

RAILWAY (TILLEY TO KARARA) BILL 2010

Second Reading

Resumed from 17 June.

HON KEN TRAVERS (North Metropolitan) [7.37 pm]: The Railway (Tilley to Karara) Bill 2010 seeks to authorise—as required under the Public Works Act, which requires a specific piece of enabling legislation for every railway to be built in Western Australia—a line between Gindalbie Metals' future Karara mine and a place called Tilley, just north of Morawa, on the existing grain freight rail network.

At the outset I think it is worth acknowledging that this is a Gindalbie Metals project. As many members would be aware, the former chairman of Gindalbie Metals was one of the people who sadly passed away in Africa recently, which is a great shame. I am sure that Geoff Wedlock would have liked to see this bill passed as it is a significant milestone for that project. It is a great pity. He is not someone who was well known to me, but I know that he was well known in the mining industry for the work that he did with Gindalbie Metals and Sundance Resources. Therefore, I think it is appropriate that when we pass this legislation, we all acknowledge and think about the work that has gone before in getting the project up and running, which is the impetus for this railway line.

The opposition will support this bill in the sense that when we were in government, we were strong supporters of the development of an iron ore industry in the Mid West region. In fact, I think it is fair to say that the work that the previous Minister for Planning and Infrastructure, Hon Alannah MacTiernan, did in opening up the Geraldton port to allow the export of iron ore through that port is a key part of the impetus that has led us to this point today at which we will approve a new railway line that will allow for the Karara mine to be serviced by rail.

The Tilley–Karara line will connect to existing grain network lines and will allow for iron ore to be taken from the Karara mine through to the Geraldton port. Ultimately, when the expansion plans eventuate for Gindalbie Metals, we will see the mine grow and the exportation of iron ore from that area through a future port at Oakajee. It is not a particularly long line, but it is interesting that the line will initially be constructed as a narrow gauge line but built to allow for the construction of a standard gauge line. Initially, the line through to Geraldton will be narrow gauge and, as it goes through to Oakajee, it will become a standard gauge line. There has been a lot of misinformation put around over the years, particularly by the Premier, that suggests the Labor Party has not supported the process of Oakajee, which is absolutely incorrect. We have always supported the development of the port of Oakajee; however, we recognised that in order to develop that Mid West area we cannot just grab for the big, beautiful picture; we have to grow the industry over time to achieve that outcome. That is why when we were in government we set about a process for selecting a preferred tender for the Oakajee port—the successful tender was Oakajee Port and Rail—and I will explain why that is important to this piece of legislation.

Subsequent to the election of the Barnett Liberal government, the previous arrangements on which the tender had been undertaken were discarded, and Oakajee Port and Rail was given the exclusive rights to operate not only the Oakajee port with state and federal government financial support—even though it had tendered on the basis that it would carry that risk—but also what is called the northern line, to service areas to the north of Geraldton, particularly Jack Hills and the Weld Range area, and to construct a railway line. That is significant to this line. The advice I have received from many players in the industry—and it is one of the great concerns of the rail industry in the Mid West region—is that once this line is constructed, the line will go from Karara to Tilley, which is the new line we are authorising tonight, and travel along the existing grain network line to Mullewa, and from Mullewa it will go in through Narngulu to Geraldton. That is following the existing rail lines. Once the Oakajee Port and Rail proposal comes on stream and the northern line is in place and the Karara line starts to export through Oakajee, they will be required to travel along the link to the west of Mullewa from the existing network. That will mean that the section of the line that will need to be upgraded as a result of the passage of this piece of legislation between Mullewa and Narngulu will potentially become a stranded asset because it will no longer be used for the cartage of iron ore into Oakajee. It also means that instead of being able to build a line from the very beginning to a standard gauge, we will have the situation where we are building a narrow gauge while ensuring the underlying foundations will be built to go to a higher axle loading at a later stage, but initially it will only be the narrow gauge. Then we will need to upgrade all of the existing grain lines so they will work as well. However, as a result of the agreement, there is the potential for all of that work to become a stranded asset. One of the difficulties with this is that it is a secret agreement; it has still not been made public by the government, so a lot of speculation surrounds it. There is certainly a strong view within industry that, although there is a proposal for a rail line to connect Oakajee through Narngulu to the Geraldton port, there will be a requirement in that agreement for that line to not carry iron ore. One of the other options would be to upgrade the

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line all the way through. Others will tell us that because of the gradients and the angles on the bends in the line, the Mullewa to Narngulu line is not particularly good for carting iron ore, so it would not be a long-term option for the heavy haulage trains we are talking about.

What is obvious to me in all this is that we do not have an overall strategic plan; we do not have a state infrastructure strategy; and we do not have a transport plan that allows for these strategic issues to be dealt with. Even though we will pass this legislation tonight, we will not see developments go ahead because there is a risk that, in the first instance, Karara Mining, which will be required to fund the construction of this line, will be left with a stranded asset of that section of the line between Mullewa and Narngulu. Karara Mining will have spent money to upgrade it, but once the Oakajee Port and Rail agreement comes into force, it will become a stranded asset. That means Karara will have to spend in the order of \$400 million in total upgrade costs across the whole network. I am not sure of the precise value of the upgrading between Mullewa and Narngulu, but it will be a significant component. We are yet to see what impact that will have on the final arrangement.

I come back to what I think we need in this state—that is, a state infrastructure strategy with a transport plan that clearly identifies the issues. We do not need a government that gives one company, without going into any formal tender process and without any consultation, exclusive rights to construct a rail line that will have an impact on the existing network. I understand discussions within government are ongoing about that. I hope that when the final agreement is reached, the issues I have raised tonight are addressed.

Arup Pty Ltd prepared a report called the “Oakajee Rail Corridor: Strategic Rail Network Study” for the then Department of Planning and Infrastructure, which was completed in June 2009. That report states in part —

If two independent and different gauge railroads are built to service the northern and southern areas respectively, this will create compatibility issues between the two networks, and will result in inefficiencies and/or duplication of both rail infrastructure and materials handling facilities at the Port. It will in effect preclude achievement of the economies of scale that might be achieved through construction of one integrated shared railroad system.

Some could argue that we will end up with an integrated rail system. However, the difficulty is that, due to the way this government has gone about things, without due process, we will be potentially left with two quite separate rail infrastructure proposals. Although they will be forced to connect, in the process, we will end up with a stranded asset that bears a significant amount of infrastructure.

A similar issue that is linked to this is the cap on the Geraldton port. I will not go into detail on it tonight, but the potential exists for assets to be stranded at the Geraldton port. If it is true that there is a restriction on using the Oakajee to Narngulu line for the carriage of iron ore, I wonder how that will fit with the anti-competitive provisions of some of our federal legislation. But I am sure that will be a matter for another day.

