



**Address in Reply  
23 September 2008  
Infrastructure**

Mrs PENFOLD (Flinders): I congratulate our Governor, His Excellency Rear Admiral Kevin Scarce, on the excellent work he has undertaken within our state. His visit, and that of the Lieutenant Governor, to my community on the Eyre Peninsula, have been greatly appreciated.

The government's claimed intention to foster economic growth, prosperity and opportunity for all South Australians, as outlined in its address, only highlights the huge lost opportunities since this government came to power seven years ago. These opportunities were provided by the massive increase in the income to the state from the GST, increased fees and charges and the good government of the previous Liberal government, which had to recover from the massive State Bank debt left to it by the former Labor government. This government is still talking about water, infrastructure and the potential of mining, but the rhetoric was summed up by *The Advertiser's* heading on the address, 'Nothing new in Rann agenda'.

South Australia, and particularly the west of South Australia, has been the poor cousin compared to the other states in relation to major infrastructure. If we are to take advantage of mining, in particular, for future prosperity, we need to address infrastructure shortfalls urgently. It is a hopeful sign, therefore, that the federal government has established Infrastructure Australia and has called for submissions to advise on infrastructure priorities of national importance.

This Labor government must stand up and demand its fair share of the \$20 billion-plus Build Australia fund, part of the \$55 billion left in the Future Fund by the former federal Liberal government, if it is to assist with the identified priorities to become realities, enabling our state to move forward from its present comatose condition.

Funding for infrastructure to come from a percentage of mining royalties has been suggested. However, mining royalties last financial year in South Australia were only \$165 million, and we need more than that. The royalties in South Australia were only a fraction of the \$3.6 billion in Queensland and a similar amount received in Western Australia. The western half of South Australia has a lack of physical infrastructure without which this huge region cannot fulfil its potential to assist Australia to meet its economic, social and environmental goals. The region already produces 40 per cent of the state's grain, 65 per cent of the state's seafood and more tourism than any other region; and, now, with aero-magnetic surveys and other modern techniques showing what mineralisation is contained under the land surface, we can possibly rival Queensland and Western Australia with our minerals exports but not without the infrastructure. The following is a list of infrastructure projects needed if this potential is to be tapped:

- a ring main to stabilise the state's power supply;
- a 20-metre deepwater port near Port Neill to enable the loading of the Cape Bulker ships that have become the world standard;
- the upgrade of the Port of Thevenard, or a port close by;
- an upgrade and extension of the 680 kilometres of narrow gauge railway and eventual connection to the Australian rail system, preferably at Tarcoola, the intersection of the east-west and north-south railways;

- desalination plants at Ceduna, Streaky Bay, Port Kenny, Elliston, Port Lincoln and Port Augusta;
- the Wirrulla-Glendambo road, which will also provide the route for power and water (and eventually a rail connection) for the northern mining developments to Eyre Peninsula ports so that minerals do not have to be sent out of Darwin; and
- the upgrade of the Port Lincoln airport (which is the busiest airport outside Adelaide but which is unable to take jets) and the Ceduna airport.

Based largely on the massive Gawler Craton mineralisation, there is the potential for billions of dollars of mining royalties to be gained for South Australia if the infrastructure is built. The minerals contained in this region are being recognised around the world, as illustrated by the significant interest that has been shown. Mining requires a plentiful, stable power source. South Australia can not only provide this but also it can lead the nation in environmental sustainability and reduced greenhouse gas emissions. The west coast of Eyre Peninsula is recognised as one of the best in the world for wind energy, with 135 megawatts already installed, another 400 megawatts waiting and the capacity for plenty more.

Plentiful water is another necessity for this state to progress, and there is the opportunity (even in the short term) for wind and solar power desalination plants to replace immediately more than 20 gigalitres of water currently being taken from overdrawn underground water basins and from the River Murray. By better utilising our natural resources of minerals, wind and solar energy from the western region of the state, we will have a cleaner environment, plentiful water, more funds to provide better services, an increased economic standard of living for Australians, more people employed throughout the state, leading to better mental and physical health, and reduced social disadvantage in our cities and our regions.

