we were to increase the rate, and the average goes up, we get to keep 7 per cent of the increase. I did not believe that a long lock-in was going to cost us very much at all.

Under horizontal fiscal equalisation—and this is what the great complaint has been from the west for some time; that they share—about 90 per cent of the royalties they receive are distributed to other states; that is horizontal fiscal equalisation. It means that where we earn revenue that other states do not, it goes into a notional pool and then gets shared as a bounty to the nation. The only people we may have deprived from a significant windfall if we had the ability to lift royalty rates were the other states, alright?

On the issue of the profits-based tax, I say this: it would be my thought that your federal leader would not be very happy if you were out there saying we should have a profits-based tax, because he is giving Labor one hell of a shellacking over the mining resource rent tax. It is a resource rent. I have no doubt in my own mind, without prior understanding, that the nation will move to a resource rent at some point in the next decade or so. It is actually a more sensible way of taxing the industry. I think royalties are an old way of doing it, but we do not know what that regime is going to be.

The other point, which we have to make very strongly, is that if we had a profits-based tax, shadow minister for industry, these buggers ain't going to make a profit for 18 years—

**Ms Chapman:** Ten years.

**The Hon. K.O. FOLEY:** —or whatever the period is.

**Ms Chapman:** You said it was ten years.

**The Hon. K.O. FOLEY:** It depends how you measure a profit. I do not know how a state government will be able to measure the profitability of that.

**Ms Chapman:** But this is a statement you've made.

**The Hon. K.O. FOLEY:** Pardon?

**Ms Chapman:** By 2020, the income royalties start to flow, as long as you can start to make money.

**The Hon. K.O. FOLEY:** That doesn't mean a profit.

**Ms Chapman:** I'm not saying it is.

**The Hon. K.O. FOLEY:** Well, you were. You just did.

**The Hon. A. Koutsantonis:** She's never wrong; it's amazing. Permanently outraged and never wrong.

**The Hon. K.O. FOLEY:** She just contradicted herself. They will not make a profit that is—

*Ms Chapman interjecting:*

**The Hon. K.O. FOLEY:** Sorry?

**The CHAIR:** Can the member for Bragg please allow the member to respond without interjections.

**The Hon. K.O. FOLEY:** They can't—they will not make a profit for a bloody long time—we would lose hundreds of millions of dollars for the nation and probably half a billion for ourselves, so a profit-based tax makes no sense at all, levied by a state. I just make the political point again: if that is what the shadow minister wants to do, he had better get on the telephone to Tony Abbott, because I do not think Tony Abbott will be very happy about a state-based Liberal politician arguing for a Labor resource rent tax. It is in conflict with what your national leader wants.

I think that, over time, all resources will move to an agreed resource rent across all minerals, and agreed to by all states and by the mining industry. If you think about it, paying a tax on the level of your profitability is a hell of a lot smarter than having to pay a tax when you are not making any money. BHP will have to pay substantial royalties to the nation before they get a profit.



**Ms Chapman:** Two years.

**The Hon. K.O. FOLEY:** Sorry?

**Ms Chapman:** For two years.

**The Hon. K.O. FOLEY:** For two years?

**Ms Chapman:** Yes.

**The Hon. K.O. FOLEY:** How do you work that out?

**Ms Chapman:** Before they start making the profit in 2020.

**The Hon. K.O. FOLEY:** Where do you get 2020 from? Vickie—

**Ms Chapman:** Read your own documents.

**The Hon. K.O. FOLEY:** Vickie, they—

**The CHAIR:** Member for Bragg, and member for Port Adelaide, can you refer to the member for Bragg as that, and not as Vickie?

**The Hon. K.O. FOLEY:** The member for Bragg—they will spend whatever—6 or 7 billion, or whatever the number is, over the next six or seven years, digging the mine out.

**Ms Chapman:** I'm just explaining it to him; he obviously hasn't read it.

**The Hon. K.O. FOLEY:** Hasn't read what?

**The Hon. A. Koutsantonis:** Yes, he has.

**Ms Chapman:** He's had the briefing from the same people.

**The Hon. K.O. FOLEY:** Vickie, I know this project back to front, up and down, every place.

**Ms Chapman:** When do you say they start making a profit?

**The Hon. K.O. FOLEY:** Firstly, how do you measure a profit?

**Ms Chapman:** When do you say that they say—

**The CHAIR:** Member for Bragg, you have an opportunity to ask a further question if you want to clarify.

**The Hon. K.O. FOLEY:** I do not know how one would frame what a profit is in the context of a profits-based tax, because this company might make a trading profit in seven or eight years' time, but it will not have paid back its capital. Under the resource rent model in Canberra, they can write off their capital and not have to pay a profits-based tax; so God knows when you would work out when the venture is profitable. We would have to get access to ODX's internal profit and loss statements to calculate a profits-based tax.

