

**ALUMINA REFINERY (MITCHELL PLATEAU) AGREEMENT (TERMINATION) BILL 2015**

*Second Reading*

Resumed from 25 March.

**MR W.J. JOHNSTON (Cannington)** [12.12 pm]: I rise to speak on behalf of the Labor Party as the lead speaker on the Alumina Refinery (Mitchell Plateau) Agreement (Termination) Bill 2015. The purpose of this bill is to facilitate the creation of a national park in the Kimberley. The Labor Party welcomes that. We have been interested in this issue for some time and we committed in the 2013 election to talk to the proponents to do that very thing. I suppose that is a demonstration of the way in which state agreements have come full circle in terms of what they looked like in the past and what they will look like in the future. We can see that this is one of those agreements that is really about the past and not the future.

I will now go through some of the history of this agreement. It is not quite as the Premier explained in his second reading speech. The Premier said in his second reading speech that this state agreement was originally entered into between the state and Amax Bauxite Corporation in November 1971. I will explain what happened. The 1971 agreement was actually the replacement of the original agreement, which was entered into in 1969 by Charles Court as the then Minister for Industrial Development. On 27 March 1969, Charles Court introduced the Alumina Refinery (Mitchell Plateau) Agreement Bill and said —

The purpose of this Bill is to ratify the agreement between the Government and Amax Bauxite Corporation relating to the mining of bauxite, the production of alumina, and investigations into the possibility of establishing within this State a smelter for the conversion of alumina to aluminium.

One of its most significant features is that it is designed to establish a major industry in a part of the State, in the extreme north, near Admiralty Gulf, where there is literally no development at the present time.

We can see that he was using the language of the era. We would not see it in that way now.

He said also —

The refinery, together with ancillary works and services, will cost something in excess of \$100,000,000.

In 1969, that was an enormous amount of money. He went on to say —

The Kimberley bauxite deposits were discovered by company geologists early in 1965 ... In 1967, the whole plateau was covered by a broad drill grid, and the most promising individual ore body was drilled out on 400-foot centres with shafts being sunk every 800 feet.

So we can see that the company was hammering the terrain pretty heavily at the time. He went on to say —

A pilot washing and screening plant has been erected on site and has been operating effectively since the beginning of the year 1968.

He went on to detail the way in which they were doing the work and said —

In taking bulk samples for the pilot plant, blast-hole drilling rates and explosives consumption were determined, and at the same time ripping tests were carried out with the bulldozer to determine whether any substantial proportion of the ore body could be extracted with the use of ripping and scraping equipment.

He then talked about the proposed port and said —

During 1967 a hydrographic survey of possible pier sites in Port Warrender and of the approaches through Admiralty Gulf was completed. This survey suggested two possible port sites, both with excellent approaches and having 50 to 60 feet of water at low tide, within 1,000 feet of the shoreline. A final decision on the location of the port will be made when the company submits its proposals in detail to the Government.

He then talked about the feasibility study being done by, interestingly, Bechtel Pacific Corporation, a company that is still very active in Western Australia. He then said —

Mention has been made in the agreement of a commitment to go up to 600,000 tons of alumina product. The indications to date in the feasibility studies are that this tonnage will have to be higher to make it economically viable; and that is exactly the same experience in respect of the estimates at Gove.

That is in Queensland.

As I always admire in these second reading speeches, he went on to say —

The alumina plant will utilise the Bayer process designed to treat bauxite which contains trihydrate alumina.

He went on to talk about the power plant that “will” happen, and the general facilities that “will” include, and the town site for 1 500 people. Interestingly, he also made the point —

Some important aspects of construction will be an effective communications system; that is, a radio and telephone link with Darwin or Derby ...

As members can see, even in 1969 the question of telecommunications for a project was already coming into focus. He went on to talk about some issues that became somewhat controversial for the opposition at the time, and I will explain what those issues were. He said —

The company has temporary reserves over an area of approximately 1,500 square miles, which under the terms of the agreement may progressively be converted to a mineral lease within six years of the commencement date. It also has the right to surrender any part of the lease from time to time.

The initial term is for 21 years with an option of renewal for a similar period ... at the rate of \$5 per square mile, and thereafter the amount prescribed by the Mining Act, but not exceeding \$10 per square mile.

That was one of the controversial issues that the Labor opposition raised at the time.

Mr Court then outlined the apparent obligations under the agreement about the facilities that the company was to build. I will give members an example. He said —

By the 30th June, 1969, or other date approved by the Minister, the company must submit proposals on the following:—

Then he listed port and port developments, bauxite and alumina transport facilities, town site facilities, regional facilities et cetera. He outlined that there was a specific date, but, as I will explain, one of the criticisms made by the Labor opposition was that this was all based on the idea of a commencement date, and the commencement date never actually occurred so none of the other features of the agreement came into being.

Mr Court made great play about the idea there would be a regional development authority potentially created under the Alumina Refinery (Mitchell Plateau) Agreement Bill. Interestingly, the then Leader of the Opposition, John Tonkin, interjected —

Will this be another company town like Dampier?

Members can see that even in 1969 the Labor Party was concerned about the formation of company towns. There was a bit of to-and-fro, and Mr Tonkin made the point, in respect of company towns —

That means if an employee does not like the job he will get no accommodation and no meals.

Of course, we continue to see that as a problem.

The minister continued to talk about this proposal to perhaps have a regional development authority, and it could actually be viewed as being a public-private partnership. The government was trying to get the companies to borrow for the building of infrastructure so that it did not have to go through the Loan Council. At the time, the states could only borrow with the approval of the Loan Council. Mr Court stated —

The position is aggravated where overseas companies are involved and they are limited in the amount of money they are able to borrow in Australia under Commonwealth policy; and the reasons for this have been stated elsewhere. Therefore they usually have to go overseas to borrow money at high cost and put it into infrastructure development as distinct from the industrial investment—that is, the actual mine, the actual plants, and those things that are earning the normal income.

He goes on to explain why he wanted a regional development authority, and what, potentially, would make it different from the normal arrangements that had been entered into in respect of Pilbara proposals.

Mr Court wanted to make clear that although this was a provision, it would not necessarily require the government to act. He stated —

I want to emphasise again that the Government has the right to opt out of its arrangement at any time because it has been explained to the corporation, and it accepts the fact, that we cannot include any provision which would in any way inhibit our borrowing capacity and normal loan fund arrangements under the Loan Council.

He later set out the question of royalties. He stated —

I mentioned differential types of royalty. There are, in fact, two types, one for bauxite used at the refinery in this Mitchell Plateau area and one for bauxite shipped away. There is also the special royalty rate for refractory or special type bauxite; and here again there is a differential for the special type of bauxite used within Australia and that which is shipped out of Australia.

He stated further about royalty rates —

After the initial period of 21 years, royalty rates are reviewable by the State for each seven-yearly period thereafter.

Then he talked about the arrangements and the circumstances that permitted the export of bauxite. Interestingly, he basically highlighted the fact that the export of bauxite would probably precede the construction of the refinery, and so raw bauxite would be exported for a while even before anything else happened.

The member for Gosnells would be interested to know that there was a discussion about rehabilitation. I am not quite sure whether it was as extensive as the expectations of today, but the minister said —

The company will be obliged to progressively restore, in consultation with the Minister for Mines, the surface of the mined areas and to regenerate the vegetation thereon in accordance with good mining and industrial practice.

He then spoke about the conditions to be set for that.

There was then a discussion of what would happen to the residue from the process—he described it as “red mud”—and that that was an issue for other communities that had bauxite plants. He outlined that the company would be investigating establishing a smelter. He stated, in respect of the company having an obligation to consider building a smelter—not an obligation to build a smelter but an obligation to think about it —

This is felt to be something of an inducement to the company to undertake smelting operations—if at all practicable—because if the company does not undertake smelting operations it will be obligated to supply alumina on the spot to a rival company, if such company deems it practicable and desirable to establish a smelter.