The priorities as outlined will be the natural outcome from planned strategic infrastructure builds. Our productive capacity, productivity, economic capability and global competitive advantages will all be significantly enhanced. Greenhouse gas emissions will be reduced and social equity and quality of life in our cities and our regions will be enhanced with the natural development of our major cities that provide many of the services that will be needed.

The first priority of the state government to ensure this state's success must be the building of the power ring main. This link is required to stabilise South Australia's power supply and enable the input of more than 400 megawatts of wind, solar thermal and significant megawatts of hot-rock power into the grid. The existing power supply from the coal-fired power station at Port Augusta is no longer acceptable technology and will become even more so in the future. Significant green energy generated from the West Coast of South Australia will enable offtakes, particularly by northern mining companies, including BHP's Roxby Downs expansion (which will require 400 megawatts of additional power), plus processing plants, to add value to our minerals. This green energy can power desalination plants to provide the water that is needed.

Currently, the very old 132 KV line without a return which services the Eyre Peninsula cannot even take all the power from the 70 megawatt Mount Millar wind farm located near Cleve on the Eyre Peninsula in case it collapses the system and takes out Adelaide's power. By linking the power transmission in a ring, any breakage to the line will not take out the whole state's power supply. It will enable intakes and offtakes around its whole perimeter and ensure safe connection into Australia's main power grid of significant quantities of 'green' wind, solar thermal and hot-rock energy. Proponents are already willing and able to undertake the construction of the ring main, the 400 megawatt wind farm, the hot rocks, solar/gas power supplies, the desalination plants and numerous mines. All it takes is the will of this state Labor government to look past BHP Port Augusta and Whyalla to see the whole picture.

Despite an enormous amount of positive mineral exploration, very few mines are coming into production. Companies which are ready to start to export are working in isolation; and, unless cohesively pulled together to address their common issues, companies will continue to struggle on in isolation, taking many years, if ever, to become profitable for themselves, the state and the nation. The key to success for companies and the state is the necessary infrastructure. It is increasingly obvious that a modern, multi-use port on the east coast of Eyre Peninsula (north of Port Lincoln and south of Port Neill) is needed to provide for the future imports and exports of Eyre Peninsula and commercialisation of the extensive Gawler Craton mineralisation.

The issues regarding the physical export of minerals are highlighting just how inadequate the present road, rail, port and even the air infrastructure is for the future development of Eyre Peninsula and the advancement of the state and the nation. Port, road and rail infrastructure into and out of Port Lincoln is already under pressure just coping with grain trucks and the expansion of the city. The Port Lincoln port operated by Flinders Ports is under utilised. It is said to be only at 15 per cent capacity and declining. However, it will never be able to be fully utilised, despite having reasonably deep water and rail access, because of its central location within the city. Road access to the port is poor as it is provided via busy central business routes. The port cannot handle the Cape Bulker ships needed for the lowest cost freight in competitive international markets.

The people of the city are not in favour of the export of minerals from the wharf and there is an opportunity now to plan a staged redevelopment of the port. Port Lincoln's mayor, Peter Davis, was one of a group of local people who went to look at the port facilities and infrastructure at Esperance in Western Australia. Mayor Davis has written a report advising that he will not support using Port Lincoln for the exports of minerals. This report reflects the thinking of almost all the residents. The fishing industry has also come out strongly against it. Murray Point, the former BHP site south of Port Lincoln, which had been proposed as a possible solution for the export of minerals, requires transporting with barges. It is currently designated for future expansion of the city, which remains the best use of this site, in my opinion.

A public-private partnership, government or private enterprise could build a new port on a greenfield site in conjunction with an extended and upgraded railway, improved road network and possibly slurry pipelines to provide for mineral and grain exports and any imports, as required. Value adding before export of our commodities should be undertaken, where possible, and the inclusion of an iron ore pellet plant incorporated in the initial port plans would be strategic. As a new port is developed, the present wharf precinct in Port Lincoln should gradually be sold off to provide for fishing, tourism and housing. The funds reinvested by the beneficiaries into the new greenfield port, with Flinders Ports being part of the project at a new site, if possible.