I do not know of a situation where a state government in recent times has calculated a tax on a company profit. That information is the privy of the Australian Taxation Office, not for state-based tax authorities. It would be impractical and near impossible for a state government to try to construct a profits-based tax that was either fair or, indeed, deliverable. If the member for Bragg wants to put a press release out saying we should wack a profits-based tax on it, go for it, because Tony Abbott will be down on you like a ton of bricks.

**The CHAIR:** I think you have answered the question.

**The Hon. K.O. FOLEY:** I think that answers it. I do not know how else we could have extracted more revenue from the company directly other than—I don't know. HFE kicks in all the time. HFE kicks in on payroll tax. All the receipts we get from payroll tax from this project get equalised around the nation. The broad-based taxes, or the taxes that are part of the grouping of taxes that go into the GST pool, we share them all with the rest of the nation. You would almost have to find a one-off charge. Maybe you would put a \$0.5 billion or a \$1 billion stamp duty on them. I do not know how you could effectively tax this venture more than we have and not end up giving it all to the other states. That is how HFE works.

**Mr HAMILTON-SMITH:** I am really delighted to hear the former treasurer complaining about HFE. I really am, because what he is forgetting to tell the house is that South Australia is a net beneficiary from horizontal fiscal equalisation and that the royalties to which he refers go into

the pool, along with the \$3 billion worth of royalties, or something of that order, from Queensland and something pretty similar in WA, and we get far more than we kick in at the end. He has just given us a damning critique on HFE without reminding the house that actually it works in our favour. He is defeating his own argument.

**The Hon. K.O. Foley:** I'm just telling you how it works.

**Mr HAMILTON-SMITH:** We know how it works. The other point that I would make is—and I am not sure which minister I am talking to here, the current one or the former one, who seems to be answering all the questions: can he guarantee us that horizontal fiscal equalisation will be here in 10 years or 20 years?

**The Hon. K.O. Foley:** No!

**Mr HAMILTON-SMITH:** That's my point. That is my very point. My very point is that his argument is constructed around a fiscal arrangement between the commonwealth and the states that exists today that may not be there through the life of the project.

**The Hon. K.O. Foley:** Imagine something that might happen in a decade!

**Mr HAMILTON-SMITH:** Anyway, I will not dwell on the point, because I think we are just talking round in circles, but I would like to move on to the broader issue of tax benefits back to the state, because I think the government's answer to this question about why it set the royalty regime where it did is connected to two other provisions in schedule 1, and that is no special taxes in section 33 on page 118 and the stamp duty exemption provision in clause 43 on page 131. As I read it, the indenture exempts BHP for the period of the indenture from having to pay 'any stamp duty, gift or like duty' to the state government, particularly as it might relate to any insurance policy. So we have sort of surrendered, if you like, our revenue from stamp duty as part of the deal.

Similarly, in clause 33 we have indicated that we will impose no special tax. Now, at face value it seems quite a reasonable provision. Clearly, we could propose a special tax. I suppose we could get a pound of flesh out of BHP through another device; but when you look at these three measures together, the way you have structured the royalties regime, the fact that you have given up your right to any special taxes, and that there are stamp duty exemptions, seems to put a reasonable hole in our ability as a state government to generate revenue from the investment. Can the minister tell us how these three fit together and why the government constructed them in the way they did?

**The Hon. A. KOUTSANTONIS:** Before the Attorney makes a contribution, I think it is important to note a number of things. First of all, the provision of 'no special taxes' is in the original document. Again, it is there to make sure we are not discriminating against BHP. So we do not bring in a window tax on BHP for the windows they have, or whatever the levy may be, which is fine. It is now redundant, but it is part of the indenture.

In terms of the non-discrimination of the stamp duty, again, it is a legacy clause in the indenture. How do they fit into the current royalty regimes? Well, they don't really correspond at all. I am assuming—and I could be wrong, and I do not want to misrepresent you—you think these three issues combined somehow give BHP an advantage. I do not think that they do. If you have some evidence that they do please let us know.

**Mr HAMILTON-SMITH:** The point I am making is that you have forgone under clause 33 any stamp duties from any policy of insurance taken out and a range of other things, so the—

*The Hon. A. Koutsantonis interjecting:*

**Mr HAMILTON-SMITH:** Well, the stamp duty has gone, there will be no special taxes, and we have pegged the royalty regime for 45 years.

**The Hon. A. KOUTSANTONIS:** That is not a fair comparison because they are existing clauses in the indenture. You are trying to link them together and it is not reasonable to do so.

**Mr HAMILTON-SMITH:** Well, the royalty regime is new—

**The Hon. A. KOUTSANTONIS:** Yes.

**Mr HAMILTON-SMITH:** —and it relates to the other two. The point I am making is this: you might ask future generations, and future parliaments will ask what were the benefits constructed into this agreement by the parliament in 2011. Really, we have just heard the former

treasurer tell us that there is not much in it for us in regard to royalties because it is all gifted away to a pool of money in Canberra under HFE.