Of course, we know a smelter was never established in Western Australia because it was never, in the end, proved viable.

The opposition replied. I will not go through every word it spoke, but I will make a couple of remarks. On 3 April, the shadow minister, Mr Beckerton, the member for Pilbara, led with the opposition’s response, and then a few days later—on 15 April—John Tonkin as Leader of the Opposition made some comment. In Mr Beckerton’s remarks he —

**Mr C.J. Barnett:** Arthur Bickerton I think was his name, wasn’t it?

**Mr W.J. JOHNSTON:** I thank the Premier. I am not young enough to remember; I was only seven years old in 1969!

**Mr C.J. Barnett:** I was good friends with his son.

**Mr W.J. JOHNSTON:** Excellent.

Mr Bickerton stated —

In other words, this company, as the agreement will show, has during the preliminary stages an area of 1,500 square miles, and if it was to retain that area and to pay rental on it the State would receive \$15,000 per year. If the company paid rent at the Queensland rate, the amount of money received would be four times that sum, or \$60,000 per year.

The Labor opposition was comparing the Weipa agreements with the Mitchell Plateau agreement and making the point that it felt the government was not getting the best deal.

Another issue the Labor Opposition raised was that Western Australian state agreements came to the house after they were struck; whereas in Queensland, Parliament ratified the agreement and authorised the Premier to sign the agreement. In Western Australia, the agreements were being presented as finalised for agreement or rejection, but there was no opportunity for amendment. The other thing raised by the opposition was that Parliament was being asked to set aside all other acts. I will quote what Mr Bickerton said —

Parliament is also asked to waive many of its Acts of Parliament, as has been done in similar types of agreements which have gone through this House. Also, it is asked to generally provide assistance and cooperation—at least as far as I can see in the agreement—equivalent to that given to the iron ore companies.

He complained that although the opposition had become accustomed to it, it did not mean that it was satisfied with it. He stated —

I do feel that whilst we continue to waive certain Acts it will be very difficult to make agreements with any company in the future, regardless of what Government is in power, without including these special

clauses. I can imagine companies saying to the Government that if it is good enough for Hamersley and the bauxite organisations, and so on, then they are not interested unless their agreements are on similar lines. Precedent has been adopted, and how we will revert, if ever, to Parliament operating the way it should in accordance with the Interpretation Act, I do not know.

Member for Gosnells, he talked about post-mine restoration in some detail, although I think he was more interested in the land being recovered for farming and other uses. He quoted extensively from the agreement. He again contrasted the agreement with the Queensland examples, and reflected on the Queensland examples as being better than the Western Australian agreements. He said that in Western Australia, the agreements would allow subsidiary rules to be made without reference back to Parliament; whereas in Queensland it was not done in that way. He stated —

Apparently all States do not think the same way, because I notice, on reading the Queensland agreement, to which I referred a little while ago, that such conditions cannot be considered as being in the Minister's mind or in the agreement he has before the House; and it is a very large and important agreement. It is similar to this agreement in many respects, and the conditions laid down are also very similar, but there is one very different feature, and that is that the Queensland Parliament has not been overridden so far as by-laws and regulations made by the company are concerned.

The Labor opposition was quite determined on that issue.

I turn now to the conclusion, in which he states —

... I would say that perhaps there are many things which are difficult to understand in the agreement, as I have already mentioned. In the case of some of these provisions, even if one secured the advice of half a dozen Philadelphia lawyers one would not really know what a clause actually meant.

I would liken the agreement to the bikini: —

I am sorry to say this, but I am quoting a speech from 1969 —

what it reveals is interesting, and what it conceals is vital.

He then goes on to state briefly that he is not satisfied with the agreement.

The member for Kimberley, who it is clear was a government member, spoke in support of the agreement. I noticed his words—I noted other members referred to them when I read further in *Hansard*—that state —

If the Mitchell Plateau goes ahead—and it obviously will—then it will help the people in this region who are pioneering pastoral pursuits and perhaps following other activities ...

He makes his point when he says “it obviously will”. He reflected on wanting Indigenous employment, although in the language and attitudes of a conservative Kimberley member in 1969, which obviously came from a racial superiority point of view rather than a modern understanding of these things. He reflects on tourism when he states —

From a scenic point of view the country in this locality is nothing short of spectacular, and there is no doubt in my mind that one day the region will support a very large tourist industry ...

As I said, the then Leader of the Opposition, John Tonkin, also remarked extensively on the agreement. Principally, his argument with the then minister, Mr Court, was about setting aside state laws and having agreement submitted to the house in the manner it was. He stated —

As the member for Boulder-Dundas pointed out earlier in dealing with the agreement the subject of the previous Bill, here is still another agreement brought to the House as a *fait accompli*. This agreement sets aside every law of this State. It is brought here after it has been signed, sealed and delivered.

I regard it as an affront to Parliament. It is treating the Parliament and its members with absolute contempt. It is asking them to be none other than a rubber stamp, and I for one am not prepared to accept that situation without protest, and if members opposite had any spunk they would not do so either.

It is certainly interesting commentary, and we can see that still today. He also reflected on what happens in Queensland, when he states —

Now, Mr Acting Speaker ... listen to the wording —

This is in respect to the Queensland agreement —

...The Premier and Chief Secretary is hereby authorised to make, fore and on behalf of the State of Queensland, with Commonwealth Aluminium Corporation Pty. Limited, a company

duly incorporated in the said State and having its registered office at ... the Agreement a copy of which is set out in the Schedule to this Act ...

That agreement was brought before the Queensland Parliament before it was signed. Its provisions could be discussed, and if the Parliament was satisfied that it could then authorise the Premier to sign the agreement.

He makes the point that it is a very difficult approach. He also stated —

What use is it for us to spend time going through an agreement in this House well knowing it could be subsequently altered so as to be almost unrecognisable ...

Again, he complains and goes through in detail and explains, giving comparisons to other places, why he has concerns. He then goes on to talk about the chances of the project succeeding. He says —

One can understand the member for Kimberley being so ready to applaud this agreement, because lack of experience would lead him into this trap. The honourable member said, “If the Mitchell Plateau venture goes ahead and it obviously will...” Those are his words. I do not share that optimism from what I read in the Bill. I think there is very little to justify such optimism.

As a matter of fact it reminds me very much of a situation which occurred some years ago when I was down at the coast at August doing a little fishing. I did not catch any fish at the time, but that was our purpose for going there.

He then recited his story. He stated —

... so the cook came out and said, “If we had a frying pan and some fat we could fry some fish if we had some.”

Again, that is what was really happening with this agreement. If there was a project, it would create jobs and investment; but given there was not a project, it was not going to do those things. He went on —

That seems to me to show quite clearly the situation with regard to this proposal at this time. It is all in the future; what may happen a little later on. Nothing happens at all until we reach the commencing date, and I defy anybody in this Chamber, including the Minister, to make an accurate forecast of the likely commencing date; to get within years of it.

He then made an observation and again reflected on the Queensland ministers’ working harder than the Western Australian ministers. He also talks about the purpose of what the minister should be doing, when he stated —

I am more interested in what is in this area which is to be given to the company and whether the terms upon which the area is being given are fair and just terms so far as the State is concerned.

He made the point that there was no obligation to build a smelter. In fact, he made the observation that there were effectively no enforceable obligations. He complained about the minister having misrepresented the provisions of the bill. He also observed, which is just as valid today for all projects as it was then —

It is obvious, if one reads the Bill, that it is anticipated there will be considerable difficulty in raising the finance.

Of course, if there is no finance, there is no project. He made the point —

... we should keep this in its proper perspective and not run away with the idea that there is a bonanza just around the corner which is likely to materialise within the next year or two.