Another issue with this legislation was raised in the Arup report, and I will briefly go through it now. I have on the supplementary notice paper an amendment to the bill. The issue that was identified with the Oakajee rail line is: what other resources could be carried on this line in the future? It is very clear, and it is mentioned a number of times throughout the Arup report, that one of the resources that could potentially be carried is uranium. Paragraph 5.8 on page 20 of the report states that the Barnett-led Liberal–National government lifted a ban on uranium mining in Western Australia on 17 November 2008. It refers to the fact that there are several large high-quality uranium deposits in the Mid West located mainly around Mt Keith and Wiluna within the northern group. I also have some documents that show that there are some uranium deposits within the southern group. The report clearly indicates that a potential use of this rail line could be for the carriage of uranium. Although the statements made by the Premier in the past indicate that no urban port in Western Australia will be used to export uranium, it is very clear to me that Oakajee is the prime candidate to become a port for the export of uranium out of Western Australia.

Again, the government needs to be a bit more open on this particular issue; it needs to have a conversation with the people of Geraldton about this issue. Prior to the last election the Labor Party had a very clear policy that it did not support uranium mining. If the current government wishes to proceed with uranium mining, that is the government’s choice. We may not like it, but that is the government’s choice. The issue that still needs to be addressed is: what regulatory framework will be put in place to manage the safety issues surrounding the mining and carriage of uranium concentrate? There is a range of issues. I think my colleague Hon Jon Ford will speak more about this issue. I know that he has done a lot of work on it. In fact, Hon Jon Ford is keen for a number of his colleagues in the Labor Party to look at how other states manage the safety issues and to make sure that we understand what is world’s best practice. If the Barnett government wants to do this, I assure members that we will seek to ensure that it puts in place a rigorous world’s best practice system for the safety and protection of people involved in the mining and transportation of uranium oxide in Western Australia. We as a Parliament

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have an opportunity to put on the record our grave concerns about those issues and to put in place a restriction on the government that it cannot use this line for the carriage of uranium oxide ore. The onus will be on the government to come back at a later stage with a regulatory framework in that regard. We can then have a broader debate about all the issues surrounding uranium mining. But at this stage we make it very clear that we will be putting forward that amendment.

Interestingly, the Arup report, which I received as part of the briefings on this bill, contains a number of maps that highlight different mineral deposits within the region of the Oakajee port. There are three groups: the northern group, the southern group and the Yilgarn group. The maps highlight how the two rail lines—the northern rail line and the southern rail line—can connect all those deposits. There is no doubt that that is a benefit. In the long term, it will eventually open up a lot of smaller deposits. If there is an access rail system, the smaller deposits that might not otherwise be viable on their own can connect to the rail line, which will increase their potential to be viable. The document has a number of maps on it that are referred to as figures 8 and 9 and the like. The map figure 9 that is shown in the final version of the report identifies iron ore deposits, iron ore prospects, nickel deposits, nickel prospects and base metals deposits. Another map that was provided to me by the minister's office, which also is referred to as figure 9 and highlights the proposed route, identifies uranium deposits as well as the other deposits that I have mentioned.

Hon Simon O'Brien: Which map are you referring to?

Hon KEN TRAVERS: It is figure 9. I am happy to table the report. I seek leave to table the map that I was referring to. It is identified as the "Oakajee Rail Corridor Strategic Rail Network Study" and it is listed under "Figures" as "Figure 9 — Proposed Options".

Leave granted. [See paper 2241.]

Hon Norman Moore: Which uranium deposits are you referring to?

Hon KEN TRAVERS: A number of uranium deposits are identified by yellow symbols.

I asked one of my colleagues about this, and my colleague spoke to some of his contacts in community groups. They have imposed on that same map, to the best of their knowledge, the other uranium deposits that are located in the general Mid West region. If Hon Norman Moore would like, I am more than happy to table that as well.

Hon Norman Moore: I am quite familiar with where most of the potential uranium deposits are located.

Hon KEN TRAVERS: I am sure that Hon Norman Moore is aware of them. Many of the northern deposits are located close to the northern line. I realise that we are dealing with a component of the southern line. A number of the deposits are located to the east around Paynes Find. The Yowergabbie, Sheppards Well and Windimurra Maximus deposits are all within there. South of the rail line is Three Springs. Further east of the Yilgarn group are a number of deposits around Lake Barlee. I am happy to seek leave to table that map, which identifies the other deposits that have been identified in that area.

Hon Norman Moore: Uranium deposits at Three Springs?

Hon KEN TRAVERS: That is what I understand.

Hon Norman Moore: There is actually a talc mine there.

Hon KEN TRAVERS: That is my understanding from the community organisation. I will table the two documents.

THE DEPUTY PRESIDENT (Hon Helen Morton): Is the member seeking leave?

Hon KEN TRAVERS: I will seek leave. The second document is similar to the first. Overlaid on the second document is the general location of other uranium deposits in the region.

Hon Simon O'Brien: Are you happy to identify the document and who the author of it is?

Hon KEN TRAVERS: As I said, it is the same document overlaid with where the deposits are.

Hon Norman Moore: Whose assessment is it of the uranium deposits?

Hon KEN TRAVERS: It was provided to me by one of my colleagues in the lower house. I am not sure of the name of it. I have made it very clear that it was done by someone in the conservation movement. I do not know exactly who prepared it.

Hon Norman Moore: It was not prepared by Geological Survey of Western Australia, which is the definitive organisation.

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Hon KEN TRAVERS: If members want to tear it apart and say that it is all wrong, that is fine. I am happy to provide both pieces of information. I seek leave to table the document.

Leave granted. [See paper 2242.]

Hon Norman Moore: Has it got Cottesloe on there too?

Hon KEN TRAVERS: No, because it deals only with the Oakajee rail corridor and the areas in the general vicinity of the Mid West region. It is an overlay of the map in the “Oakajee Rail Corridor Strategic Network Study”.

It is absolutely important that we go through those issues and, with the passage of this piece of legislation, that we make it very clear as a Parliament that the regulatory framework is not there to provide for the safety and security of these issues and we want to put the necessary protections in place. As we all know, there is a gradual process of creep and before we know it, the people of Geraldton will find uranium oxide concentrate being shipped out through the Oakajee port without proper consultation, proper involvement and proper engagement with those communities. If the Barnett government is successful in its desire to open up Western Australia as a new uranium resource area, I do not know that it will become tolerable in the long term for uranium to be transported across the country and shipped out through either Darwin or Adelaide. There will be increasing pressure for it to be shipped out through Western Australia. The logical point for that will be Oakajee.