We have given up the stamp duty provisions and the 'no special taxes' were there before—no revenues there. So where is the revenue coming from for this? The answer is probably payroll tax; there will be a benefit in payroll. I understand—and the minister may confirm this—that BHP will be paying payroll tax. I see nothing in the agreement, that I can spot, that gives them an exemption.

The real meat that the government is looking for is GST. It is looking for tax revenue from the wages that will be earned by workers, which hopefully they will spend in the shopping centres and in the theatres and restaurants, and they are looking for the GST that will be spent on the many transactions that will be linked to the arrangement.

However, as we heard when we debated clause 12, there is no enforceable way that one simple job or one single contract can be demanded of BHP here. That GST might go off to Melbourne, Sydney or Brisbane if that is where the workforce flies in or flies out from. I have heard the insurance is unenforceable, but more than likely they will hire locally, but there are no guarantees. Has the government modelled its expected tax revenues from all of this and how are you going to make your money from the proposition?

**The CHAIR:** Can I invite the minister to comment in response to that, then I invite the Attorney-General to comment as well.

**The Hon. A. KOUTSANTONIS:** The one aspect that the shadow minister failed to mention was the contribution to gross state product of about \$7 billion per year. Now, you talk about GST, you talk about payroll tax, you talk about royalties; there is also economic activity. That economic activity comes from the extra employment. I do not accept the premise of your question, which I have heard from both members, that the majority of the jobs will apparently come predominantly from Melbourne, Sydney and other jurisdictions.

I have got to say this is a little bit disappointing, because BHP have been in South Australia for a long time and are already employing about 65 per cent of their workforce locally. But apparently, that is all going to change now. Apparently, all of a sudden, they are going to become a completely foreign company with a ring around them where everyone just flies in from somewhere else. The truth is, as mining minister, I know that mining companies want local workforces because they keep them longer.

**The Hon. K.O. Foley:** They are building a township up there.

**The Hon. A. KOUTSANTONIS:** They are building a township. Why are they building a township? It is not just to accommodate workers for the two-week shift: it is because they want to encourage the people who they invest in, and they invest millions into these people, to stay with their workforce. You can see it everywhere at every mine you go to.

So, the contribution to gross state product is about \$7 billion per year. You sort of just skate by that and say, 'There is payroll, there is GST—you have done a really bad deal.' The contribution in terms of economic activity is massive, and I think that cannot be underestimated. What is BHP doing? BHP are delivering a project that will employ over 20,000 people. I think that is a pretty impressive project.

**The Hon. J.R. RAU:** I just wanted to say a couple of things about this. First of all, I just wanted to say that I think the member for Port Adelaide has actually done a fantastic job in negotiating this matter in the best interests of the state. Can I say secondly that the business about horizontal fiscal equalisation is a very barren argument because, presently, that is a fabric of the federal constitutional arrangements. That may ultimately change.

**Ms Chapman:** Absolutely. That's what we say.

**The Hon. J.R. RAU:** It may ultimately change, but it may change in one year, five years, 20 years, 30 years, 50 years.

**Ms Chapman:** Exactly.

**The Hon. J.R. RAU:** We do not know and you do not know, and the member for Port Adelaide, who has done the best he can possibly do on the information available to him, has decided that he will proceed on the basis of what is a known fact. I do not want to quote Donald

Rumsfeld too much, but there are the known knowns, the known unknowns and the unknown unknowns, and what the opposition is canvassing is in the third category—unknown unknowns.

**The Hon. A. Koutsantonis:** Imagine the negotiation: 'Hey Marius, can you approve this taxing regime that may or may not exist?'

**The Hon. J.R. RAU:** Indeed. So, that is my remark about that. The third point I wanted to make is this: this conversation appears to be about, in many respects, the future, and that is obviously correct and important. However, if you are going to be talking about a project which, if we reduce it to the scale of some sort of thing that a domestic person can comprehend, is like buying a house, the comments that we have been hearing of recent times directed to the minister and to the member for Port Adelaide are not about whether the house is worth \$500,000 or \$600,000: it is about whether the doorknobs are yellow or green which, in the context of the total project, is, with the greatest of respect, insignificant.

The question was raised about whether or not we could identify how much payroll tax or how much of other things were going to flow to the state as a result of this decision. I do not know whether the honourable members opposite ever watched that great program on TV called *Kung Fu*, but, if they ever did—

**The CHAIR:** I did.

**The Hon. J.R. RAU:** I am glad you did. Not only did it raise the tantalising question of whether somebody could take the pebble from your hand but it also talked about the concept of the pebble being dropped in the pond. I hope this analogy—

*Mr Hamilton-Smith interjecting:*

**The Hon. J.R. RAU:** Yes, but when you reflect on it it will make sense. The point is, if you inject billions of dollars into the South Australian economy at some point, it is not a question of whether the minister or the member for Port Adelaide can tell you exactly where that ripple is going to come out from that injection point and what it is going to produce in a particular taxation regime.