He used the term “hope springs eternal”, which I think is worthwhile. He complained about the setting aside of laws and particularly drew attention to this—I am sure the Acting Speaker would be interested in this —

I take it —

In respect to the laws that are being set aside —

that includes the Inspection of Machinery Act, if there are some requirements in that Act which could prove irksome to the company. Under this agreement those provisions would have no force or effect because this Act would be set aside.

He then joined with other members of the opposition and criticised those provisions. I make the point that whilst we are technically repealing the 1971 agreement; in fact, we have to trace this back to the 1969 agreement. I explain why the 1971 agreement came forward. On 2 December 1972, when the Labor Party was in government, and Mr Graham the member for Balcatta was Minister for Development and Decentralisation brought in the 1971 act to ratify the agreement, he stated —

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 16 September 2015]

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Mr Bill Johnston; Mr Chris Tallentire; Mr Fran Logan; Mr Peter Tinley

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The Bill now before members is to ratify an agreement between the State and Amax Bauxite Corporation for the mining and refining on the Mitchell Plateau ... In addition to ratifying an agreement, it would repeal the 1969 agreement Act and simultaneously validates anything done in pursuance of the provisions of that Act while it was law.

The agreement which is printed as a schedule to the Bill is identical with the agreement which was ratified in 1969, with the exception of a number of minor necessary alterations which I will explain later.

The re-ratification of this agreement is necessary because, prior to the signing of the original agreement, approval as required under the Banking (Foreign Exchange) Regulations was not obtained. This omission rendered the agreement invalid.

This is the second agreement in recent years which has been of no effect because of these regulations. In 1970 the then Government had to re-introduce the Iron Ore (Cleveland-Cliffs) Agreement Act Amendment Bill for exactly the same reason.

I make the point—I know it is only a minor one—a member of the government interjected on me a couple of months ago about this issue, about this bill repealing an act of the Labor Party in respect of the Mitchell Plateau. However, I make the point that all that was done in 1971 was to overcome some technical issues. We could imagine that they would not have wanted to create sovereign risk at the time whereby the government and the company had entered into an agreement in 1969 that they believed was valid even though there was some technical issue that made it invalid. One would expect the state to overcome that problem. On 3 December 1971, Mr Court as Deputy Leader of the Opposition, agreed to the arrangement and said —

It is important that the House understands there are forces outside those normally within the control of the State which are able to dictate to us. One problem is the Reserve Bank provision for overseas funds being invested in this country, and in particular the Banking (Foreign Exchange) Regulations.

It was a very short debate. In closing the third reading, the minister said —

The only other comment I would make is that in comparatively recent times we have seen an awareness on the part of the venturers of the difficulties associated with such undertakings in isolated spots. If employees are to be attracted and retained it is absolutely essential that normal facilities and amenities be provided as far as possible. If such facilities are not provided there will be either no labour available or a rapid turnover, which of course would be anything but satisfactory.

Again, I draw attention to the fact that we still have that very same issue. The member for Eyre's report—I think maybe Madam Acting Speaker (Ms J.M. Freeman) is a member of that committee too—into the fly in, fly out sector has again drawn our attention to these issues that continue today in these remote projects.

In 1972, the Labor government brought an amending bill to the house to deal with the 1971 agreement. I want to contextualise this, because back in 1969 there were two specific criticisms of the original Court agreement with the Mitchell Plateau proponents. The first criticism was that there were no specific obligations on the company to do anything, and because none of the dates in the agreement came into operation until after the commencement of the project and the commencement of the project could be delayed effectively indefinitely by the proponent, all there was was a mirage, because the proponent could continually push off into the future any actual undertaking. There was also a criticism that the Parliament had not been involved in discussions on the agreement. They could not overcome that because, of course, the agreement was the agreement, but in 1972 they sought to take action on the first issue to place some genuine obligations on the proponents in the agreement. On 14 September 1972, Mr Graham brought in the amending legislation, the Alumina Refinery (Mitchell Plateau) Agreement Act Amendment Bill, and explained what had happened. He states in *Hansard* —

The purpose of the Bill before us is to ratify an agreement reached between the Government, the Amax Bauxite Corporation, and Alcoa, of Australia Ltd. providing for a definite —

The word is “definite” not “indefinite” —

extension of time on the Mitchell Plateau project in lieu of the uncertain deferment provisions under the existing agreement, and also for the immediate expansion of alumina refinery capacity at Pinjarra.

The agreement was reached after a request from Amax for a definite “stay of proceedings” because of the economic impossibility of proceeding with the project at this stage.

The project is the Mitchell Plateau project. He lists three reasons —

... the unsuccessful efforts of member companies of the development consortium to attract additional alumina consumers ...

...

Secondly, the cyclic downward fluctuation in growth of world alumina consumption ...

...  
and

Thirdly, international currency value fluctuations which have combined to increase substantially the cost of establishing the Mitchell Plateau bauxite mining and alumina refining facilities.

He goes on —

The consortium has carried out a thorough re-estimation of capital and operating costs in the light of these factors, taking into account current alumina price levels, and has shown that at a capacity of 1,000,000 tons of alumina a year, the project is not viable.

I think that is quite a significant issue because these projects have to work or they do not happen, and we still deal with that today. Later on, I will get to the opposition's response to this because it was actually very controversial. The government at the time was effectively relieving the companies of their obligation to build the project and in return allowing them to be part of the Alcoa expansions in the south west. I will get to the Liberal opposition's criticism of that. At the time, the Labor government made the point that rather than having 100 per cent of nothing, it was better to have a percentage of something. As the minister explained, neither of the projects would have gone ahead if it was not for the deal. Remember, there was a criticism of the then former government by the then opposition in 1969 about the Labor Party's belief that the rentals on the land were too low. The minister said —

The company has also agreed to accept a very considerable higher scale of leasing fees for the five temporary reserves from which the project will draw its bauxite. Further, these fees will rise on a sliding scale requiring higher payments each successive year until mining commences.

Under the provisions of the Bill before us the original total leasing fees of \$250 a year will be increased to \$5,000 a year for the first three years; and if the required development is unable to proceed by that time, to \$10,000 a year for the following three years, to \$15,000 a year to the end of the ninth year when an annual rental of \$25,000 will apply until the lease is issued and mining begins.

That was an attempt to overcome one of the criticisms from when the government had been in opposition.

The minister continues —

All of the provisions of this Bill have been made consequential upon Alcoa of Australia giving notice of its undertaking rapidly to increase capacity and output from its Pinjarra alumina refinery.

...

This will provide employment for a construction work force building up to a total of 1,000 men next year. Additional employment will be created for a further 250 men who will be required to expand the permanent work force at the Pinjarra refinery.

I note the sexist language, but in 1972 it was probably what was being used. He goes on to explain —

This expansion would have been impossible at this stage had it not been for the 'additional alumina requirement of Amax following the decision to delay a start on the Mitchell Plateau project.

In essence, this agreement means that the Government has successfully negotiated additional development which will take place now, when there is an extreme need for major projects to go ahead to lift Western Australia out of its development pause.

The alternative course of action of holding the Mitchell Plateau consortium to a shorter development time-span would have been fraught with the likelihood of no development for a considerable period for either of the major projects I have mentioned.

Now, instead of two alumina projects facing difficult world price and demand situations, with both likely to defer expansion in the interim, this agreement has guaranteed that one project will go ahead quickly at Pinjarra, while the other at Mitchell Plateau has been given a chance to become even bigger than originally envisaged and on a time scale which is still within reason for a project worth \$350,000,000.

...

Arising out of the unfortunate international situation it has been possible to do something, at very short notice, of great advantage to our State at a time when it badly needs some impetus along these lines.

