



**By-pass regional South Australia....again
7 November 2008**

The Labor federal government's \$20 billion spending on infrastructure is set to bypass rural and regional South Australia.

Member for Flinders Liz Penfold said Premier Mike Rann and Infrastructure Minister Pat Conlon have confirmed they are not bidding for any regional projects, only for five major Adelaide based projects.

Mrs Penfold said what we are getting from this city-centric Labor government are more depreciating liabilities that will create no long term jobs or income.

"Federal Minister Anthony Albanese confirmed the city priority when he advised that the inaugural head of the new Major Cities Unit will work hand in hand with Infrastructure Australia on prioritising the billions of dollars to be allocated under the scheme," she said.

Mrs Penfold said that what we need are long term assets in the regional areas where most of the state's export income is generated, along with a vision like Tom Playford's when he set up the shipbuilding at Whyalla to now develop mining on Eyre Peninsula that will set us up for the future.

"The federal Infrastructure Fund was supposed to target the very things that Eyre Peninsula needs to realise the mining exploration and development boom.

"But all we see is Mike Rann using taxpayers money to parade himself on local television boasting about achievements that he has opposed in the past and that, in any case, are private enterprise projects.

"Mike Rann appears to have conveniently forgotten that he scathingly described Roxby Downs as 'a mirage in the desert' when it was proposed, even though he now tries to take credit for its success.

"Reality once again contradicts the hype," she said. ENDS

**EP needs Infrastructure Funding
9 October 2008**

Liz Penfold Member for Flinders urges all stakeholders with an interest in the infrastructure requirements of the North and West of South Australia to send a submission to Infrastructure Australia. This is essential to get a share in the Federal Governments \$20 billion Building Australia Fund.

Submissions must be received by 15th October 2008 and address the criteria outlined in the guidelines <http://www.infrastructureaustralia.gov.au/>

"I have forwarded a submission which can be viewed on www.lizpenfold.com" Mrs. Penfold said.

"I hope that Councils and anyone who has specific knowledge and a desire to put their project on the priority list, will put in a proposal so the panel assessing the projects are aware of the great need we have" she said.

Mrs Penfold is concerned there is a risk that capital city projects will dominate.

But if there are numerous applications from our region she believes we may get on the radar so our infrastructure needs could finally receive the attention necessary if we are to fulfill the massive potential this region has.

"We need power and water to develop new industries if we are to keep jobs and people, schools and hospitals" she said.

Top of Mrs. Penfold's 'wish list' is a power ring main that is urgently required to stabilise the State's power and enable intake of new energy sources from wind, solar and hot rocks and off-takes particularly for mining, value adding the minerals and desalinating the water needed.

"The present old 132kv line that services Eyre Peninsula can not even handle all the wind energy already being produced locally at Mount Millar and Cathedral Rocks. Metropolitan Adelaide's power supplies are potentially at risk if the line suddenly collapses," Mrs Penfold said.

"By linking the power transmission in a ring, any breakage to the line will not take out the state's power supply and will have the capacity to enable new "green power" from wind, solar and hot rocks energy, to be put into the grid".

"We have some of the best wind farm sites in the world with over 1,000 MW waiting to be built. A much better power supply is imperative, if mining within the massive Gawler Craton mineralisation that underlies this region, is to ever come to fruition" she said.

Ports, airports, roads, and rail are all on the list of requirements for Eyre Peninsula and the North and West covered in Mrs. Penfold's submission.

ABC Radio Precis 30/9/08

Liz Penfold, Liberal Member for Flinders (639ABC 9.15-9.22) Investment in SA - mining boom

(Weir: Last week [there was] a special speaker at the conference in Adelaide. It was a group of experts looking at the fact that Western Australia had failed to capitalize on its approach to the mining boom and it's happening ... in Queensland and in Western Australia and we are on the threshold of it here in South Australia. And Professor Clive Palmer from a company called Mineralogy which he founded said that South Australia needed to develop a long-term vision for the state's mining industry ... I know that she will weigh into this and fully agree - ... Liz Penfold ... I know that you'd agree with Professor Clive Palmer and some of his perspectives because he's saying that in our case in South Australia if we doubled the amount of investment we could have doubled the amount of production. Are we on track do you think to really address what is going to be a huge mining boom in the state?)