*Members interjecting:*

**The CHAIR:** The Attorney-General has the floor.

**The Hon. J.R. RAU:** Thank you. The point I am trying to make—and I hope this is—

**Mr Hamilton-Smith:** What is the point you are trying to make?

**The Hon. J.R. RAU:** If you just listen for a minute.

**The Hon. K.O. Foley:** I don't get the *Kung Fu* bit.

**The Hon. J.R. RAU:** You drop a pebble—

*Members interjecting:*

**The Hon. J.R. RAU:** People back there know what I am talking about, don't you? You drop a pebble into the pond and the ripples come out. They are saying, 'At what time will the ripple come out, exactly where will it impact, who will be affected?' That is not to the point. Are they seriously doubting that dropping billions and billions of dollars—

**Mr PENGILLY:** Point of order: what on earth has this got to do with the question? I think it is a question of relevance, Mr Chairman.

**The CHAIR:** Yes, and there is no point of order. I do not uphold the point of order. The Attorney-General will be heard uninterrupted.

**The Hon. J.R. RAU:** Thank you, Mr Chairman. Can I say to the member for Finnis that there is a thing called metaphor. It is subtle, but I encourage the member to think about it. That is why I am talking about ripples in ponds, because I am not literally talking about a pond with a stone in it. That will help you with what I am about to say.

So, we have a pond—not literally a pond but a metaphorical pond—and in this metaphorical pond we introduce billions and billions and billions of dollars—or, to help the member for Finnis, pebbles. Those pebbles—or dollars, as those of us here on this side would understand them—produce an effect. Nothing I am saying is revolutionary, unorthodox or weird. I am not sort of conjuring Jedi things on the opposition. That is the second point I wanted to make. I hope I have made that point.

**The Hon. K.O. Foley:** What was the third?

**The Hon. J.R. RAU:** The last point I wanted to make—aside from saying the member for Port Adelaide and the minister have done a fantastic job and I commend both of them, and I am proud to be part of a government that both of these extraordinary men have been a part of and an integral part of—

**The Hon. A. Koutsantonis:** Am I leaving too?

**The Hon. J.R. RAU:** No. My final point—and I am going to get to it now—

*Members interjecting:*

**The Hon. J.R. RAU:** Hello.

*Ms Chapman interjecting:*

**The CHAIR:** Member for Bragg.

**The Hon. J.R. RAU:** The final point is this: are you actually supporting this or not? Are you on board or not? Is the member for Waite actually pretending to be part of the caravan, but he is waving at everybody who is not on the caravan and saying, 'I am actually with you. Hello, Mark, I am with you. Mark, are you there?' Are they having secret conversations using—what do they call that stuff now? Is it Facebook or Twitter? I cannot remember.

**Mr HAMILTON-SMITH:** Point of order. We are ready to start wrapping up, but I think this is debate and I fail to see how this is answering the question. It is just getting embarrassing.

**The CHAIR:** No, I was embarrassed much earlier, I can tell you.

**The Hon. J.R. RAU:** It is not embarrassing me but it is obviously embarrassing them. If members of the opposition are seriously interested in the future of South Australia it would be interesting and helpful if they actually said, 'We have committed to support this bill and we are not going to nitpick about whether the doorknob is yellow or green; we're actually going to be supporting the great work that the minister and the member for Port Adelaide have done over a considerable period of time.' Thank you for your indulgence.

**Mr HAMILTON-SMITH:** I am not sure if that was the Deputy Premier's finest hour in this place.

**The CHAIR:** Can you get to the next point, please, member for Waite.

**Mr HAMILTON-SMITH:** I have heard him do much better. The opposition—all of us—is fully supportive of this measure and we are about to conclude our questioning. However, as the Deputy Premier would well know, and as the minister would well know, this house has an obligation to thoroughly explore (including committee debate) the detail of the important matters before it—and this is one of the most important.

I am struggling to see why the Deputy Premier would find some discomfort in the fact that we are seeking to solicit information. It may be lost on him but 20 years from now people will not know a lot of the details that went into this matter unless they read *Hansard* and hear the explanations that have been given as to why we are where we are. As far as I am concerned, that ends our exploration of the matter in committee.

I note that it has been a very difficult negotiation—that is very clear—and no doubt the former treasurer is ready for a long holiday; I am sure it has been very difficult. I think it is a good outcome. I think we have heard tonight that it could have been a better outcome but, as the former treasurer has explained, a negotiation is a negotiation and we are where we are. However, there are some serious weaknesses in the bill. We have explored a number of them tonight but it is the bill we have before us and the bill which enjoys our full support, and the bill that will shortly pass.