Again, the government was making the point that it preferred to get something rather than nothing, and it was certainly better for a project to happen rather than be just something on the never-never. I missed a quote from 1969 in which one of the opposition members made the point that the companies were signing these agreements

and taking them to financiers to try to get finance, rather than the other way round, in which a project has finance and then comes to Parliament for approval.

**Mr C.J. Barnett:** Nothing new in that.

**Mr W.J. JOHNSTON:** No, of course not; nothing at all.

**Mr C.J. Barnett:** I am not saying it is right or wrong, but that is why I am reluctant to ever sign the agreement with Mineralogy.

**Mr W.J. JOHNSTON:** But it is what happened with Kingstream and it is what happened with Buru.

**Mr C.J. Barnett:** That is a judgement.

**Mr W.J. JOHNSTON:** There is a project at Mineralogy, but there was never a project at Kingstream.

**Mr C.J. Barnett:** Well, a bit of a difference there.

**Mr W.J. JOHNSTON:** There is \$11 billion of expenditure at Mineralogy.

**Mr C.J. Barnett:** But with Mineralogy, the proponent to the agreement immediately sold the agreement once he had one—sold it to the Chinese.

**Mr W.J. JOHNSTON:** While the bill was in the house, Kingstream wanted to do share raising; I remember the Premier read to the chamber a letter on behalf of the chief executive of Kingstream, saying that he did not want this type of debate in the chamber while he was share raising. What is the difference?

**Mr C.J. Barnett:** I am not making a point, I am just saying that it hasn't gone that people still seek agreements with the state to give them an asset to sell, and you've got to watch out for that.

**Mr W.J. JOHNSTON:** Sure, and if I were the minister, I would not agree to it. I think the old-fashioned state agreements have lived their life and now we need to focus on a different style of state agreement to get development in Western Australia.

It was interesting to read what the Leader of the Opposition in 1972, at that time Sir Charles Court, had to say. On 21 September 1972 he made his reply. It is always entertaining to read Liberal opposition leaders' words. He said —

It is a serious blow to the genuine concept of major decentralisation based on regional development.

That being that there was not going to be an alumina industry in the Kimberley, but rather an expansion in the south west. He went on with the usual sort of nonsense. He even managed to get the following in; the member for Warnbro is not in the chamber, but I will draw it to his attention later. He said that Amax was not going to be just alumina but all these other industries in the Kimberley, and he said —

A further field in which this project was to be of value to the Kimberley was the fact that Amax has always endeavoured to find a means of taking some interest in the Ord scheme as a part of the total development of its agricultural and pastoral complex, and also as a form of insurance because of the unlimited quantities of water which will be available for pasture and other development at the Ord.

We will have to pass that on to Rob Sitch!

Sir Charles Court also made this comment, talking about the difficulty of raising finance —

However, I want to say that here is a crucial difference between the present Government and a Liberal–Country Party Government. We do not accept the problems of Amax at Mitchell Plateau were insurmountable.

That is the idea of Liberal Party exceptionalism—that the Liberal Party can do things that others cannot. He also said —

One of the techniques of modern government in this type of development is to go out and negotiate these projects, not only with the participating companies but also with the financial institutions behind the scenes as well.

It is always entertaining. He went back and covered his regional development authority's idea and talks about how it would work. He said —

In fact, if at the end of that period the project was still a success and the township was still thriving, the situation would arise whereby the community would actually own the infrastructure with no outlay in the final analysis.

Effectively, he was advocating for a public–private partnership financing of the social infrastructure; he did not use that term, because it was not known at that time, but the government would have guaranteed debt borrowed by somebody else and then paid for it out of the operating costs of the infrastructure. He also said —

I believe it is possible for both the Pinjarra and the Mitchell Plateau projects to go ahead.

It was the idea that somehow if only it were a Liberal government, it could overcome all the problems of international finance and the international market.

**Mr C.J. Barnett:** I think it is fair to say, though, that in that era people like Charles Court and others—probably Labor ministers as well—did get directly involved in the banking sector. That only happens to a really minor extent today. It was just the reality; they had to convince the banks to fund the proponents. We’ve moved beyond that now, but it was certainly true then.

**Mr W.J. JOHNSTON:** Yes, but it was as wrong then as it would be now. It was a mistake.

**Mr C.J. Barnett:** I don’t agree with you. Given the lack of knowledge of Western Australian and Australian resources, I think they did the right thing at the time, but you don’t have to do it today.

**Mr W.J. JOHNSTON:** I have in the past quoted the Premier’s speech at Rice University in Houston. He made points about the structure of the industry and what we have here in Western Australia—all those things. Highlighting what Western Australia has to offer is an absolutely essential part of government. There will be a real inflection point in the future for countries like Australia with regard to exactly how much engagement we want from government in the economy. Our big competitors now are countries like Singapore that have government-regulated enterprises; state-owned enterprises in China also have GREs.

It involves a cornerstone investment by the government, and all the major companies in Singapore have a cornerstone investment from the government, financed out of their central provident fund. In Australia back in the 1980s when the Labor Party was setting up the national superannuation scheme, we would never have got agreement to a centralised provident fund, even though most Labor people would like to have seen that, so we did superannuation through private organisations. It means that the government does not have an investment fund available to it that countries like Singapore have. There is an inflection point: what do capitalists in Western Australia and Australia want from the government in the future? If they want the government to be hands off and to let the market decide, that is one future; if they are saying, “Actually, we want the government involved in projects and we want government help; we want the government to be more than just a regulator”, that is a separate inflection point and it will be interesting. Just as an aside, one of the ironies of the current bid by Woodside for Oil Search is that if it completes that takeover, the Papua New Guinea government will have a cornerstone shareholding in Woodside—one of the great ironies of modern capitalism.

**Mr C.J. Barnett:** It is, if a foreign government has a share in a project, and we’ve got PetroChina and others, basically a foreign government, but they don’t have the regulatory or government role where the project is, so it’s a bit different.

**Mr W.J. JOHNSTON:** Yes, in PNG the government has a direct interest—I think it is 18 per cent—in the project itself, and has a 10 per cent holding in Oil Search. Interestingly, when the PNG government bought the 10 per cent holding, the “Chanticleer” column in *The Australian Financial Review* endorsed the government’s investment and said it was a great decision by the Papua New Guinea government to take a direct interest in Oil Search and not just in the project itself.

The then Premier, Mr Tonkin, actually joined the debate after Sir Charles Court’s intervention, and he was very cranky because his criticism back in 1969 was that there was no obligation for anything to actually happen; there was an agreement that if something happens, this is what we will do, but it was not an agreement to make things happen. He said —

No it was not, because every date—and the Leader of the Opposition cannot deny this—depended upon the commencing date.

Sir Charles Court interjected —

They always do in these agreements.

Mr Tonkin went on —

The commencing date was subject to a number of points which could go to arbitration.

The point he was trying to make was that it was not an agreement to do things, which is why he was quite proud of his agreement. Even though he was not getting two projects to go, he was getting one project to go, but he was making the point that getting one to go was better than getting nothing. He continued —

The Leader of the Opposition adopts one attitude when in Government, and another when in Opposition.

I have never heard that said before either! He then continued —

I am talking about whether or not it was a wise policy in all the circumstances to allow the company to defer its obligations. We said to the company, “What do we get in exchange?” What we got in exchange is what the member for Murray has applauded, and rightly so. We did not give away something for nothing.

In other words, the company came to the Labor Party and asked for a delay in the start of the project, and the Labor government said, “Yes, we’re prepared to do that, but we’re only prepared to do that if you actually do something for us”, and what the Labor government of the time wanted was a commercial agreement between Amax and Alcoa that underpinned the expansion of the Pinjarra refinery, and that was a good thing that produced jobs.