Hon Norman Moore: Do you know how many tonnes they are talking about?

Hon KEN TRAVERS: In terms of what?

Hon Norman Moore: In terms of the known uranium deposits in Western Australia.

Hon KEN TRAVERS: Off the top of my head, no, I do not.

Hon Norman Moore: It is probably about 30 000 tonnes a year, which is about one ute load a week. They don't use railway lines of the sort you're talking about.

Hon KEN TRAVERS: As we know, a debate is going on at the moment about whether the deposits to the north of Kalgoorlie will be transported by road or rail and at what point they will be put on the railhead. It can be argued very strongly that rail is a safer option. Until we have that full regulatory framework in place, in my view, it should be of grave concern to all of us.

Hon Norman Moore: Like what—we might have a nuclear explosion if one tips over or something?

Hon KEN TRAVERS: It is interesting that the Leader of the House is trying to turn this into —

Hon Norman Moore: That is how stupid some of the comments are in this respect. Uranium oxide doesn't cause nuclear explosions if it tips off a truck.

Hon KEN TRAVERS: I have never heard anyone in this chamber say that.

Hon Norman Moore: I know they haven't, and thank goodness for that. That is the impression being created by some people in the Goldfields who should know better and don't.

Hon KEN TRAVERS: This is a classic argument of this sort of government, which wants to interject and try to prolong the debate this evening. It is the old straw man argument. The Leader of the House is bringing in an argument and saying that someone is making claims out there. No-one in this chamber has made those claims; no-one has even proffered those claims. Is Hon Norman Moore saying that there are no safety issues in the transportation of uranium oxide ore?

Hon Norman Moore: Very minimal, quite frankly; probably less than ammonium nitrate.

Hon KEN TRAVERS: That is a debate that we are happy to have when the government is ready to proceed with it.

Hon Norman Moore: Why don't you do it when we are doing a bill on uranium instead of a bill to do with iron ore railways? You are not talking about the subject matter. It has nothing to do with the bill at all.

Hon KEN TRAVERS: I remind Hon Norman Moore that the opposition is keen to try to assist the government in the passage of this legislation this week.

Hon Norman Moore: Well, then talk about the bill. Get on with it.

Hon KEN TRAVERS: It is related to the bill. I have an amendment that relates to the bill that deals with this particular issue. Now the backbenchers are starting to get agitated. All of a sudden, the processes of this house

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will be such that the legislation that the government hopes to get through will not be passed. It will be Hon Norman Moore's fault because he keeps interjecting and trying to raise straw men in this debate.

Hon Nick Goiran interjected.

Hon KEN TRAVERS: What was that nonsense?

Hon Nick Goiran: You heard it.

Hon KEN TRAVERS: I did not hear it actually. Hon Nick Goiran sits there and mumbles away on the back benches like a muppet and we do not hear what he says. We just hear the mumbling.

Hon Nick Goiran interjected.

Hon KEN TRAVERS: How is it an abuse of process?

Hon Nick Goiran: Is this a constructive time?

Hon KEN TRAVERS: Yes.

Hon Nick Goiran: Good. Excellent. Thanks for confirming it.

THE DEPUTY PRESIDENT (Hon Helen Morton): Order! Can we please just have Hon Ken Travers speaking. He is making his speech on this bill. We will get through it if we allow him to speak without the interjections that are being made at the moment.

Hon KEN TRAVERS: If it is an abuse of process, then take a point of order on it. But it is not an abuse of process because I have put an amendment to the Railway (Tilley to Karara) Bill 2010 on the supplementary notice paper, and when we reach the Committee of the Whole I intend to move that amendment. The purpose of the amendment is to specify that this rail line cannot be used for the transport of uranium oxide. I have clearly explained to members of this house that there are uranium deposits in this area and this rail line could be used to transport them. That issue is clearly related to this piece of legislation. If members on the other side do not treat seriously the matter of the regulatory framework that needs to be put in place to provide the necessary protection to Western Australia and they want to trivialise it because the government wants to implement its policy of mining uranium, that is their business, but it is a serious issue. The opposition will raise those issues in Parliament and have them debated because the people of Geraldton deserve to have them raised in the Parliament. They do not deserve to have them dismissed by this government saying that it is never really going to happen, when it is clear that it is an option that could happen. It is clear because it is stated in the report that the government put forward and which was changed to include uranium because the government changed its policy on uranium. The report identifies uranium as a potential commodity to be transported across these lines. If members do not think that is a serious issue, that is fine. We will go and tell the people of Western Australia—particularly the people of Geraldton—that the government does not care! The government does not care about their interests, safety or lives. If that is the way the government wants to do it, we are more than happy to have a debate along those lines. I am trying to raise these issues in this Parliament and put the matters, in a matter of fact way, on the record. To assist members, I have tabled the information I have, and I have referred to the government report. If members cannot see that, it is not my problem.

I have to tell you, Madam Deputy President, that I do not think this is an abuse; the abuse is that the Barnett government is not being up-front and honest with the people of Western Australia. It is not engaging with them on its policy of uranium mining and how it will be implemented in a way that will ensure that it is safe for the people of Western Australia. That is why we need to have the debate that will ensure that this rail line we are approving tonight will not be used for that purpose, until, at the very least, the government has put in place all of those mechanisms to ensure we have the necessary regulatory framework so that people can feel—as best they can with uranium mining—that their safety and health will be protected into the long term. I am more than happy to go through those issues in more detail when we reach the amendment standing in my name during committee.

I also want to thank the Minister for Transport tonight. The original bill included one of the best Henry VIII clauses I have ever seen in my life. It referred to the ability to not just change, by regulation, the substantive element of this legislation; it also would have allowed the government to have any other piece of legislation changed for the purposes of building the railway line by regulation. That is probably one of the best Henry VIII clauses I have ever seen. I raised it with the minister's office and asked for clarification of why this clause had been included, and the minister indicated that he intended to withdraw it, and, as I understand, it was withdrawn in the other place. I acknowledge that action by the minister. I know that when the government was in opposition it had strong concerns and reservations, and I think there was no stronger proponent than Hon George Cash, former MLC. There is in *Hansard* a very good speech that Hon George Cash made a number of years ago—I referred the minister's office to it—in which he gave a very good account of the history of Henry VIII clauses.

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As I say, I joked with Hon Robin Chapple that if the Henry VIII clause stayed in, the government could have changed the shopping hours right across the Mid West region by arguing that it needed better shopping hours to help it build the railway line! The government could have overridden the Retail Trading Hours Act, which resulted in another topical debate in this house. Now I suspect the minister wants to put it back in by way of amendment.