Schedule passed.

Title passed.

Bill reported without amendment.

**The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (00:13):** It is with great honour and pleasure that I move:

That this bill be now read a third time.

**Ms CHAPMAN (Bragg) (00:13):** First, Mr Deputy Speaker, I thank you for your chairmanship during the course of the committee and wish to acknowledge that, during the course of this debate, the opposition has been provided with briefings to its nominated team that had carriage of discussions on the matter, taking into account the sensitivity of confidential matters which have transpired.

I also wish to thank members of the department in the minister's office—they have changed from time to time and, indeed, the ministers have changed from time to time—who have provided briefings on this matter to all of us, but I am speaking only for myself in this regard.

I thank BHP, who have not only provided the opposition with briefings (and our nominated team), but have also provided me with briefings on a number of aspects of the bill where I have raised concerns with them, both here in parliament and also in their offices in Grenfell Street. I also thank BHP for coming out to Portrush Road to my constituency of Bragg to provide a briefing to a meeting so that my community might also be informed about this matter.

Whilst there have been repeated claims that what we are going to pass tonight will produce the biggest mine in the world, can I just say this for the record: currently, the mine is not the biggest in the world. Even when it is finished, it will not achieved the status of having been the biggest mine in the world, and the reason for that, we are informed by BHP, is that the biggest mine in the world, in South America, is an open-cut mine—

*The Hon. K.O. Foley interjecting:*

**Ms CHAPMAN:** It is certainly far bigger, but it is likely that the life of that mine will have expired before the commencement date of the operation of this mine. Therefore, by the time this mine actually starts, it will then have the status of being the biggest mine in the world. That assumes, of course, that the South American mine actually will have expired—they might find some more deposits under it, who knows—in which case you may never have that mantle. Nevertheless, I think that we can say that, if all of the development of this mine reaches the expectation that has been presented by the government of what it will do for South Australia—and, indeed, that has been presented by BHP that it will do for South Australia—will we certainly enjoy the profits of it.

I also remind the house that this is not a new mine, and there are two aspects I wish to record that, during the course of the committee stage, the opposition raised the fact that there are a number of vulnerabilities. For my part, the significance of these is in the expectation of local employment and opportunity for local contracting, and I would have to say that the answers in relation to that do not fill me with confidence. I am still left with some hope but, on balance, I would have to say that the minister's answers have not alleviated my concerns in that we remain vulnerable, I remain hopeful.

On the question of the social infrastructure, the minister's answer, I think, leaves the house completely in a vacuum. It seems as though there has currently been no independent work done to make an assessment of whether the proposed plan for social infrastructure is going to be in the interests of the community, both developed directly and overall for South Australia. I remain concerned about that, but there seems little else that we can do in that regard but, again, I put it in the hopeful category that, in fact, it will work out as a better outcome for the state.

The final area relates to royalty rates. During the debate on this bill, I have said to the house that I do not support a profit assessment for the purposes of receiving extra benefit. During this debate, there have certainly been some media commentators who have espoused that view, but it is not one that I support, nor am I suggesting that the size of the mine should attract a higher mining rate. I think that it is reasonable that the mining royalty rate should be as has been indicated. The question is: has it been reasonable for the government to accept an indenture at the current mining royalty rate and keep a cap on it for the next 45 years? We may never know whether a better outcome could have been achieved.

The answers that have been given tonight by the member for Port Adelaide, who has had the carriage of much of this negotiation, have been frank to the extent that he was obviously concerned that, early in the debate, when BHP, he said, threatened to pull up stumps and cease the negotiations when it was not given its 2 per cent royalty rate entitlement and that the negotiations appeared to be in a state of haemorrhaging. Obviously, he thought it was important to rescue that. We may be grateful for his having done that. Ultimately, whether a 20-year freeze, a 10-year freeze or a 45-year freeze is acceptable as the best negotiation, we may never know.

But what I will say is this, and it relates to the fact that this is not a new mine. If we were back in 1982 and the resource had not yet been opened up and there was no existing facility, I think it is reasonable to offer, during the period of development where there is a high level of risk, some security, some incentives, some protections and some privileges which indentures give.

What is a little concerning to me is that we have ended up with another 45 years of a protected privilege circumstance when there is already a 35-year old mine in existence with the same operator and, therefore, if this indenture did not pass at all, obviously the state would miss out on an enormous opportunity but it would not close the mine.

The mine would continue and we would continue to receive the royalties as they are. So it is not as though BHP will be saying, 'If you don't not sign the fourth part of the indenture'—this is the third time we have been back here to change it—we are just going to sack everybody and disappear out of the state. Clearly, they are not going to. That is the key difference, I think, that history will show about whether we should be as generous in relation to the time frame.