One of the fortunate outcomes of that arrangement, of course, was that the Mitchell Plateau project did not go ahead. The reason that we get to turn this important piece of country into a national park is that the project was never financially viable. It is interesting that a Liberal government is bringing a proposal to Parliament to eliminate the right to mine and to eliminate an industrial project, and in return it is creating a national park. It just shows how far things have changed. One of the comments that Sir Charles Court and others were making at the time—when I was looking through debates, I was picking up on other debates—related to woodchipping. One of the Liberal opposition members was complaining that a woodchip industry might be killed off by environmentalism from Canberra. Things have changed! The opposition applauds the government for changing over time. There is nothing wrong with change. The Labor Party has changed. The sexist language used by the minister in 1972 would never be acceptable in modern language. If members read the member for Kimberley’s comments in 1969 about Indigenous employment, those comments would not be acceptable today.

Today we are in this fortunate position of adding to the conservation estate of Western Australia through the addition of the Mitchell Plateau into the proposed Kimberley national park. We all look forward to the government providing some meat on the bone in respect of Indigenous involvement in the management of the park, as detailed by the Premier’s second reading speech about the responsibilities of traditional owners. I also note a provision in the bill that protects this 1 500 square miles of land from being pegged by other miners, because when we cancel the existing tenements, potentially, other miners could go in and peg the ground and we would have all the issues that would come from them taking that country. That is an important aspect of the arrangements in the bill. I was pleased to have that discussion with departmental advisers during the briefing. I cannot remember when that briefing was, but it was some time ago.

It is good that we are cleaning up these old state agreements that will never support a project and do not reflect contemporary attitudes to state development, and that is why the Labor opposition is happy to support this bill.

**Mr C.J. Barnett:** You are lost for words—first time ever!

**Mr W.J. JOHNSTON:** I get lost for words all the time, Premier.

I thought it was worthwhile to look at the history of this provision. I was inspired to do this because of an interjection of a government backbencher—I do not remember which one—that the bill was repealing a Labor Party state agreement. It was interesting to read the complaints at the time, which are quite similar to complaints now. For example, John Tonkin raised the question of the Inspection of Machinery Act, which has been replaced by occupational health and safety legislation. He was concerned back then that that legislation was being set aside, and these are the sorts of things that we are now dealing with. With those few words, I commend the bill.

**MR C.J. TALLENTIRE (Gosnells)** [1.04 pm]: I rise to speak on the Alumina Refinery (Mitchell Plateau) Agreement (Termination) Bill 2015. I follow the lead of the Labor Party’s shadow Minister for State Development, the member for Cannington. I agree with the contents of this bill and support it wholeheartedly. It does, however, raise some issues about the extent of coverage of the bill, which is something I want to discuss as I go through things.

It is important to recognise that for a long time the companies—I think they can be generically referred to now as Rio Tinto Alcan, a company that is essentially based in Montreal in Canada, where the aluminium subsidiary of Rio is based—were very keen to maintain the state agreement act. It is only in recent times—I cannot help but note, since Sam Walsh has come to the fore as the overall chief of Rio Tinto—that we have seen this change. I welcome that. Clearly, when we have people with a strong connection with Western Australia who are being called upon to recognise things such as Indigenous cultural values, natural values and historical values—historical in the European context—they will be strong advocates for the preservation of large areas of our state.

**Extract from Hansard**

[ASSEMBLY — Wednesday, 16 September 2015]

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Mr Bill Johnston; Mr Chris Tallentire; Mr Fran Logan; Mr Peter Tinley

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That connection is important. I am not sure of the detail of this connection, but I can see in the sequencing of events that it seems to correspond with Sam Walsh's rise to the number one position in Rio Tinto that we have seen the possibility of an agreement by the companies, the Mitchell Plateau joint venturers, for the termination of the state agreement through this bill. That is welcome. I know that Sam Walsh has a strong connection with things like petroglyphs and other forms of rock art about the state. I imagine he has had the opportunity to take a boat cruise along the Kimberley coast. How could anyone not be struck by the incredible beauty of that coastline without realising that connection, which is at least 40 000 years old, that people have had with that region? That would spur on someone and inspire them to want to do their very best to protect the area, and not just from the mining of bauxite. Bauxite is a mineral that is incredibly prolific on the planet. Bauxite is not a rare thing at all. It is found in abundance in many areas of the globe and should not be something that we seek to extract from areas of high conservation significance.

In passing, I comment on the recognition that there are times when environmental, cultural and historical values should take precedence over mining interests. Essentially, that is what we are seeing in this bill. I applaud the Premier and the Liberal and National Parties for recognising that there are occasions when those other values are far greater than the quick cash return we might receive from a mining operation.

It has to be said as well that this would be a mining operation with all kinds of complexity around it. The idea that there would be an alumina refinery in the Kimberley with the attendant problems of providing energy to that refinery is a very complex and expensive thing to contemplate. I know when some of the Browse Basin gas deposits were being re-examined in the early 2000s, it was thought Browse could be the energy source for an alumina refinery and that gas from the Browse Basin could be used to supply a refinery, which would give rise to mining bauxite in the Mitchell Plateau. Unfortunately, that has not come to pass; at least that is what I believe to be the case. This is where I want to raise an area of doubt. We can go into it when we go into consideration in detail later on. I am concerned that the Alumina Refinery (Mitchell Plateau) Agreement (Termination) Bill seems to exclude changes in relation to the Cape Bougainville area. If we look at the area the Barnett government has designated as the Kimberley national park, we see that it stops. It does not include the Cape Bougainville area. That area is every bit the magnificent area we imagine when we think of the Kimberley coastline. It is also notable that on the western side, the Buccaneer Archipelago is not included in the proposed Kimberley national park either and that is a concern, but that is perhaps a discussion for another day. We can see that there is the potential for the most vital bookends of the Kimberley national park to be not included. Well done to the Premier on what he has done in this direction so far, but in his speech he talked about the great initiative of the Kimberley national park, which I think is set to be about 50 000 square kilometres. Putting that into context, the Kimberley is some 420 000 square kilometres, and the 50 000 square kilometres includes the marine side of the national park. When we distil it, we are looking at the potential for there to be some glaring omissions of seriously significant areas from an Aboriginal heritage point of view, an environmental perspective and a European historical perspective. Those areas are omitted from the area we are covering in this bill as well as the area that should, in my view, be included in the Kimberley national park and the great Kimberley marine park. The public of Western Australia needs to be aware of those omissions. We need to expose those sorts of things and make sure that a fulsome discussion is held about what should and should not be included.

The issue is that the Cape Bougainville area is not included. When I look at some of the clauses in the bill, I can see that there is an attempt to explain this. It relates to the relinquishment of the mining permits, I think. I foreshadow to the Premier that we will look in great detail at issues around clause 4(3)(a), which I think is in the actual state agreement. I will quote from the Premier's second reading speech. He said —

... the Cape Bougainville mining leases on and from the operative date shall continue in force, subject to the provisions of the Mining Act, and shall cease to have the benefit of the rights and privileges conferred by the state agreement.

I understand from that that the state agreement no longer applies to the Cape Bougainville area but we are not terminating the provisions in the Mining Act and that, indeed, Cape Bougainville mining leases will continue. I think we need some consistency here and some explanation for why we are exempting one area but not another. The Mitchell Plateau area is much talked about and much appreciated by Western Australians. The same passion and commitment and the same assessment of the environmental and Indigenous heritage values apply to the Cape Bougainville area. I have not travelled around Cape Bougainville but from what I could see, it is a stunning coastline. The mapping of the area shows it is almost an archipelago. It is fringy; its landforms extend into the Indian Ocean–Timor Sea area. It is obviously a very accidented and interesting coastline. I will quote from some of the commentary that I have been able to find. It is an area that is highlighted in Victoria Laurie's book *The Kimberley: Australia's Last Great Wilderness*. Victoria Laurie has done a series of studies and written magnificent books that are worthy in photographic terms and, I think, good scholarly content. She manages to bring in human stories but always with a scientific basis. It is a really great series, and she has just released her book on the south west of Western Australia, *The Southwest: Australia's Biodiversity Hotspot*. I commend

Victoria Laurie's works to members. I note that her works are in the Parliamentary Library and are well worth browsing. In her book, Victoria Laurie describes Cape Bougainville and says —

At Cape Bougainville, a plateau of bauxite laterite west of Kalumburu, lies one of the largest expanses of monsoon vine thicket in the Kimberley. Unguu conservation rangers maintain a fence to keep cattle firmly out, so unlike many other rainforest patches, this dense vegetation is spreading outward.