We're not even close to it, Kieran. I liken it to a farmer using only his house paddock and that's what they did in Western Australia and that's what they're doing now in South Australia. The city of Adelaide is getting big hospitals, big schools and trams to nowhere, and out here where the real development is I get \$2m to upgrade the railway, \$64m to upgrade a tram track out to the Entertainment Centre. Now that's the kind of thing that's happening. There's money being spent on what I call non-income earning liabilities .. in stead of income earning assets or facilitating income-earning assets. ... what we're seeing in a big way in the state of South Australia. We only have to look at the exploration expenditure to know that the money should be being spent out in the Gawler Craton which covers most of Eyre Peninsula and the west of the state and in the exploration expenditures 2006 / 2007, \$188million was spent in South Australia and of that 80%, \$152million was spent in the Gawler Craton and yet we're just not getting the money out here to underpin the resource. So people like Iluka with the mineral sands are going to be sending the mineral sands to Western Australia for processing. I've got kaling clay, ... several companies probably would be interested in processing it and it's been sitting there for as long as I've been here ... it's one of the highest quality paper-making

clays that you can have and it needs three gigalitres of water. But we've been let down once again by SA Water who will not allow private enterprise to come in and compete with them so they wouldn't let desalination plant to put more water into our system - so that needs three gigalitres and we haven't got the water, and without the water that may not go ahead. So ... I'm watching this disaster happen in front of my eyes and now of course there's a [unclear] recession, ... more than ever we need to be making real money and real jobs.

(Weir: this conference was called the Committee For Economic Development of Australia. A special presentation in Adelaide last week by a number of speakers - when we look at what we are doing right in South Australia, are we getting anything right in terms of our infrastructure?)

Not that I've noticed because I just watched the money ... and we were in a good position, we've had more GST, more tax from all sources into this state and yet it's not being seen out here in infrastructure that would underpin a new industry. They keep saying we're going to have a mining boom but the figures just aren't stacking up. It was suggested that we should receive some of the royalties that are received from mining but ... this year's budget papers show that last year only \$163.5m was received in royalties by South Australia and this compared with the Queensland with \$3.6b. So twenty times more received ... by Queensland and Western Australia the same: \$3.4b received in royalties. Now if we were getting 25% of that for putting into infrastructure into regional areas like the Gawler Craton where obviously it should be going we would have something substantial, but 25% of \$163.5m which is at the current time South Australia's total royalties is just not going to be anywhere near enough. And anyway we are not getting even that.

(Weir: Liz, many people in business say that you have to spend money to make money and the CEO of the City Of Perth Frank Edwards says that the South Australian Government needed to develop a long-term agreed vision for the industry and then stick to it ... he said that you have to spend early on infrastructure or play catch up like they're doing in Western Australia. What can be done, how can we move forward and spend the money in the right places so that eventually all South Australians will feel the benefit?)

well, the Federal Government has made a statement ... and I've put a submission in to a Building Australia fund which has \$20b... just for infrastructure. Now if they actually go ahead with this and it's not just words, then that's the kind of money that we need into the regions probably right across Australia but certainly a big percentage of it in South Australia because we are such an undeveloped region. ... if we could get part of that \$20b into South Australia to put in the ports, the railway, the desalination plants or other water sources - we need power and water probably mostly - but also rail, road, airports and ports

(Weir: this government and this Treasurer - Mr Kevin Foley - seems to want to preserve his Triple A credit rating and many of these heads of industry are saying that what we need to do is in fact borrow the money, put the infrastructure in place and that money will come back to us. ... they're saying that this government is waiting for the royalties to flow. Are we putting the cart before the horse currently?)

well certainly we are - as I said, it's wrong priorities. It's not that we haven't had the money, it's just that it's been put into idle liabilities that are depreciating assets. ... when I see millions and millions going into solar panels on the airport or the showgrounds that already have power, when if I could have that solar power being used for desalination to put into water on the Eyre Peninsula or in various other places in the state, which would have a compounding effect of eight to ten times, then I am just horrified in the waste in depreciating liabilities instead of income earning asset, and anyone that comes from a private enterprise background like I do and been reasonably successful at it knows that you've got to put your money into income earning assets because if you don't make profits you can't afford to do the good things to look after people or your environment and create the jobs and wealth we need. So they're squandering this GST, this opportunity in just gimmicks ... trams to nowhere.

(Weir: Liz Penfold, always appreciate your thoughts and your time with us.)

Jason Kuchel, Chief Executive Officer, Chamber of Mines & Energy Investment in SA - mining boom

(Weir: ... the conference that was held last week in Adelaide, the Economic Development for Australia Conference, did you go along as a representative of the mining sector?)