What I will say is that we cannot make that assessment from here. We have to have some faith that those who have negotiated this matter have done the best on our behalf. I think the areas of vulnerability are there and they are stark, and we have raised the risks. I am sad to say that the minister has not allayed my concerns about them, but I do remain hopeful that, in fact, we will actually have the generational benefit which has been offered.

I wish to also thank the member for Port Adelaide for his years of participation in this. Whether he has achieved the best outcome or whether he has achieved a good outcome, others will judge as time goes on: but what I do accept is that he has maintained an interest and an energy in this negotiation over a sustained period of time, whilst, of course, he has had other duties not only in this parliament but obviously as a minister of the Crown.

I think that does need to be recorded. We do thank him for that. As we know, his retirement is imminent and I want to make sure that I say some kind things about him before he goes. I will say this: it has been a very long, sustained effort, and I congratulate the member for Port Adelaide and thank him for it.

During the course of the debate, I am not sure whether it was exactly on this bill or whether it was something else, I think I offered to assist him to apply for a job as secretary in my electorate office. It must have been a weak moment. I want to place on the record that I wholly withdraw that offer—not that he was about to consider it or that he was preparing his CV. I think I have also offered some opportunities in China, which I hope that he considers. He might want to take that up. I think it would be a very good position, actually. Nevertheless, whilst I think he would add a certain flavour to the electorate office of Bragg, he would probably find it difficult to take any instruction from me as his employer, so I will conclude by saying—

**The DEPUTY SPEAKER:** Can the member for Bragg get back to the topic, please?

**Ms CHAPMAN:** —that I do wish him well in his retirement post the parliament. During the last six years, in this aspect, that contribution has been well received, and I thank him for it.

*Members interjecting:*

**The Hon. K.O. FOLEY:** Can we have some quiet in the chamber, please?

**The CHAIR:** We would if the member for Port Adelaide did not speak. Member for Waite, speak now or hold your peace.

**Mr HAMILTON-SMITH (Waite) (00:24):** Mr Deputy Speaker, as this bill comes out of committee I commend it to the house. I think it is commendable that both sides of the house have passed this within two days. The opposition has certainly stood by its commitment to advance it expeditiously but, at the same time, has exercised its duty to examine it thoroughly, and I think that we have been through it.

I think that it is a good outcome. We are finally getting the expanded mine underway. There will clearly be great benefits to this state. Having said that, I think that we have identified during the debate a number of weaknesses in the agreement. We have talked about the way in which the royalty regime is struck. It has been explained to the house that, of the options available, this may well have been the only one we could get with a company that has proven to be an excellent negotiator. We have talked about third party access and we have talked about whether the benefits in terms of jobs and business contracts will be delivered at the level we expect during the course of this project.

I must say that I have concerns about many of those things, and I have characterised this agreement as a prenuptial. I think that two parties are about to enter into a very long and lasting relationship together—the people of South Australia and BHP. What I think this agreement constitutes is something like a prenuptial. I think that it is tilted towards BHP, which, I think, has done a very good job of getting what it wanted out of the negotiation and putting the former treasurer over here under enormous pressure.

I must say to BHP that I think that you have done extremely well. I think that the objectives that you set for yourself at the beginning of this negotiation have been met in spades, and I think that you have won on many of the key points. Having said that, I commend the government and the former treasurer in particular, because it could have been much worse. I think that he knows that better than anyone, and he has probably prevented it from being an absolute rout.

I think that now a lot depends, like any marriage, on goodwill, and I think it depends on BHP doing the right thing and delivering the jobs and economic activity that everyone expects. I would caution companies in South Australia that may have been led to believe that we will become the Dubai of the south just to hasten slowly in their expectations of the BHP expansion of Roxby Downs and not rush into overinvesting before the deals are signed, because I think that we have to see how this develops. I am optimistic that it will be a fantastic outcome for the state and for all involved, but we do need to give it time to work.

Could I add my congratulations to the former treasurer? I have seen the former treasurer at work in the house now for 14 years, or so, but I have got to say one thing about the former treasurer: I think that he is a doer, and I think that he is someone who sets out to get results and who generally does not give up. I would say that this negotiation has been gruelling. It has been a bit of a David and Goliath negotiation.

I am sure that, in many ways, all the bullets were in BHP's magazine but, as I said, it could have been a far worse outcome. I think that it has been a good outcome. It could always have been better. I have got to say to the former treasurer that, when you do leave, you can look back on this negotiation with some comfort. It has been a good result for South Australia, and I am sure that generations to come will reflect back on it as being something that we can be proud of.