That is an important point; we have that connection with the work of Indigenous ranger groups, the Unguu conservation rangers, who are working to keep out of the area any cattle that might stray from nearby stations.

I think most of the land—I think this is the case with most of the land on the Mitchell Plateau itself—was unallocated crown land, with the state agreement act covering it and exploration permits and mining lease tenements over it. That is the land tenure there. I am not certain that the land tenure at Cape Bougainville is the same. Perhaps that is something the Premier can confirm. Perhaps that is one of the reasons that we are not looking to remove those conferred rights from the Mining Act to the Cape Bougainville mining company. That is something we should be able to tease out as we go forward.

Getting back to the point, the Cape Bougainville area looks westwards onto Admiralty Gulf, as the area is also known, and is a huge expanse of land but it is obviously of the utmost value. I think it is worth acknowledging a little more the work of my former colleagues in environmental organisations to highlight the importance of the Kimberley region. It is true that right across the Western Australian community the significance of that area to us as Western Australians is recognised. It is really part of our cultural identity. Not all of us have had the opportunity to travel across the Kimberley. Certainly, I have only a potted knowledge of the Kimberley but when we are able to reach out to parts of this enormous state and understand it, I think our identity as Western Australians is greatly enriched.

Environmental organisations have entered into the debate around issues such as the Inpex Corporation proposal that was once slated to go on the Maret Islands. The Premier has a different version of events in the history of Inpex, but at the time of the Inpex proposal, I was actively involved with the Conservation Council of Western Australia and other environmental organisations. A Japanese company wanted to access the gas in the Browse Basin and bring it to the Maret Islands for processing in LNG trains that would be constructed on the Maret Islands. It is an important point that the environmental organisations were able to make contact with those companies, Inpex in particular, and Total, which were going to be partners in this operation. Our reaching out to those companies convinced them that it was not worth their while to go ahead with what would be a very costly operation constructing LNG trains on islands as isolated as the Maret Islands. I imagine that those people who heard our arguments back in the mid-2000s would have looked at the Chevron project on Barrow Island and seen the incredible escalation in costs that the Chevron and Gorgon joint venture has had to incur. In the early 2000s, the Gorgon project on Barrow Island was being talked about as a \$9 billion project and now it is approaching \$60 billion. I think anyone who was able to avoid going to offshore islands in isolated parts of the world would be thankful they received that advice. I think the environment movement and the economics people who were advising us at the time were absolutely correct to push for mainland projects just on economic grounds, leaving aside environmental ones, given the need for these very expensive pieces of liquefied natural gas processing equipment to be located on the mainland. The environment movement worked hard on that Maret Island proposal and was successful. Then, of course, we saw what happened with the James Price Point proposal as well. That was another key Kimberley project on which the environment movement engaged fully and was able to lead to Woodside, as the principal company, having doubts about the proposal's validity.

[Member's time extended.]

**Mr C.J. TALLENTIRE:** We saw in the end that the James Price Point option would not go ahead. Groups such as the Wilderness Society, Environs Kimberley, Save the Kimberley have the capacity to mobilise people right across Australia and internationally. I think that may have been in the thoughts of those who were hesitant about relinquishing these rights and letting go of this state agreement act for the Mitchell Plateau. They would have realised that had they ever got to a point of having all the different elements line up such that they would have been able to finance construction of an alumina refinery on the Mitchell Plateau, there would have been enormous public opposition. I think that would have been in their thinking and something the government needs to realise is that public opinion on these sorts of issues will always be strong and is getting stronger. That means that investors are sometimes hesitant. If a full case cannot be made on a project to the broader community—it is true that there will never be absolutely everyone on side—there will be trouble financing that project. That is an important issue to look at and I see that issues remain in Cape Bougainville. In his second reading speech the Minister for State Development stated —

The Cape Bougainville mining leases do not form part of the proposed national park, —  
This is the national park being proposed by the Liberal government —

and it was considered appropriate to continue this exemption given the joint venturer's agreement to relinquish its right of occupancy and to terminate the state agreement.

The Minister for State Development's second reading speech also made the point —

Upon ratification of the bill by Parliament and upon it becoming operative, the provisions will take effect, including the simultaneous termination of the state agreement and protection of the Mitchell Plateau area, pending creation of the national park.

The creation of a national park that protects the Mitchell Plateau is good news, but it leaves up in the air the protection of Cape Bougainville, and that is something I am very concerned about. I will get into this further, but clause 4(3)(c) of the schedule of the bill states —

- (c) in relation to each of the Cape Bougainville Mining Leases, if exploration or mining expenditure has been incurred in the relevant reporting period in relation to that mining lease, the holder of that mining lease must notwithstanding the reporting exemption contained in paragraph (b)(iv) file, or cause to be filed, as the case may be, the mineral exploration report required by section 115A of the Mining Act in relation to that mining lease at the times that would otherwise have been applicable (including whenever required under section 115A(2)(b)) if such exemption had not been granted ...

I am worried about what is afoot for Cape Bougainville. Clearly, mining could be permitted, but without the requirement to have an alumina refinery. It could be that the concentrations of bauxite at Cape Bougainville are so high that they could feasibly be shipped out straightaway. I am not sure, but I have seen some mention somewhere that the concentrations of bauxite are exceptionally high at Cape Bougainville. I am concerned that in the middle of this 50 000 square kilometre marine and terrestrial national park, we will have a bauxite mine after all, even if at the moment the government is not putting that to us. We support the government getting rid of this state agreement act; it all looks very good, but we need to know what is afoot for Cape Bougainville.

I have mentioned how the environment movement has really mobilised the public and done a tremendous job in gaining the public's attention and capturing the public's imagination on the Kimberley. A very positive thing occurred as a result of that: people want to visit and explore the region. The government's initiatives around the proposed Kimberley national park and the great Kimberley marine park will attract more and more tourism to the area. That is all positive and good, but I am already hearing some concerns about the extent of that tourism and how it will be managed. That is absolutely essential and I think there is a good case to be made that the advent of the national park will mean that there are better means by which it can be managed. The activities that go on in that national park can be properly regulated and people can be provided with a really great experience as well so that they are not just left to their own devices in a four-wheel-drive to tear off anywhere without really understanding what they are travelling through. If the national park is well managed, it will provide people with an opportunity to understand the geological, natural and Indigenous history of the area. That is important. We do not want people just trekking through areas without really appreciating and understanding them. That can lead to people unwittingly damaging areas and it also means they are not getting the same fulfilling experience they might otherwise have, had they had the benefit of a structured, organised explanation of the area that they are in. I think people's enjoyment will be enhanced if we make sure those measures are properly in place.

I am not entirely clear—perhaps the Premier can clarify this—who the joint venturers behind the Cape Bougainville mining leases are. I imagine they are Rio Tinto and Alcoa, but that is something we can clarify later on. I have some more information about Cape Bougainville from a submission that was made for the national heritage listing of the Kimberley, which is described as such —

Other submerged and fringing reefs and unusual coral communities occur along the Kimberley coast, including at Cape Bougainville, Cape Londonderry, the Maret Islands, Murrangingi Island and Napier Broome Bay. High water temperatures, strong currents and high nutrient availability from wet season runoff contribute to rapid coral growth. The outer parts of the fringing reefs around the Maret Islands appear to have grown very actively in the past 6,000 years, following the Holocene sea level rise. Corals are present on the platform and edges of the reefs. Beyond the reefs, between 12 and 30 metres below sea level, major filter feeding communities, including sponge gardens, grow ...

