

**RAILWAY (TILLEY TO KARARA) BILL 2010**

*Receipt and First Reading*

Bill received from the Assembly; and, on motion by **Hon Simon O'Brien (Minister for Transport)**, read a first time.

*Second Reading*

**HON SIMON O'BRIEN (South Metropolitan — Minister for Transport)** [6.14 pm]: I move —

That the bill be now read a second time.

Before I commence the second reading of this bill, I am required by section 18A of the Transport Co-ordination Act 1966 to table a report by the Director General of Transport on the planned construction of the new railway from Tilley to Karara. I table this report and map.

[See papers 2139 and 2140.]

**Hon SIMON O'BRIEN:** The purpose of this bill is to implement the legislative authority for the construction of a new freight railway from Tilley just north of Morawa to Karara, in the Mid West region of Western Australia, as required by section 96 of the Public Works Act 1902. The Mid West and northern Goldfields contain a wide range of mineral deposits, with the predominant mass haul mineral being iron ore. The three major mineral clusters of significance are the northern cluster, including resources and prospects at Jack Hills, Weld Range and Wiluna; the southern cluster, including resources and prospects at Karara, Koolanooka, Mount Gibson and Extension Hill; and the Yilgarn cluster, including resources and prospects from Koolyanobbing to Sandstone.

The development of the Mid West region is a major focus for the state. The region currently lacks the necessary transport infrastructure required to enable mines to develop and to open up the region's resources industry. To address these needs, the government is working toward the development of a deep sea port at Oakajee north of Geraldton. The development of Oakajee port, associated rail infrastructure and a purpose-built, world-class industrial estate at Oakajee will be a major contributor to the state's economic development over the next 50 years, with the potential to attract major new resources processing and export industries to Western Australia.

Oakajee Port and Rail Pty Ltd—OPR—has been selected as the infrastructure provider to develop the port at Oakajee and the rail line servicing the northern group of mines. Under the Oakajee state development agreement executed between the state and OPR in March 2009, the state has committed to fund construction of and own the common-use port infrastructure, which includes the breakwater, navigational aids, channel, turning basin and port-related services. The state is currently working closely with OPR to facilitate the development of the Oakajee port and rail infrastructure.

Construction of the Tilley–Karara railway is an important and logical step in expanding the heavy haul freight railway network through the Mid West. The Tilley–Karara railway will provide added impetus for the development of the Oakajee port and rail infrastructure and will be another major infrastructure initiative as an important step in the economic development of the Mid West. The Tilley–Karara railway is consistent with government policy, including supporting the development of an efficient rail network to transport large volumes of bulk product to the state's ports and recognising the significant environmental and economic benefits obtained through the movement of goods by rail.

Options for an integrated rail network have been examined to connect the three mineral clusters to Oakajee port, and the preferred approach is for a two-arm network, with one arm east from Oakajee port through Mullewa to Weld Range and Jack Hills, and the second arm connecting from Mullewa to the south east to Tilley, near Morawa, and the resources at Koolanooka, Karara and Extension Hill. This second arm has potential for future extension to the Yilgarn area and the existing Goldfields standard-gauge network.

Companies with resources in the northern cluster will be served by the development of the direct standard-gauge railroad currently being planned by OPR from the northern area to Oakajee port. The railway line between the new Oakajee port to the Mid West mines at Weld Range and Jack Hills, with a rail connection to Mullewa, is to be constructed as a public work under the Public Works Act 1902, subject to a bankable feasibility study to determine project viability. To achieve this, the Public Transport Authority is working with OPR to carry out feasibility work and finalise the proposed rail corridor. A draft bankable feasibility study was submitted to government in March 2010, and the nomination of a preferred Oakajee rail corridor by OPR is imminent.

The Tilley–Karara railway is to be constructed as a public work under the Public Works Act 1902. It is intended that the construction will be designed, constructed, commissioned and operated by Karara Mining Limited—KML—and overseen by the PTA on behalf of government. The resulting rail infrastructure will be government owned and subject to the rail access regime, giving third party access to the railway. The railway will also be

subject to the Rail Safety Act 1998. At the completion of construction, the land can be declared corridor land for the purposes of the Rail Freight System Act 2000 by the Minister for Transport, and the land and railway infrastructure leased for a period of up to 50 years.

It is intended that KML will be designated as the proponent of the Tilley–Karara rail project with clear responsibility for Aboriginal heritage approvals, environmental approvals and rail safety compliance issues. The Public Transport Authority will manage risks through appropriate contracts with the proponent, such that the proponent will have rights and obligations as though it were the owner of the railway. The bill provides that the proponent with whom the PTA enters into a contract or arrangement to build the Tilley–Karara railway will be added as another person deemed to be permitted to apply for consent under section 18 of the Aboriginal Heritage Act 1972 and will be responsible for applying for and obtaining environmental approval for the Tilley–Karara railway pursuant to the Environmental Protection Act 1986.

It is intended that the railway from Tilley to Karara will be constructed as a narrow gauge line on dual gauge sleepers in the first instance, with the ability to upgrade to a dual gauge or standard gauge line in readiness to connect to the Oakajee railway and port in the future. There is potential for this railway to be extended to the east in future, potentially servicing other Mid West mines and providing a future link to the interstate freight rail network. Ultimately, through upgrading and replacing existing rail infrastructure, it is intended that the Tilley–Karara railway will form part of an integrated rail network servicing the Oakajee and Geraldton ports and the Mid West region generally.

The upgrade of rail infrastructure between Tilley and Geraldton is the subject of negotiation between the existing lessee, WestNet Rail, and KML. The PTA, as managers of the WestNet lease agreement and any future lease agreement with KML, will be involved in these negotiations. The lease agreement with WestNet Rail provides for the upgrade, replacement or addition to existing rail infrastructure. If WestNet does so, it will form part of the leased railway infrastructure. Ownership of the infrastructure will vest in the minister at the expiration of the lease. KML's current program anticipates the commencement of iron ore exports from Geraldton in the third quarter of 2011, with a transition to Oakajee once the Oakajee port and railway are operating. Approval of this bill is necessary to enable KML to finalise detailed design, to let contracts and to proceed with necessary rail safety accreditations in preparation for the commencement of construction of rail earthworks, which are targeted for the third quarter of 2010. Direct benefits are expected to arise as a result of substantial regional investment. Employment opportunities will occur in all project phases, from infrastructure planning, forward works, construction and ongoing mining. The approval of the Tilley–Karara railway will enable early rail transport of iron ore resources from the KML operation to Geraldton port in advance of the Oakajee port commissioning, which, in turn, will provide the following benefits to regional Western Australia. Firstly, it will provide a reduction in road transport costs, including costs due to maintenance, air pollution and greenhouse gas emissions, congestion, noise, and road traffic accidents. Secondly, it will provide increased utilisation of existing infrastructure, and job creation in the Mid West region. Thirdly, it will support the development of Oakajee port through the development of mining operations and linking of transport infrastructure.

This bill will implement the legislative authority to construct the Tilley–Karara railway. I commend the bill to the house.

Debate adjourned, pursuant to standing orders.