I didn't personally, one of our staff did attend, so I didn't get to hear all of ... what was happening, but certainly infrastructure is a major issue and ... the South Australian Chamber of Mines and Energy undertook a study last year which identified that we would need a fivefold increase in power, water and gas requirements would treble, likewise road and rail and port usage would also treble and our own staff that we'd be employing would more than double over the next twenty years, so that points to a very significant requirement for infrastructure, particularly in the Gawler Craton region, which is that area north of Port Augusta and including the Eyre Peninsula as well

(Weir: There seems to be a lot of talk but there doesn't really seem to be any action on the ground. Are we prepared for the mining boom?)

I don't think we are prepared for the mining boom and, I suppose there's a bit of a catch-22 situation - the difficulty is knowing exactly where to put the infrastructure, it's fine to say that we do need all the additional power requirements, water requirements and so on, but we do need to be able to determine which projects are coming on stream and

when, and we're in the process of doing that now. I suppose the key thing for government that when we can actually identify that, and when we can identify where infrastructure expenditure should occur, and where that infrastructure expenditure can't be ... where those dollars can't be fronted up by industry but rather industry will pay for the use of them later, because we're not asking governments to pay for it as a handout, rather the projects being much smaller will actually need someone else to cough up the funds to begin with and pay for them in due course as they progress through the mine life. As we can do that the challenge for the Government will be whether they're prepared to actually cough up those dollars or find a way perhaps jointly with the private sector to actually be able to ensure that that infrastructure is provided

(Weir: Clive Palmer, last week at the conference Jason, said that Western Australia had failed to fully capitalise on its mining boom because of a lack of foresight, specifically in terms of planning and infrastructure, said that those opportunities had been lost to other countries. Are you worried that South Australia could end up like Western Australia?)

Well, there is certainly that potential ... one of the key things, messages both to State and Local Governments and to Regional Economic Development Boards as well, and we understand that they are responding so I don't wish to be negative, but a key message is about that social infrastructure, ensuring that the roads and schools and policing and other facilities are actually provided, that planning is appropriately undertaken to provide for industry - new housing and the like - but as we can see in Western Australia, often communities missed out because of that social infrastructure that was not provided

(Weir: How much work is ahead for all of us to set this up?)

Well, we are talking about certainly billions of dollars worth of infrastructure, in fact we identified more than \$20b worth of private infrastructure expenditure and that will put a massive amount of pressure on the construction sector to actually be able to provide that infrastructure in a timely manner, so anything that we can ... be doing, particularly from a state perspective, anything that the State Government can be doing to perhaps do some of that infrastructure earlier, would ... be very positive to try and flatten out ... the number of projects that we will have

(Weir: ... how much do you reckon that the market meltdown in the United States, and now people are starting to use the R word and say recession, worldwide recession, is that going provide some real blocks or hurdles for us to put this infrastructure in place to spend the money?)

Potentially there is but I'm not worried by the potential of a recession for two reasons - first of all, the domestic growth in the Chinese market almost needs a little bit of breathing space for them to ... be able to catch up, so demand in China will remain strong for commodities for quite some time albeit it will probably hurt commodities prices a little as we've seen recently, but we believe the demand remain strong and also we're ... talking about this mining expansion in South Australia, I'd rather call it an expansion than a boom, is happening over the next ten to twenty years, it isn't about it all happening suddenly over the next twelve months to twenty-four months, it is about long-term building of projects over that ... period of time and we have known deposits, over thirty projects coming through the pipeline and because they're known deposits they will come to fruition. It's a matter of being a little bit more clever about the investment into some of those deposits and where that investment will come from and ... we'll probably become more reliant on the Chinese for some of that investment rather than raising the capital through the share market

(Weir: ... appreciate your time as well with us on the program this morning.)

Infrastructure- top priority for EP 26 September 2008

Member for Flinders Mrs Penfold spoke of the many Infrastructure projects needed for Eyre Peninsula and the north west of South Australia if the region is to reach its full potential, in parliament this week.

“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.**”

“**The first priority** of the state government to ensure this states 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 mega watts of hot rock power into the grid. This green energy can power desalination plants to provide the water that is needed”

“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. They key to success for companies and the

state is necessary infrastructure. It is increasingly obvious that a modern multi use port on the east coast of Eyre Peninsula is needed to provide for the future imports and exports of Eyre Peninsula and commercialisation of the extensive Gawler Craton mineralisation.”

“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**, only a fraction of the 3.6 billion in Queensland and a similar amount 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.”

Mrs Penfold’s full Address in Reply Speech can be found at www.lizpenfold.com as well as her recent ETSA Utilities and New Port submissions