Given the quantity of minerals on Eyre Peninsula and the potential growth of Port Lincoln, the wharf is never going to be a long-term solution for the export of minerals. Grain trucks are already a problem on the Lincoln Highway due to increased local and visitor traffic and several kilometres of the highway are not able to be widened. The proposed alternative route is getting more and more expensive and difficult as the hills are being subdivided and built on. The fishing industry does not have enough room for future expansion. However, they would have more flexibility if the wharf became more available, with grain exports gradually relocating to a new port.

The recreational jetty (No. 1 berth at the wharf) would also remain available for the tourists and recreational fishers where access is presently under threat. Cruise ships expected to visit the city in the near future could be easily catered for in the wharf-city precinct, with plenty of room for facilities. The same would apply to yachts that could be facilitated and given much easier access to the yacht club and the centre of the city. Private marina berths off the wharf area could be sold generating additional funding, as well as creating the kind of ambience that I believe would enhance our city similar to that currently enjoyed by Hobart and Darwin.

The grain market has been deregulated and a new grain marketing group formed under the auspices of Free Eyre. They will not necessarily be using the silos but large bags to hold and segregate their grain. This will mean that they will need more space and will not be using the large cement silos at the wharf. Many of these silos are getting old now and I have been told that some may need to be pulled down as has already happened in Western Australia, where some have also been converted to high-rise housing developments.

I understand ABB Grain owns the grain silos, sheds and gantries at the Port Lincoln wharf. However, to export minerals from either the main wharf, the BHP area or the fuel wharf, if the fuel is taken elsewhere, will require extensive new mineral specific infrastructure and more space. It would make sense for ABB Grain to be part of a new port project and to put in dual-purpose, new dustproof gantries in a port catering for bulk fertilisers, grain and minerals in an environmentally friendly manner. Modern fertiliser unloading equipment and sheds, and eventually even new fuel unloading and tanks located at a new port and the old ones removed from our city centre, would free up more space in our city and provide more accessible services for our communities in a much safer location. As a new dedicated fuel wharf would probably have to be built, this may not happen for some time but should be planned for now. The existing fuel wharf could be repaired and made available for tourism and recreational use, which would be much more compatible with its recreational location.

Centrex Metals Limited is only the first of many mining companies that want to export iron ore. At present, their only option is to export from Port Lincoln. Accordingly, the problem must be fixed now to gain the benefits for our region and the state of having a robust and productive mining industry, while retaining and possibly improving Port Lincoln's development and ambience. It would be judicious if existing grain and fertiliser companies' activities were also encompassed.

There has been and continues to be a range of problems with the exporting of grain from the wharf. Grain dust for asthma sufferers has long been a problem. Anecdotally, the numbers of people suffering from asthma is increasing and some of whom I am aware actually leave the town. The native galahs, I am told, were not originally found in Port Lincoln but have followed the grain, have bred prolifically, are offensively noisy and ruin the trees. Pigeons, also attracted by the grain, have bred up and make an awful mess in the city.

Continuing on with infrastructure in western South Australia, the Port of Thevenard also requires deepening and upgrading. If the Port of Thevenard is not upgraded, or one close by, then the new port south of Port Neill would become the only major port to service the whole of Eyre Peninsula and minerals from the north-west may have to be brought down. Thevenard currently handles a greater tonnage of product than Port Lincoln. Even existing salt and gypsum exports from Thevenard would be under threat without an upgrade. Port Bonython at the top of Spencer Gulf near Whyalla is poorly located in an area that is very environmentally vulnerable. The Whyalla port requires multiple handling and barging, and is to be fully utilised by OneSteel which is allowing no other companies access.

