

RAILWAY (BBI RAIL AUS PTY LTD) AGREEMENT BILL 2017

Introduction and First Reading

Bill introduced, on motion by **Mr M. McGowan (Minister for State Development, Jobs and Trade)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR M. McGOWAN (Rockingham — Minister for State Development, Jobs and Trade) [12.43 pm]:
I move —

That the bill be now read a second time.

The purpose of the bill is to ratify and authorise the implementation of an agreement—scheduled to the bill—between the state and BBI Rail Aus Pty Ltd and Todd Petroleum Mining Company Limited, Todd Offshore Limited and Todd Minerals Limited relating to the development of a railway in the Pilbara region, and to modify the operation of the Railways (Access) Act 1998 and the Railways (Access) Code 2000. This agreement is consistent with the government's vision for the Pilbara mining industry and with the long-established practice for railway infrastructure to be developed under state agreements. The agreement will allow the Balla Balla infrastructure project to develop the heavy haulage railway that will link a number of iron ore deposits known as the Pilbara iron ore project to a transshipment port to be constructed at Balla Balla. This integrated iron ore project will be significant in both scale and economic investment. The project also provides the opportunity to open up stranded iron ore assets in the region.

The government anticipates that a significant number of jobs will be created in the construction and operation of this project. The total capital investment for the project is expected to be in the order of \$5.6 billion, generating 3 300 jobs during construction and 910 jobs once in operation. The state agreement has a term of 20 years, with an initial capacity of not less than 50 million tonnes per annum of iron ore, with provision for two 10-year extensions. The government is facilitating this project to support the expansion of the Pilbara iron ore industry through the connection of new mines—previously stranded assets—to a new transshipment port at Balla Balla harbour, situated between Dampier and Port Hedland. The agreement provides for community development and local industry participation commitments. These commitments and other agreements already in place will provide direct benefits to traditional landowners, the local community and businesses as an outcome of the project's construction and operation.

There is provision for the project proponents to consult with the Minister for State Development, Jobs and Trade to seek agreement for a route for the proposed railway and for the submission of detailed proposals prior to its construction. The agreement also describes how the railway is to be owned, controlled, managed and operated. The BBI railway will consist of 160 kilometres of standard-gauge heavy haulage railway connecting Balla Balla port with the railhead stockyard and into the central Pilbara region. The ore to be carried by the rail will be underpinned by the project having secured binding agreements with the proponent or proponents of the PIOP. The agreement for the carriage of ore will be for not less than 20 years and not less than 25 million tonnes per annum from the PIOP and must be in place at the time the BBI group submit proposals to the minister for approval. Subsequent to the initial proposals being approved, and with the minister's approval, the proponents may seek to expand the project through the construction of additional rail spur lines for the carriage of additional tonnages of ore. The state and the company intend that the railway operates on an open-access basis, but this could change to haulage services if a suitable haulage regime is approved by the Australian Competition and Consumer Commission.

The railway will terminate at the boundary of the port at Balla Balla. Balla Balla, a port of historic significance to the Pilbara, will be developed under the Port Authorities Act 1999 and managed by the Pilbara Ports Authority. The design of the port will be required to allow not less than 50 million tonnes of iron ore to be exported each year. The agreement provides for community development and local industry participation commitments. These commitments, and other agreements already in place, will provide direct benefits to traditional landowners, the local community and businesses as an outcome of the project's construction and operation.

The agreement, once ratified, provides the opportunity for the next big project in the Pilbara to proceed. The agreement will facilitate the delivery of significant positive outcomes for local communities and those businesses servicing the mining and ancillary sectors of the Western Australian economy. The project has the potential to generate significant jobs in both its construction and operation phases and, it must be acknowledged, is a project to which both sides of the house have provided their support.

I commend the bill to the house.

Debate adjourned, on motion by **Ms L. Mettam**.