Hon Simon O'Brien: The member is onto it!

Hon KEN TRAVERS: I asked questions about the purpose behind that. I acknowledge that as a result of those questions being asked, the minister made the decision to remove that clause from this legislation. The bill before us tonight does not include that clause, but I thought it was important we acknowledge that the minister was happy to engage on those issues by discussing them with the opposition. If there had been a good reason for it, I would not have done so.

It is worth noting that this legislation is slightly different from the standard bill authorising a railway in that relative to most railway approval bills—we will see another one shortly when we finish this one—it is probably 100 per cent larger than others that deal with railways because it includes two extra clauses. Most bills include only three clauses. This bill used to stretch out to eight clauses; now it stretches out to seven clauses. That is because there is an issue about the way this railway line will be constructed. We need to make amendments to the Aboriginal Heritage Act and the Environmental Protection Act to provide for the constructor of the railway line—who will not be the government—to be the proponent for the purposes of the two acts. The opposition supports that. We understand and acknowledge the reasons why that is in the legislation. I understand that this line will not be constructed by the government but by Karara Mining Ltd. Karara Mining will hand the railway back to the government but will be given a lease to operate it for 49 years, or something along those lines. Karara Mining will then become the operator of it. I suspect it will probably enter into arrangements with existing rail operators to deal with the day-to-day management side of it.

I want to recap. We support the Railway (Tilley to Karara) Bill. We support the development of the Karara mine. We support the progressive development of the iron ore industry within the Mid West. We believe it needs to be gradual. We have some grave concerns about the way in which the government is managing these issues in the Mid West region at the moment. We believe it is trying to jump too fast and too far ahead to achieve its big dream. We are setting up a scenario in which we have to get three mines coming on at the same time to make Oakajee work, as opposed to a gradual progression; which this bill would be a part of. There is danger in the way in which it has been managed. Unless there are some changes to the agreement—if the rumours circulating are true—there is the potential that we run the risk of having a stranded asset of upgraded rail line sitting between Narngulu and Mullewa. That will potentially make it harder because of some of the actions the government has taken with the Oakajee development. I hope that those things are wrong. I hope that the government will negotiate with industry to ensure that those things do not occur and we are able to see steady progress made. I hope the Karara mine can get up and running. I understand that the mine can, over time, upgrade in modules of eight to nine million tonnes at a time. I also hope that we will see the mine grow and become an essential part of the overall growth of an industry within the Mid West that will provide for the long-term sustainability and future of the town of Geraldton. I acknowledge the work that my predecessor on the Labor side of politics, Hon Alannah MacTiernan, has done on transport issues. As I say, we have one concern. When we get to the committee stage, we will move an amendment. We look forward hopefully to seeing the redevelopment of the Mid West region. We believe it will be good for not only the Mid West but also the state of Western Australia.

HON PHILIP GARDINER (Agricultural) [8.15 pm]: I will speak briefly to the Railway (Tilley to Karara) Bill 2010, which the National Party supports. There is an urgency with this bill because an iron ore project in the Mid West is very close to being ready for production. One project will make a first shipment next week, with iron ore coming out of Perenjori. However, the Karara project has huge potential; it is a world-class magnetite deposit and it also has a haematite deposit. Of course, haematite can be exported as it comes straight out of the ground, whereas magnetite needs to be treated before being exported. The route to the port is dependent upon the first stage as it relates to the bill we are debating tonight; that is, building the narrow-gauge railway line equipped with dual-gauge sleepers, which means that standard-gauge rails can be put in place afterwards to take the iron ore to Geraldton port.

The Karara resource is about 2.5 billion tonnes at 36 per cent iron, and the initial shipments will be about eight million tonnes per annum. Those initial shipments will begin around mid-2011—just over 12 months away—and the railway line from Karara to Morawa needs to be built during this time. The importance to Western Australia of having this railway line operating is that eight million tonnes represents about \$1 billion of export revenue, which also happens to represent royalties of about \$50 million coming to the state.

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Infrastructure is a complex area in cases involving so many unknowns. There are a lot of plans in the Mid West area, but, as we all know, there is many a slip between cup and lip, and such slips could occur in this area. WestNet Rail is a subsidiary of Prime Infrastructure, 40 per cent of which is owned by Brookfield, the same company that took over the Roberts' construction company Multiplex. It is a very strong Canadian company with, I think, \$90 billion of assets. Therefore, it is very strongly positioned financially. Prime Infrastructure, the company that owns 100 per cent of WestNet, is without any borrowings, so it also is in a very strong financial position. Nevertheless, it is WestNet that is leasing the railway line from Morawa—in fact, even from Perenjori—through to Mullewa, and then across to Narngulu to Geraldton. At Geraldton, Gindalbie Metals, which is a 50 per cent shareholder of the Karara deposit with the second largest Chinese steel producer, has the potential to ship up to 14 million tonnes of iron ore. WestNet is renovating its current narrow-gauge lines from Perenjori to Geraldton. The Karara to Tilley line will feed into the narrow-gauge line to Mullewa and then onto a narrow-gauge line to Narngulu, and finally into Geraldton.

Infrastructure is upgraded in incremental steps, but some of these incremental steps are already in place. The Port of Geraldton is capped at 14 million tonnes. The narrow-gauge line is going to Morawa. Now, at the most extreme point, there will be the Karara to Tilley line—the subject we are discussing this evening. This part of the infrastructure will enable early production for Karara and early realisation of royalties, but it also underwrites the bankability of the Oakajee port. I remind members—I think I understand this correctly—that Oakajee port is owned by the state of Western Australia. The commonwealth and Western Australia are investing equally in Oakajee port—roughly \$338 million this forthcoming year. However, the planned standard-gauge railway line, which goes from Oakajee eastwards to the Jack Hills and Weld Range iron ore deposits, is owned by Oakajee Port and Rail. The interesting thing is that the Jack Hills iron ore deposit is also owned by the same shareholders as Oakajee Port and Rail—50 per cent by Mitsubishi Development and 50 per cent by Murchison Metals.