The rail system on Eyre Peninsula is another major piece of infrastructure that needs to be upgraded and coordinated into the big picture. Genesee Wyoming is the current owner of the Eyre Peninsula railway, however the narrow gauge railway line is not the most suitable for haulage of iron ore and needs upgrading. A rail upgrade could become part of the new port project. A new railway line would have the provision for upgrading to standard gauge and be redirected along a new section (approximately 25 to 30 kilometres) from Ungarra to the new port to take all freight, including grain and minerals. The railway land in Port Lincoln could then revert back to Colonel Light's original plan and become parklands and any excess land could be sold. The government could use proceeds to assist with the upgrade and extension of the rail to the new port. Liverpool Street, the main CBD street in Port Lincoln, could be extended through to Kirton Point and Porter Bay, providing easy access to the marina. The rail that presently runs through the middle of the town could go and the ambience and views would return as the large silos and the green gantries are eventually demolished.

Improved water infrastructure is long overdue. In the driest state in the driest continent, Labor governments, state and federal, continue to overlook the obvious. Access to SA Water pipes is a must for desalinated water from private enterprise providers to be delivered in a timely and cost-effective manner so we can all enjoy plentiful water and not have it eked out through permanent restrictions, and also to provide for the mining and value adding of products, plus horticultural developments, on our good soils. This Labor government should insist on it.

A clean, green Ceduna desalination solar/ thermal/mechanical vapour compression plant was to have been built by Lloyd Energy, but it has been built interstate instead. The desalination plant would have replaced water which is being taken from the overdrawn underground water basin south of Port Lincoln and which is being pumped to Ceduna. When the water gets there, it is so mineralised that it is costing thousands of dollars to replace piping and water filters in the region that are blocked solid with minerals. Quantities of potable water are needed to enable the mineral sands to be processed locally. However, they are now to be shipped to Western Australia for processing—denying local employment opportunities. With a minuscule amount of government support, water could be running through the pipes and jobs could be created, underpinning successful regional communities.

A reverse osmosis desalination system near Streaky Bay is being proposed to take pressure off the local, overdrawn Robinson Basin, which, unbelievably, is being topped up with water pumped from the basins south of Port Lincoln. The world-class kaolin deposit mining contract may fall over because of the lack of water, unless a suitable supply is provided in the near future in order to enable the processing of kaolin locally.

A proposed wind-powered desalination plant will be constructed near Elliston, with the water being pumped into the existing pipe system at Poldra pumping station in order to be used across the region, as soon as the wind turbines are constructed and approval gained from SA Water.

The proposed wind-powered desalination plant at Port Lincoln has not been facilitated, but it could have provided new water into the existing pipeline system that services Eyre Peninsula and negated the \$48.6 million pipeline which was built by SA Water and which brings 1.4 gigalitres of water 800 kilometres from the overstretched River Murray system.

In Port Augusta Acquasol proposed a solar/gas/mechanical vapour compression desalination and power plant to provide all the water needed by Spencer Gulf cities, and possibly the BHP expansion at Roxby Downs, to take them off River Murray water, but despite all the efforts of private proponents this project continues to stumble.

All these desalination plants can be put in place by private enterprise which so far has been thwarted by the state government-owned monopoly, SA Water—a monopoly backed by a water minister who blithely states 'it is not my priority' and who is supported by her Labor colleagues to prevent new water being provided in the system by private enterprise. Instead they are spending millions of taxpayers' funds to reduce consumption of the very product—water—that they have the monopoly to sell.

Infrastructure Australia must also plan for road infrastructure, including the Wirrulla to Glendambo road. This road will also provide a route for power and water, and eventually possibly a rail connection from the northern mining developments to Eyre Peninsula ports. It should be the responsibility of state and federal governments to fund this road. It is becoming increasingly busy, with traffic from many outback mining activities and hundreds of tourists, many of whom are from overseas. All these users are impacting heavily on people in local communities, especially isolated stations along the way, who have to rescue them when they get into trouble, while coping with the wear and tear on roads which are not built for traffic. Already there have been deaths on the road.

Finally, I refer to Port Lincoln airport. It is the busiest regional airport in South Australia, with 140,000 passengers annually. It is owned and operated by the District Council of Lower Eyre Peninsula which has a district population of 4,402. The City of Port Lincoln, with a population of 14,500, is the closest major city to the airport (being approximately 15 kilometres away) and gains the most benefit. A flight from Port Lincoln to Adelaide across Spencer Gulf takes about 35 minutes compared with the seven hour drive (675 kilometres) around the top of the gulf. A bus journey to Adelaide takes up to 13 hours one way, excluding unexpected delays.