**The Hon. K.O. FOLEY (Port Adelaide) (00:29):** I have to rewrite my third reading speech. I was going to get stuck into the member for Bragg and the shadow minister. Look, I really do respect and appreciate the comments given by the member for Bragg and the member for Waite. They do mean a lot. I can attempt to comfort the member for Waite and say that I had a fair few bullets in my magazine, and I reckon we did okay out of this; but, as you say, only time will tell. It has been a good process.

I have already said this publicly before, but we have shared many a long night with the team that we have here with us tonight, and they worked a hell of a lot harder. There were some nights when Paul Heithersay was there until four or five in the morning. Gaby Jaksa, of course, as our crown, was under a lot of pressure to do both the Adelaide Oval and the indenture.

A little secret out of school in terms of when we finally signed off on this deal in Melbourne with Marius Kloppers: Paul Heithersay did not sleep, because we still had literally last minute t's and i's to be crossed and dotted. I think Paul, Gaby and a few others—the whole team, I would think—would have finished at five in the morning, and then Paul Heithersay hopped on a plane and came to Melbourne. There were just the final bumps along the way that you have with these things. It has been a pleasure working with these people; they are a bloody good team.

The BHP people were really good to work with. We have Kym Winter-Dewhirst with us now, and Paul Flanagan, but, importantly, Dean Della Valle, in particular, and his team, were outstanding. Also, Bruce Carter, of course, and many others, and the former premier, Mike Rann, and the present Premier, Jay Weatherill.

I think the important point out of this process is that we have a terrific opportunity in this state with Olympic Dam. Could we have done better? Yes, no—there will never be a right answer. My view is that if we have not done as well as we can, it is at the margin. I do not think it is a substantial issue. This is not the last time I will speak in this house, but it is nearly the last time, and this is a pretty good one to go out on.

**Mr WILLIAMS (MacKillop—Deputy Leader of the Opposition) (00:31):** I will not hold the house for long. It is late; I note the hour. This has been probably the most important thing that will happen in my political career in this state and probably the most important piece of legislation



that goes through this parliament. I have had the privilege of being right at the coalface of this on behalf of the opposition.

I want to take the opportunity to thank the government, particularly the member for Port Adelaide. We have tick-tacked on this over a fair period now and we have worked, I think, in a very mature way. He came to me and to some of my senior colleagues and said, 'I'm sticking my neck out here', and we said, 'Well, you are not alone there, Kevin, but I think we can work well because, at the end of the day, we have the same outcome at heart.' So, that has worked well.

I have worked with people within the Liberal Party and the opposition—my leader, Isobel Redmond, our shadow treasurer, Iain Evans, our leader in the upper house, David Ridgway, and our shadow minister for the environment, Michelle Lensink, who formed the subcommittee on behalf of the opposition.

This is the only experience I have ever had of the opposition forming a subcommittee to oversee the passage of a piece of legislation. It has worked fabulously well and it has worked fabulously well because I think there has been bipartisan support for that work and also because we were given access to departmental officers from a range of government departments: obviously, the Department of Mines—Paul Heithersay, with whom I have had a relationship for a long time and for whom I have a great deal of admiration; he has more recently led up the Olympic Dam Task Force—and the EPA. The bureaucracy also offered and brought in consultants from outside of government to brief us and give us insight behind the EIS. Also BHP—and we have had an ongoing relationship with BHP for a number of years, probably ever since it has been involved in the Olympic Dam operation here in South Australia. It has been a privilege to work through this project.

At the end of the day, this is one time when I think we have had true bipartisanship. It is one of those few occasions, which I lament to say, where there is true bipartisanship for the benefit of this state. I hope that all of our children, grandchildren, great-grandchildren and great-great-grandchildren will benefit because I think this project will be an important project in South Australia for well over 100 years. We have helped deliver that—all of us involved.

Can I say on behalf of my colleagues that I have always lived by a simple credo that when I put my head on the pillow of a night-time and close my eyes, I enjoy the fact that I can satisfy one conscience, and that is my own. I am very satisfied in my conscience when I put my head on the pillow tonight that as a parliament we have given due diligence to what has been presented to us. I agree. It may not be the best. None of us has a crystal ball to know what is going to happen in 10 or 20 years, let alone 100 years' time. I expect this project to be still in operation in well over 100 years' time.

I wish everybody who is associated with this project over that period of well over 100 years maybe beyond 200 years all the best. I think it is integral to the future of this state and I thank all of my colleagues for the support they have given to me and my senior colleagues who have worked with the government on this project. I have had the privilege of having access to senior people in government, in BHP and some other people to answer questions. My colleagues here tonight have taken the opportunity to put onto the record their concerns and to ask questions and I think that is part of the process that we all live by. I expect and hope that BHP Billiton embraces this project and the board gives it the tick of approval some time in the first half of next year and that we all reap the benefits of this over many generations to come.