The point I am getting to is that although the Tilley to Karara railway line is critically important, it must be taken in context. It must have the flexibility to ensure that as it gets to shipping iron ore—eight million tonnes in the first year and perhaps another eight million the following year—it will quickly surpass 14 million tonnes so it will have to get to Oakajee port. We know that Oakajee port is very close to having a bankability statement so that construction can begin. But the construction of that northern railway line is largely dependent upon Mitsubishi and Murchison Metals—as Oakajee Port and Rail—raising \$5.5 billion to get Jack Hills up and producing. That is on top of the \$3 billion to construct the railway line; \$8 billion dollars is a lot of money in any man's terms. If a slip between the cup and the lip occurs there so that the railway line is not built when we think it will be built in 2014, Karara will have a problem. It will have its entire infrastructure, it will have the jobs; it will have China waiting to receive the magnetite for further processing; and we will have a problem. The difficulty with this bill is not that it enables the building of the Tilley to Karara railway line—that is the easy part. It will come pretty quickly up to moving 30 million tonnes a year, but of course we know that Geraldton can take only 14 tonnes and that the rest will have to go to Oakajee. So, if Oakajee Port and Rail does not build that northern line in time, WestNet Rail will have to connect in with Oakajee somehow. At least I think we can say that Oakajee Port and Rail will build the standard-gauge railway line from Oakajee south to Wokatherra Gap, which is not that far north east of Geraldton, and into that junction a connection between Narngulu. WestNet would build a line between Narngulu and Wokatherra Gap, which is only 30 or 40 kilometres—not a big distance. WestNet is ready and able to make that investment. Therefore we have some of the dominoes in place; we have the current narrow-gauge railway line in place; we have the port of Geraldton in place, although it is limited; and now we will have the Karara line in place.

Hon Ken Travers: It is capped, not limited.

Hon PHILIP GARDINER: Capped, that is correct, Hon Ken Travers. The port of Geraldton is capped under the Oakajee Port and Rail agreement with the state.

I have therefore discussed this matter with the minister who has assured me that, should there be a difficulty with Karara getting its ore onto a ship and on the way to China, enabling legislation can be presented to the Parliament to make alterations to the legislation so that the appropriate incremental improvement in the infrastructure will occur to allow that iron ore to get through to Oakajee. The only thing that worries me is that two owners of two different railway lines will need to interact. I am sure that if that were not the case, the outcome would be determined according to law. Any restraint of trade issues would be resolved through the legal processes and competition law. My main concern is that if the Oakajee port and railway line are delayed for one reason or another, can I take comfort from the minister that enabling legislation could be introduced to ship that iron ore, not necessarily on the WestNet line but by some means, to get it to the Oakajee port. The competition issues will take care of themselves.

Hon Ken Travers: How can we have Oakajee port if we don't have Tallering Peak, Jack Hills and Weld Range operating at the same time?

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Hon PHILIP GARDINER: If they are not operating at the same time, it would perhaps further undermine the commercial viability of that northern line. I am told that currently that northern line has nominations of 160 million tonnes per annum of iron ore. It is easy to write a nomination on a piece of paper, but it is harder to get it working in a productive mode to have iron ore shipped. I am very happy, along with my National colleagues, to support this bill.

HON ROBIN CHAPPLE (Mining and Pastoral) [8.27 pm]: The Greens (WA) will not support the Railway (Tilley to Karara) Bill 2010. The reason for the Greens' decision has nothing to do with the railway line, but it has a lot to do with the Oakajee port. We have long argued that Oakajee port is to be in the wrong location. I will not refer to the details pertaining to Oakajee, but I will refer to the process of getting product to Oakajee. Having listened to Hon Philip Gardiner, it is important to recognise that in the process of developing industrial sites, this state is and has been reliant on the Department of State Development and its predecessors, such as the Department of Local Government and State Development. In considering any industrial complex around Western Australia—for example, the Kwinana strip, Hedland industrial complex or the Burrup Peninsula—these departments have inevitably got it wrong. They are not strategically competent to deal with development issues. State development ministers are advised by bodies of this kind. I remember asking the Department of State Development through the estimates hearings procedure whether it had attracted one project to Western Australia. I found it interesting that it had not been successful in developing one industry in Western Australia. It develops plans.

Members have heard that there is the potential for a stranded asset with different rail lines. This state also faces the issue that these proposed developments might not come to fruition. Developments have been promoted in all sorts of locations. I remember that in one location there were to be eight mega-industries worth billions of dollars, and in the end there was only one. The government committed \$135 million for infrastructure for those proposed eight projects, but only one project benefited from those funds. While a development might already be mapped out, we must be very careful not to be coerced into a project that might not eventuate.

Let us now deal with where the idea of Oakajee came from. The first ideas for a port at Oakajee started back in about 1972, but it was not until about 1980 that the first real evaluation took place, when Harbourworks Clough did a pre-feasibility study on bringing bauxite from the Mitchell Plateau to Oakajee for a proposed aluminium smelter at the site. Subsequent studies followed, including a study by Port and Harbour Consultants in 1989 and many other studies that I shall try to identify. In all these reports, interestingly enough, it emerged that Oakajee did not stack up as a port; it was never, ever suitable.

The first report to really identify this in a major way was an evaluation of potential deepwater port sites near Geraldton that was completed for the Geraldton Port Authority in July 1991 by Halpern Glick Maunsell Pty Ltd in conjunction with the then Department of Resources Development. It looked at a range of issues, including building breakwaters, dredging and transportation issues. The major point it made was about the haulage and placement of rock armouring. The site proposals were Georgina, Point Moore and Oakajee. To get the ballast rock to Georgina would then have cost \$9 a tonne; to Point Moore, \$10 a tonne; and to Oakajee, \$12.50 a tonne. A number of other cost analyses were published in the same report, looking at the entire port cost estimates. The comparative cost of breakwaters was, at Point Moore, \$79.6 million; at Oakajee, \$141.5 million; and at Georgina, \$73.9 million. Depending on how many berths or engineering designs there were, engineering design costs varied between \$9.5 million at Point Moore, \$15.3 million at Oakajee, and \$8.6 million at Georgina. The total cost of getting water to the sites, and other costs, came to \$12 million for Oakajee, \$200 000 for Point Moore and \$2.5 million for Georgina. The eventual estimates came out to something like \$143 million to develop Point Moore, \$203 million for Oakajee and \$102.6 million for Georgina.

If we go back to even the pre-emptive arguments about the Geraldton deepwater port study and its evaluation of whether we should use Point Moore, Oakajee or Georgina, its clear view was that we should have gone to Georgina; it was definitely the cheapest option. The consultants at the time believed that the port planning should have been based on analysis of available information relating to trade opportunities, rather than on possibilities that may never eventuate. That was a critical comment at the very start of that report. Similarly, a comparison of potential port sites revealed a lack of data relating to sea conditions and similar matters that make it impossible to confidently specify design parameters and potential costs. It is also important to note that the studies only considered shipping requirements and cost implications; they did not consider social, environmental or other factors that are critical to decision making. That comes to the nub of our concerns about Oakajee because it never considered social impacts. Indeed, I have met with many of the rock lobster fishers up there and the area immediately off Oakajee is probably one of our better fields for development. Once we start doing the major dredging through there we will find that the turbidity and the effect on the bommies around there will diminish the stock, or at least that is what the rock lobster industry is saying.