That is a reference to Dr Chris Simpson, who was head of the then Department of Environment and Conservation's marine branch, and an eminent marine scientist. He is just the sort of person we should have on a marine scientific advisory committee. Last week we debated whether we should retain that capacity, but the government would not agree with us on the need to have the capacity to form a marine scientific advisory committee, and to have those people in our community who perhaps have retired from their public service positions available to us on a formally constituted marine science advisory committee so that they can advise the new Conservation and Parks Commission. This is something we really should be embracing. Instead, the government has decided that it does not want people like Chris Simpson giving that highly professional advice

based on a wealth of experience built up after years in the public service and as an academic. To deprive ourselves of that is a great shame.

The Kimberley is an area of great wealth. From the perspective of my environment portfolio, it has exceptional value. I hear the words of two of Western Australia's most eminent botanists—quite young botanists, I might add—who, because they are here in Western Australia, have been able to prove their capabilities like nowhere else. They are the Barrett brothers, Russell and Matthew. Just focusing in on the botanical values of the Kimberley, they say that literally hundreds of other plant species are waiting to be discovered. Discovering these things is one thing, but to understand their role in ecological processes of the area is entirely another.

Although I support what the Premier is doing here—it is a very good thing to be moving on and recognising that this state agreement has had its day—questions still need to be asked. I know that the Premier is a great supporter of state agreement acts. I have heard him speak on them and justify them, but, just as he was indicating earlier in response to a point made by the shadow minister about how the role of parliamentarians in the consideration of major projects has changed, perhaps the role of state agreement acts needs to change as well. When the Premier first came into this chamber in the 1990s, perhaps state agreement acts were needed to underpin major resource developments. We need to look at some of the other reviews. I recall that during the Gallop government, Michael Keating did a review into major resource projects and how they should be developed and underpinned. He put a large point of interrogation against the need for state agreement acts, and how useful or otherwise they are to our community. That is something we need to look at, and the bill that is before the house demonstrates that there are times when state agreement acts do not serve us as well, and in fact are no longer needed. I am very pleased to support the bill, but I look forward to teasing out some of the detail, especially about Cape Bougainville.

**MR F.M. LOGAN (Cockburn)** [1.33 pm]: I take pleasure in rising to support the passage of the Alumina Refinery (Mitchell Plateau) Agreement (Termination) Bill 2015. I am very pleased to support this bill because only in 2011 the Mitchell Plateau Bauxite Company Pty Ltd, a joint venture of Rio Tinto and Alcoa, was given a further two years to come up with a development plan for the bauxite deposits. An extension of the agreement was granted until March 2013. Since that extension to the company's control of the tenements and the state agreement, and its obligations under the state agreement act to come up with development plans, the company has reconsidered the entire operation. It has looked at the price of alumina in the future, the price of aluminium, which is obviously the finished product, the isolation of the project, and the logistics and the technical capacity that would be needed to bring the project to fruition, and has come to the conclusion that this is just not worth it.

As we have heard from the member for Cannington and others, the project has been kicking around for over 40 years. It was originally drilled by Amax back in the 1960s. It was taken over by —

**Mr P.C. Tinley** interjected.

**Mr F.M. LOGAN:** Sorry, Madam Acting Speaker, we are just having a little bit of a negotiation between me and the member for Willagee about speaking times.

**The ACTING SPEAKER (Ms L.L. Baker):** I just remind members of the need to acknowledge the Chair when they cross between the speaker on their feet and the Chair. Thank you, members. Go ahead, member for Cockburn.

**Mr F.M. LOGAN:** Not that it is for me to tell you how to organise yourself in the chair, Madam Acting Speaker, but I do think bringing the member for Willagee to order for that outrageous —

**The ACTING SPEAKER:** I will consider it, member. Thank you.

**Mr F.M. LOGAN:** As I said, it is not just the fact that after 40 years the Mitchell Plateau Bauxite Company has decided that it no longer wishes to pursue development of its bauxite operations; it is also that the company understands the politics of the environment we are operating in today. I quote from *The West Australian* of 14 March 2011 —

One mining industry insider said the environmental battle for a Mitchell Plateau development would completely overshadow the campaign against construction of Woodside Petroleum's Browse LNG processing plant at James Price Point, north of Broome.

The two joint-venture companies, Rio Tinto and Alcoa, in coming to the conclusion that they no longer wished to proceed with the development of the Mitchell Plateau bauxite operations, had to take into consideration the fact that the Liberal–National government had completely stuffed up the whole proposal for the Browse onshore liquefied natural gas development that had resulted in major protests at James Price Point. In discussing whether to proceed at any stage, whether it be further developmental work, drilling or infrastructure development, we can just imagine the conversation between executives of Alcoa or Rio Tinto. Should they be doing this in an environment where greenies are fighting the police at James Price Point, and Woodside is tossing up whether to proceed with James Price Point? We can just imagine the conversations they would be having: “If we went

ahead with this proposal on the Mitchell Plateau, it would make the protests at James Price Point look like a picnic.”

Members can just imagine the discussions that they would have had, hence the reason that an industry insider was quoted in *The West Australian* of March 2011 as saying that when we look at what is happening at James Price Point, there is no way that this joint venture will proceed with any further work on the Mitchell Plateau.

Mitchell Plateau itself and the deposits that are part of the entire state agreement act are surrounded by national parks some 115 kilometres south west of Kalumburu. The area contains approximately 350 million tonnes of bauxite that conform to the global classification of laterite plateau type. They are residual, near the surface in nature, gibbsite and derived from the carson volcanics basic extrusive. The deposits have a medium-to-high available alumina content and are very similar to many of the other bauxite deposits around the world that are quite close to the surface. As we have seen in the Darling Range, to access those deposits effectively involves strip mining. The top layer of earth is taken away to expose the bauxite deposits below and then those deposits, depending on their nature, go down to approximately 20 to 30 metres. The most effective way of accessing those deposits is to basically strip mine the bauxite. I am not too sure whether anybody has seen the Alcoa operations in the Darling Range but Alcoa’s environmental record today is completely different from what it was even back in the 1980s when trees were still being replanted in rows, which was certainly not how they were taken down in the first place. Alcoa has since done a very good job revegetating the ranges where it has worked, based on the environmental knowledge and science it has applied to revegetation.

However, when members look at the new areas that Alcoa moves into, some of which are heavily forested, they will see that it is not a pretty sight for environmentalists because all the trees come down and every bit of bush goes. The graders then move in to basically remove the top layer of soil, which is put to one side for re-use at a later stage in the revegetation process. The Traxcavators and front-end loaders then basically strip mine the entire next tenement. A strip mine is not a pretty operation to look at, unless you are a person who likes mining operations, and I happen to like mining operations. It is not a pretty look if the area originally was covered with large jarrah forests. That is a description of strip mining in the Darling Range. Members can now transfer that image to the Mitchell Plateau and the bauxite deposits in the Kimberley. Although the Kimberley does not have the vegetation cover found in the Darling Range because obviously jarrah, marri and karri trees are not found in the Kimberley, it is of high-conservation value. As the member for Gosnells indicated, we do not even know half the vegetation value there today because it is so isolated and still so under-researched. Nevertheless, had the Mitchell Plateau Bauxite Company Pty Ltd pulled the trigger and gone ahead, the area would have been strip mined and would look like the Darling Range.