Virgin Blue has expressed an interest in introducing a regional jet service to Port Lincoln as part of its recently announced E-Jet program. The introduction of a regular jet service and the accompanying passenger and baggage screening requirements means additional space would be needed. The District Council of Lower Eyre Peninsula is investigating possible options, including a new terminal. Council has indicated that it has a broad strategy to enable this to happen and is planning to upgrade most of the airside facilities (including the taxiways, apron and lighting) this financial year. It also has funding for concept plans for a terminal upgrade and intends to finalise a business plan for the airport in order to help it plan for future operations and development.

However, the benefit of a jet service is something that the small rural district council will have to consider carefully because the capital expenditure and recurring maintenance costs on a new or upgraded terminal with security equipment will be significant. Once again, government assistance is needed to fast-track this much needed infrastructure.

If the Rudd government truly 'is serious about bringing national leadership and new thinking to the planning and financing and building of economic infrastructure', then the state Labor government actually needs to get active and speak up federally for South Australia. Currently, projects are not being viewed on a whole of state basis, thereby lacking the planning and funding to solve the problem of the stability of the state's power grid and the need to put vast quantities of available green energy into it. Planning needs to include the retirement of old dirty power stations, while providing sufficient power for the massive developments that will be needing it.

Most of the infrastructure needed will be provided by private enterprise, possibly as public-private partnerships, but they definitely will need to be facilitated by federal, state and local governments, with Infrastructure Australia providing the coordination and Build Australia providing some of the funding. Funding provided now will have a return on investment in billions of dollars within a few years. It is the role of government to facilitate significant projects. No one company should have the responsibility to provide the initial infrastructure that will be of long-term benefit to so many, including both the state and federal governments, in royalties, taxes and economic activity.

No farmer would use only their home paddock to provide their income, but this city-centric government, in effect, is doing just that. It is unsustainable, if we are to remain a first world nation and not become a third world nation that cannot afford health, education and other services expected by our people.

Some of the mining ventures on Eyre Peninsula expected over the next few years are:

- The Centrex hematite iron ore reserve at Wilgerup near Lock has a 10 million tonne reserve that they are confident of increasing. Mining is expected to start in 2011-12.
  - Centrex also has a magnetite iron ore deposit on Eyre Peninsula with identified exploration targets exceeding two billion tonnes of magnetite ore in the southern and south central tenements with another major deposit near Cowell.
  - Lincoln Minerals has hematite and magnetite iron ore at Gum Flat, about 20 kilometres from Port Lincoln, and has an exploration target of more than 250 million tonnes of ore at the project.
  - Adelaide Resources' iron ore project, 175 kilometres from Port Lincoln, contains extensive magnetite anomalies with a cumulative strike length in excess of 50 kilometres. It has launched a new company, Iron Road, to handle it.
  - North of Kimba, at the Wilcherry Hill, is the Ironclad Mining Company's iron ore deposit. The Wilcherry deposit contains coarse crystalline magnetite and low silica contents, which enable low cost and efficient production of concentrates containing over 70 per cent iron with very low impurity levels.
  - In addition, not far away is the Menninnie Dam site, where there is said to be a crew currently working 24 hours a day exploring for zinc, lead and copper with the potential also for iron ore. The Kimba to Buckleboo railway line that links through to Ungarra is currently closed, but would not be far from these deposits.
  - Minotaur's kaolin deposit near Streaky Bay, which is of very high quality with nine million-plus tonnes (150 million tonnes inferred) and is expected to start in 2008-09, if power and water are available.
  - Adelaide Resources has mineral sands, uranium and iron ore deposits on Eyre Peninsula. Its testing at Warramboe indicates a significant strike length of magnetite bearing iron ore of exceptional chemical quality and substantial tonnage; and there are many more besides.
- ENDS