**The Hon. A. KOUTSANTONIS (West Torrens—Minister for Manufacturing, Innovation and Trade, Minister for Mineral Resources and Energy, Minister for Small Business) (00:37):** Today is 10 November. It is my daughter's first birthday.

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** Yes, a great milestone for me.

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** Thank you. I am going to go home to my little girl tonight and she is not going to know what her father and 46 other people did, along with a number of staff members and others. She will not understand. But I am not going to thank staff just yet because the final hurdle has not been passed. There is still another house that deserves respect, that deserves consideration. I hope that the intentions of members in the upper house are honourable. I know that at least 20 of them will have very honourable intentions. I am not sure about—

**Mr Williams:** Don't stir them up.

**The Hon. A. KOUTSANTONIS:** I do not think there is anything I can do to change their minds. There are two ways to view the expansion of Olympic Dam: that it is a good thing for the state or it is a bad thing for the state, and I am a black and white type of guy.

I think the honest response that the Greens can give this bill is that they do not support the expansion of Olympic Dam because they are opposed to uranium mining. Everything else they say about this bill is a tactic to delay. If you are honest about your opposition, and you are honest about your politics and you are honest about why you are here, you would get up and you would say so honestly and you would not make an apology for it.

This project is overwhelmingly popular. I have heard tonight, throughout the debate, MP after MP (Labor and Liberal) get up and say, 'This is our idea. This is our project.' The truth is this project belongs to all South Australians and they are looking to us to do the right thing by them for future generations. I think we have done that, but we have not passed the final hurdles.

Even when it passes the upper house, that is not the final hurdle. When it passes the upper house—if it passes the upper house—the clock ticks. In 12 months if BHP decides, for whatever reason, not to go ahead, the project may be lost forever. I do not think that is going to happen but I do believe passionately that the world is watching us.

If you are an investor in the UK, northern Europe, southern Europe, Africa, South Africa or South America in a mining company, and you are looking for a place to invest your money in mineral exploration, there are not many options where you think there is a safe place to do business—a place that does not have debts that are more than your GDP. In fact, our debt is in single figures, compared to our GDP. It is about 6 per cent of our GDP, compared to the average in Europe, which is nearly 90 to 125 per cent.

You are not seeing any sovereign risk issues where political parties are threatening to nationalise mines; you are not seeing partisan debates about employment opportunities for mining, about investment; there is no wholesale corruption in terms of procurement and bribery. What you have is a safe regulatory regime that is independently analysed as being the best in the world, thanks to the people who regulate us.

The world is watching. I say to the Greens in the upper house, now is the time to put your political affiliation aside, now is the time to stand up and be a South Australian and say that you support or do not support. Do not filibuster. Do not speak for hours on end. Make your point. I am not in anyway trying to guillotine this. This is not about us stifling debate. If the Greens want to express a view that they do not support the mining of uranium, that is a legitimate point of view. It is legitimate to say, 'We do not support this mine and we do not want to see it expanded.' That is an honest and legitimate point of view to have. What is not honest and legitimate is to try to make it so unfeasible that the proponents walk away. That is not an honest tactic.

I wish the bill a speedy passage through the upper house. I think we can all go home tonight very proud. It brings new meaning to 'without amendment, without delay'. When it comes back to this house we will make the appropriate thanks to the staff who have worked so hard, but their job is just beginning because, quite frankly, this was easy.

We are going to see the state change forever. I have said this many times: I think future generations will look back to this moment, not because of BHP Billiton and not because of Olympic Dam, but because of a series of events: Woomera opening up; our exports year to date, month after month, leading the nation, or second to leading the nation; bipartisan support; safe regulatory regime; more investment; Rio Tinto are back in town; Fortescue Metals are back in town. I think we are on the precipice of something amazing.

I may not be minister to see it. Maybe in six years time there will be a new minister.

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** Maybe in 10 years time there will be a new minister. I think we have well and truly shaken the tag and we are well on the way to no longer being a mendicant state in terms of the way other states view us. We are now the epicentre. You may well laugh. BEACH Energy—

*Mr Williams interjecting:*

**The Hon. A. KOUTSANTONIS:** I do not talk down my state. BEACH Energy is proposing—

*Members interjecting:*

**The Hon. A. KOUTSANTONIS:** I am not exaggerating. If you looked at what BEACH Energy is proposing in Moomba you would not be saying that. Mitch and I know what is going on. This state is changing forever and changing for the better and I commend the bill to the house.

Bill read a third time and passed.

**STATUTES AMENDMENT (PUBLIC ASSEMBLIES AND ADDRESSES) BILL**

Received from the Legislative Council and read a first time.

**CRIMINAL LAW CONSOLIDATION (CHILD PORNOGRAPHY) AMENDMENT BILL**

The Legislative Council agreed to the bill without any amendment.

At 00:47 the house adjourned until 10 November 2011 at 10:30.