One of the requirements of the agreement is to build a refinery and a smelter. If members have been to the Alcoa operations in Kwinana, Pinjarra or Wagerup, they will have seen how large a refinery is and what it looks like. They are very large plants but their end product is simply the alumina powder, which is a grey silvery-coloured powder that is bulk loaded for export from the ports servicing those plants in the south west. To extract the bauxite from the mined material requires the simple process of cooking. It is a question of boiling and breaking down the mineral product in huge vats of caustic soda, refining that liquid through a number of processes and eventually drying out the final content that turns into alumina powder. It is a large operation that requires massive amounts of steam, which requires lots of water, power and heavy plant operations. That is what is required for a refinery. A refinery can employ directly anywhere between 500 and 1 500 people, depending on its size. This agreement requires both a refinery and a smelter to be built, and smelter operations are nearly twice as big as that of a refinery; the amount of water and power needed is far more than that required for a refinery operation.

I refer to that matter because, on the one hand, I want members to think of the imagery of strip mining for bauxite operations in the Kimberley and the type of scars it would leave on that landscape there, but on top of that I want them to think of the refinery operations and its footprint and the demands for a smelter. It would be a huge operation smack-bang in probably one of the most isolated places on the planet. The construction and operations envisaged by the Mitchell Plateau Bauxite Company are on an enormous scale. The logistics are virtually mind-boggling because the current plateau’s tenements are accessible only by light plane or by a very rough road from Wyndham and that would all have to change to allow thousands and thousands of workers to come in to begin the civil works and the construction works. It would require massive amounts of lay-down area for the plant and equipment. The scale of the operations required around the development of the Mitchell Plateau bauxite operations would be awesome, and that does not take into account the export of the finished product, which would probably be ingots of aluminium, and whether those ingots go out through a port or are trucked through to Wyndham or Broome.

It is one thing to talk about this agreement terminating access to the tenements and the requirements of development of the tenements. That is one thing, because if members imagine the tenements at the moment,

basically it is all still virgin bushland there. Had this agreement come into force, the end result would have been a massive, industrial complex smack in the middle of the Kimberley, 115 kilometres south west of Kalumburu, surrounded by national parks. It is not surprising, therefore, that Alcoa and Rio Tinto have come to the conclusion that this is probably not a good proposal. It is not a good proposal because of the environmental look. It is not a good proposal because of the current and future price of aluminium. It is not a good proposal because of the sheer logistics and the costs of undertaking this operation.

Just to finish off, because I will not extend my time, if members consider other operations in remote areas of the Kimberley, they can understand why other companies have come to the same conclusion. Many times the Premier of this state has stood in this house and absolutely condemned former Labor governments for supposedly losing Inpex Corporation to Darwin. What did Inpex want to do? Inpex wanted to put liquefied natural gas operations on the Maret Islands. The Maret Islands are more isolated, if members can even think about that, than the Mitchell Plateau. At least the Mitchell Plateau is accessible by airplane and road. The Maret Islands are accessible only by boat. We cannot even get there by road, yet Inpex wanted to put LNG operations on those islands. Having been in discussions personally with Inpex, as the former Minister for Energy; Resources, I know exactly what Inpex wanted to do. It wanted to cut the top off one of the Maret Islands and push it into the sea, level it out and put its LNG plant on top of it. This is in one of the most isolated places in the Kimberley. When Inpex had considered for one minute the tidal movements up there, which I know it knew about, the dredging operations, the environmental damage, the logistics and the cost—it was not the Labor Party that forced Inpex to go to Darwin; Inpex came to that conclusion itself, particularly when it knew that Woodside was not going to get its operations up at James Price Point and that was dead in the water—was when Inpex decided to go. It had nothing to do with Labor forcing Inpex out. We made it very clear, “You are not damaging the pristine areas of the environment of the Kimberley.” After that, Inpex made its own decision. I put it to the Premier that he would have come to the same conclusion. He would have told Inpex exactly the same as we did, except the Premier would have encouraged it to go to James Price Point.

**MR P.C. TINLEY (Willagee)** [1.53 pm]: I will make a short contribution to wind this up before the Premier can clean it up and get it moving through this house. Obviously, we support the Alumina Refinery (Mitchell Plateau) Agreement (Termination) Bill 2015. It is a piece of history, as other members have said in their contributions to this debate this afternoon. I say that it is a piece of history, because in 1971 this reflected a certain view. Some would say that it was an unsophisticated view about how the resource sector worked and may have approached issues such as this in 1971. Much of the extraction of the natural endowment of Western Australia’s one-time-use resources was seen in a linear fashion of what will be the direct value-added benefit to the state, particularly in the form of jobs. We have evolved. This reflected the thinking of the day, which was about the downstream processing and value-adding of the natural resource being extracted in order to preserve jobs. As the member for Cockburn highlighted, if this one had come to pass, it would be an extraordinary development right there in a very pristine part of our state for which we have stewardship and responsibility for the rest of the country.

In his second reading speech, the Premier talked about the unique nature of the 50 000 square kilometres forming the interconnected protected areas and containing some of the most spectacular natural cultural features in Australia. Indeed, it is the responsibility of the state of Western Australia to preserve that natural endowment as much as it is to extract the benefit of the natural endowment that the extractive industries undertake. The idea that we would have a refinery attached to a state agreement is probably unthinkable these days. State agreements have evolved significantly, as has the industry and the industry sector since this state agreement was enacted in 1971. We have come a long way. I could not find a figure for the total value of the resources sector in 1971. I did not have the history of it; others may have it. Now we have figures for the contribution Western Australia makes to the Australian export share. A briefing this morning with the Bankwest Curtin Economics Centre showed that the contribution of Western Australia to the national economy—the Australian export share by state and territory—is 50.6 per cent of the total output of the nation in export terms. I was quite stunned when I saw that. I knew we were producing a significant amount of the gross domestic product for the country, but in total value it was 50.6 per cent of Australian exports for the 2013–14 period. I thought that was a particularly interesting figure.

It is really interesting that with the passing of time, if you like, we are seeing this particular state agreement consigned to history. I note, though, that it was by negotiation, commenced by the government. I refer to the Premier’s second reading speech in which he stated —

The government commenced discussions with the Mitchell Plateau joint venturers in late 2013 ...

That was after the 2013 election. I am particularly keen to hear the Premier make an explanation as to how the government arrived at this idea that it would commence the negotiations; or was it the joint venturers that approached first and then the government formally commenced? I ask that because I am particularly keen to see where the benefit is. The rehabilitation component identified—some \$760 000—was a contribution by the joint venture partners for rehabilitation of works associated with exploration. Also, I note that the small amount of

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infrastructure—roads and the airstrip—installed by the joint venture partners would have been in the calculations for the contribution, which may or may not have been discussed with the joint venture partners as some sort of compensation. I also note that the Premier made reference to the area of Cape Bougainville where there are tenements that still have ongoing interests. It is about 100 kilometres away and does not form part of the wider national park approach the government has taken. As a way of marking this point in history as we move on from old thinking around the origins of the resource sector and how it was developed in this state, particularly in a seminal period around the 1970s when gas was starting to come online, as were those sorts of mega projects that we now unfortunately take for granted, it would be very interesting to hear commentary from the Premier about how we are now typically moving away from the downstream value capture generally, and what we had to do to trade that off once we started conducting negotiations with joint venture partners in order to terminate this particular state agreement.

I have made the point before that the state of Western Australia has more state agreements, with resource companies generally, and other proponents more broadly, than any other state—more than Queensland and more than New South Wales. We are probably the world experts in state agreements for the extractive industries. It would be very interesting to hear from the government about its future view of state agreements and how they might be applied, given the nature of the mature extractive jurisdiction that we are, and what we will do to ensure that we capture value beyond the straight export of the extracted commodity.

Debate adjourned, pursuant to standing orders.