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Hon Philip Gardiner: Not to mention the windsurfing!

Hon ROBIN CHAPPLE: Absolutely—windsurfers, yes! It is some of the best windsurfing anywhere in the world.

Hon Jon Ford: Every spot, they reckon, is the best for rock lobsters; even ones they haven't caught any from!

Hon ROBIN CHAPPLE: All right, I think it is important to move on.

The next thing we heard of any substance about the port at Oakajee was again from the state development department—this marvellous organisation that seems to be able to do everything in this state but never comes to a conclusion on anything—with the Cordell report. That report was produced with the authority of state development on the second floor of Joondalup House, 8 Davidson Terrace, Joondalup and the Industrial Lands Development Authority, again in Joondalup. They wanted to build a nuclear reactor at Chapman Valley and it was WA planning process 6-35271, issue 33/92. Although it was not yet determined where in Geraldton the nuclear reactor was going to be, the planning document states —

... (likely to be Coronation Beach, Oakajee), WA

That was the next imperative for possibly putting forward a port at Oakajee. We have to remember that these are the sorts of things that keep ticking away in the mind of state development about why this is a good location.

We then went on to deal with a Mitchell McCotter report in January 1996, "Geraldton Region Plan Review: Industry and Port Sites Study", which almost gives us a feeling of *deja vu* to the earlier document by Dr Alan Tingay for the Geraldton deepwater port study. The Mitchell McCotter report went through the likelihood of different ports being used and different minerals being exported and, again, it looked at Oakajee versus Georgina and Geraldton. Mitchell McCotter is a pretty good organisation. I think all of us who have been involved in consultancy have read reports from different organisations and Mitchell McCotter stacks up as being one of the better organisations. The report basically said that key disadvantages for Oakajee are that its feasibility is unproven, it is definitely the most expensive, it requires transport infrastructure, it is distant from existing industry and its inability to use existing port infrastructure. The report also looked at Georgina, which had the cheapest breakwater cost. The report actually looked at Geraldton itself and found that it had the ability to utilise existing facilities and to bring benefits to current port users and that it was close to services. It had dropped Point Moore, and had focused on the Geraldton port.

It is really interesting that at about that time there was some debate in the other house about whose idea Oakajee was. I refer to some debates in the other place in 1997. It was the Deputy Premier, who happens to be the current Premier —

Hon Ken Travers: He would have been the deputy leader of the Liberal Party not the Deputy Premier.

Hon Simon O'Brien: That's not the biggest thing he's going to get wrong in the course of this debate—you'll basically sidetrack him!

Hon ROBIN CHAPPLE: Please sidetrack me!

Hon Simon O'Brien: You have had almost 15 minutes and you have not spoken to the bill yet.

Hon ROBIN CHAPPLE: I will rephrase that. Dr Gallop, the Leader of the Opposition and opposition spokesperson on industry quoted the Deputy Premier as saying —

It was at the instigation of Kingstream, much as the Leader of the Opposition would like to say otherwise, that it was decided to relocate to Oakajee

Dr Gallop then went on to quote a media release of the Minister for Resources Development, which said —

"However, Narngulu will remain an acceptable fall-back position for the project, should Oakajee prove not to be feasible to either the proponents or the Government once the necessary investigations are complete.

This was followed up by a really interesting comment in the *Geraldton Guardian*—this was a year later—when the Minister for Transport, Eric Charlton, was reported to say that he believed Geraldton port could cater for heavy industry development in the Mid West. The article continues —

Mr Charlton's observation comes as the industrial sites debate continues with both the pro and anti-Oakajee factions accusing each other of conducting propaganda campaigns ...

During a recent visit to Geraldton Mr Charlton was adamant the city's port was more than adequate to handle expected growth.

Extract from *Hansard*

[COUNCIL - Wednesday, 30 June 2010]

p4813b-4828a

Hon Ken Travers; Hon Philip Gardiner; Hon Robin Chapple; Hon Jon Ford; Hon Helen Bullock; Hon Simon O'Brien

“The Geraldton port can deliver to the Mid West any project that is likely to go ahead in the region,” he said.

“The size of the vessel is an issue — but what we need to understand is not every commodity wants to use a 70,000 tonne ship.”

This is contrary to what we've been told by Resources Minister Colin Barnett, who said the use of Geraldton's port would be restrictive for large scale projects.

“The port of Geraldton is a good port and works well like other ports around the state,” he said ...

“But it has a water depth of nine metres and if you were to spend around \$100 million you might get the depth of 13 metres ...

That might have enabled the port to be developed further, and I think that was a much better option than the \$300 million or \$400 million that was proposed at that time for the development of Oakajee.

Then we come to another report, again the Department of Resources Development in conjunction with Hon Warwick Parer, the “Mid West Regional Minerals Study Preliminary Proposal”. This study had very little to do with Oakajee, but looked at a specific area—I will hold up this map and show members the study area around Geraldton—and for those in the mining industry, it covered mining areas 51, 21, 20, 58, 57, 59 and 66. This report was quite interesting because it also looked at the whole area and identified quite clearly that uranium was a significant mineral to be exported out of the Geraldton region at that time. It is interesting to note who owned the uranium. As a result of this document, I did some studies in 1998 through what was then known as the Minedex data set, which was available to the public, which shows a group of companies was established at the time of this report coming out on 15 May 1997. They were developed by a gentleman called Bill Hassell—some older members of the Liberal Party will, I am sure, know who Bill Hassell is. Anyway, Mr Hassell listed three companies: Acclaim Exploration NL, Acclaim Investments Pty Ltd NL and Acclaim Uranium NL. The then Department of Resources Development study area I mentioned shows five tenements under Acclaim Uranium. Acclaim Exploration, which was also exploring for uranium, held a further 25 tenements and Acclaim Investments Pty Ltd held a further eight tenements. All the time we were having this debate, uranium was there. It has been clear from the very outset that, indeed, this has been a concern. It was such a concern that the Shire of Chapman Valley attempted, under that government, to prohibit the transportation of uranium through its shire. However, at that stage, it was blocked by the then Liberal government. I take my hat off to Hon Alannah MacTiernan, because as soon as she became the Minister for Planning and Infrastructure, she gave the shire permission to prohibit the transport of uranium through the town and the shire then added that prohibition to its town plan.

A further study was done by Tingay and Associates in 1997 on part of the regional Geraldton steel plant, the Oakajee industrial estate, Tallering Peak and Moonyoonooka iron ore sites. Interestingly, the rail line at that time was not going to go over to Karara; it was going to go down to Geraldton, track along the Mt Magnet road and go up to Tallering Peak along the Mullewa–Carnarvon road. Again, in 1997, this study looked at costs and came up with some views on what were the best options. Capital costs involved were: Oakajee \$115 million; Narngulu, \$98.2 million; and Eradu, \$82 million. Those were cost assessments of the actual site, not of the berths or the ship movements. Again, Oakajee was seen as a lemon. The operating costs per year were: Oakajee, \$56.51 million; Eradu, \$55 million; and Narngulu \$53 million. There is not a lot of difference between them. It was estimated that operating costs at Oakajee would be about \$4 million a year. We should bear in mind that these are 1997 amounts. I still think Oakajee is a lemon, is the wrong location and diminishes the social aspects of the community and that there are better engineering and strategic locations. That is in essence why we oppose this railway, not because of the rail line per se; it is a flawed development at the wrong place at the wrong time and without the support of the communities of that area.

Having said that, I want to talk about the Railway (Tilley to Karara) Bill 2010. The bankable feasibility study has not been completed by Oakajee Port and Rail. In his second reading speech, the minister seemed to imply that it had been, but it has not been completed yet. That is an issue. A draft technical study has been done under pressure from the government, with a bankable feasibility study projected for late 2010. We are still waiting for that. From the forward estimates in the state budget we know that the state is contributing \$330 million to Oakajee Port and Rail overall, and that amount will be matched with funds from Infrastructure Australia. This is where I really start to wonder. If industry wants to develop in this state and we get royalties from industry, and we continue to plough those royalties into providing infrastructure for corporations that should to a large degree be able to do everything for themselves, that is fine. I liken that idea to the fact that on the Burrup Peninsula we invested \$183 million or thereabouts to provide infrastructure for one company, Burrup Fertilisers Pty Ltd, that cried poor and the guy who built Burrup Fertilisers is now building a project in Perth for about \$183 million—

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the "Taj Mahal". That was our money, and I have a problem when the state invests the royalty that we rightly get and hands it back to industry with nary a worry or care.

Hon Simon O'Brien: Are you talking about Karara Mining, because it is the proponent to build this railway?

Hon ROBIN CHAPPLE: No, I was not talking about Karara Mining; I was talking about Pankaj Oswal.

Hon Simon O'Brien: What has that got to do with this bill?

Hon ROBIN CHAPPLE: I know, but I was doing a parallel. I am sure the minister would have got that.

Hon Simon O'Brien: You haven't spoken to the bill at all.

Hon ROBIN CHAPPLE: The Tilley–Karara railway line is reported as being constructed as a public work under the Public Works Act with the designated proponent being Karara Mining Ltd. If this railway line is being built under the Public Works Act 1902, that act provides for freehold land to be used. It is our understanding that certain freehold tenement holders in the area are indeed concerned about this. Interestingly, if freehold land were to be used for the rail line, the Barnett government might have the ability to compulsorily acquire that land. It is identified that the easement passes through many different land tenures, including freehold land. We get the notion that some of this land is freehold land from Tengraph, which is the Department of Mines and Petroleum's mapping system that enables us to identify where fence lines are and whose property is whose. It appears that the land that we have identified as being freehold is stated in the Karara Mining commonwealth environment protection and biodiversity conservation documentation as being crown land. I have a great deal of faith in Tengraph. It is one of the best systems for mapping land use that has ever been developed in any state. It is accurate usually within about 30 minutes. There is an indication on the Tengraph map that the line runs through freehold tenements, yet the commonwealth environment protection and biodiversity conservation documentation indicates that that land is crown land. Somewhere along the line we have got it wrong. Maybe there is a farmer sitting out there on some freehold land who does not know what is coming his way yet. Quite clearly, multiple users are available to use the line. It is interesting to note that my colleague Hon Ken Travers spoke about the number of potential uranium mines in the hinterland. I recently did some work out near Yeelirrie, Hinkler Well and down as far as Nowthanna. I have been working with a few of the pastoralists out there on some issues, and we looked at who had land tenure and leases over their land. It is really quite funny that some leases that have been taken out, which are called general purpose leases, are actually railway corridors. We see no railway proposed for that far across the country, yet easements are being taken out across Youno Downs and a number of other stations for the purpose of the railway. One would assume that in the future the rail line might extend towards Wiluna. The government would not take out easements for transport corridors through adjoining pastoral leases unless it wanted to do something with them. I might be a conspiracy theorist —

Hon Ken Travers interjected.

Hon ROBIN CHAPPLE: It is actually moving further away from that. We are working on that process.

Let us look at the easement itself. I used to work on the railways for BHP. I think its easements were about 300 metres. That was enough for one railway line and a couple of hundred metres of cleared land on either side. We could most probably have used that for a dual line. The easement might go out 500 metres for a passing lane and that sort of thing. However, this easement is 3.5 kilometres wide. It is one of the widest easements I have ever come across. What will be put down the 3.5 kilometre wide easement? It is massive. It is quite unbelievable that we have 1.5 kilometres of easement on either side of the rail line.

The easement passes through many different land tenures. As I have already mentioned, we believe it will pass through freehold title, Department of Environment and Conservation timber reserves, former pastoral leases and native title claims. The easement also passes through 11 threatened ecological community buffer zones and crosses through the northern end of the Weelhamby Lake, which is a very important area of saline water system and claypans to the west.

In September 2009, the Environmental Protection Authority decided not to make an assessment of the area as it would be controlled under division 2 of part V of the Environmental Protection Act. The area is characterised by claypans and saline lakes. It is important to note that the area around Weelhamby Lake to Yarra Yarra Lakes is extremely flat. It floods only during certain conditions, and usually it gets quite deep when it does flood. Therefore, any rail line that is built around there will have to be built at a significant height and have an embankment. What impact that may have on sheep flow around the area and on cattle crossings and the like will be quite interesting. Malleefowl inhabit the area. Already, malleefowl have been run down in the area during exploration. Several species of threatened flora and fauna, including skinks, live in the area of the rail line. I must note that there is an independent species of flora called *lepidosperma* at Blue Hills. I am glad that Hon Giz

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Watson is not here because she would be correcting me straightaway. That is the only place where this plant grows. The development will remove half of that —

Hon Ed Dermer: I think your pronunciation is correct.

Hon ROBIN CHAPPLE: I thank the member very much indeed.

We are still concerned about the fiscal part of this project. Will part of the co-funding of Oakajee Port and Rail be used to fund the construction of this railway? Why is the easement such an incredible size? The bill does not seem to make allowances for future extensions or linkages for the rail line. It is anticipated that this legislation will be amended to allow extensions for the rail line at a future date. That was hinted at in the second reading speech. It is a rail line that can be expanded, and it can be expanded into those areas we are considerably concerned about. It has the potential to bring uranium to the coast at Oakajee. Will this railway be for the sole use of the Karara iron ore mine or will it be available to other mines such as the Extension Hill mine and other mines that we have been talking about in other areas?

The other thing we need to note is that the court case on the joint use of rail lines came to a conclusion today. BHP has retained the sole right to use its rail line as the rail line is identified as a giant conveyor belt; it is part of the project. If others seek to use the rail line, the owners of the rail line, being the owners of the other project, might be able to argue that it is an extension of their mining project and is not available to other users. Having said that, we have to remember that there is no love lost between mining corporations. Once a mine has something, it will not allow anybody else to use it. There is no fairness in love or war when it comes to mining corporations. If they can do anything to hinder a competitor, they will. It causes me a great deal of concern that both the federal and state governments might be spending a lot of money assisting in a process involving a rail line that could end up in the courts.

Having said that, I come to the conclusion of my comments on this bill. As I said, the Greens will not be supporting the bill on the basis that it perpetuates the myth of Oakajee.

HON JON FORD (Mining and Pastoral) [9.02 pm]: I did not intend to get to my feet during this stage of the debate. I was going to make some short comments during the committee stage in support of the opposition's foreshadowed amendment. Given some of the ignorant interjections that have been made across the floor, I think they need to be countered with some facts. They are ignorant interjections in the sense that the members who made them are ignorant of the mining business. Uranium is exported from two ports in Australia—the Darwin port and Port Lincoln in South Australia. If a uranium mining operator, or any mining operator, has only those two ports through which to move its product—South Australia and the Northern Territory are a long way away, particularly if those mines are in Wiluna or close to Rudall River or anywhere in the Mid West or the western desert region—that adds costs. One of the things miners do is look at the most cost-effective way of getting their product to the customer. We can see this in the iron ore industry. In fact, today some miners were granted access to the Goldsworthy lines owned by BHP Billiton. They have been forced to negotiate a position to share that line. The application for BHP Billiton to share its Newman line with some of those miners was rejected. That is a good example of how much money, time and effort other miners will use to try to access existing infrastructure rather than bear the costs. At the moment nobody is talking about exporting uranium through Oakajee or any other port because no existing infrastructure can support that. But as soon as infrastructure is built and paid for that is closer and will significantly shorten the supply chain, all of a sudden it becomes very attractive. To my understanding, whilst there is a desire by the shipping company that moves the uranium around the world to use one port—it is a specialist company although the ships are not specialist—supply and demand will win out in the end. If there is enough pressure to put the product out—the minister said that, on current reserves, there will be a demand for 30 000 tonnes or so of uranium oxide a year—and the prospecting increases and the market price of a pound of uranium goes up, there will be a reason to move more and a reason to find a shorter supply chain. That is the economic reality. To say that that debate is not relevant to the Railway (Tilley to Karara) Bill 2010 is a nonsense. If we are talking about increasing the capacity of a particular line to take mining product, it makes all the sense in the world to consider the transport of uranium.

The other issue is that this government does not seem to have a recognition of best practice risk management. There was a recent debate in this house on a motion about the transport of lead through the Fremantle port. Notwithstanding all the other arguments, it astounded me that the government would consider transporting lead through Fremantle before it believed it had solved all the problems. One of the chief risk-management issues is reducing exposure to risk, so why move something such as lead through the most populous area of the state after there has already been an incident and the systems have broken down? It does not make sense. Esperance, Bunbury, Geraldton or Port Hedland could be considered, but lead should not be moved through the most populous centre.

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Why would industry not come to the government down the track and say, "Listen, we want to move uranium through this existing infrastructure. We want access to it and we want to go through the port"? The Leader of the House said that he believes the risks associated with transporting uranium are quite low, but the other aspect of that is what we have heard from the government about the legislation for the management of uranium. Currently, we have legislation that deals with the management of mineral sands and we have had 30 years or so of experience of dealing with mineral sands. But other than the fact that mineral sands have isotopes, I cannot see any similarity between mineral sands mining and uranium. I can see similarities between copper mining and processing and uranium and I can see similarities between the mining of gold and uranium, but I cannot see the similarity between mineral sands and uranium. Yet we are told that the minerals sand legislation is sufficient to protect Western Australians from the consequences of breakdowns in systems around uranium. I think that is wrong, and I know the industry thinks it is wrong and it is waiting to see some changes to the regulations. When I tell people in the industry that the regulatory regime is my biggest single concern, they all nod their heads in agreement.

The other issue in the legislative framework around that is the inspectorate. We all know that the inspectorate is currently not up to scratch. The minister has welcomed changing the system to a risk-based management system. As I said before, I am certainly not confident that the government, or at least the advice the government is receiving, actually grasps what risk-based management is. We hear about it in the rational Kalgoorlie debate. We have not heard of an emergency response plan. We have not heard how exactly the uranium oxide will be transported, moved or joined onto that train, whether it will be in Kalgoorlie or out of town. For the life of me I do not know why it would be brought into town. It does not need to be brought into town. There is plenty of land out there with not many people on it. The product could be loaded at a custom-built rail station, and perhaps that would be good for some of the other stuff that is loaded. Perhaps they could take lead through South Australia and the Northern Territory if they are happy with it.

As Hon Ken Travers said, it is very important that we consider all aspects of the potential of what we are doing here with this rail line. It is very important. Hon Ken Travers has stated correctly that if the government wants to be blind to this potential, if the government wants to ignore the risks, we will be happy to tell the people of Western Australia that that is the case. I am not sure whether that is the case. In fact the Minister for Transport remained silent throughout that debate. He was listening to the debate while other people were interjecting. We will see what the minister's response is when we go into committee.

Hon Simon O'Brien: I was speechless.

Hon JON FORD: We will see how the debate goes when we are in committee. I make the point that this rail line has very real potential. It will not just be uranium users who will eye this off; there will be other potential users looking at this. A nice piece of infrastructure will be built, at no cost to them, that will actually give them a commercial advantage over the current situation they are facing. There is real potential. I am going to sit down and let the debate proceed. I will listen with interest to the government's response in relation to the proposed amendment that Hon Ken Travers will move.

HON HELEN BULLOCK (Mining and Pastoral) [9.13 pm]: I take the opportunity to make a point that has not been made before. I understand the Railway (Tilley to Karara) Bill needs to be passed tomorrow, or maybe today. I will be short. The Mid West region is very well known for its mineral deposits, especially iron ore. At the moment the region's iron ore production is very limited due to a shortage of infrastructure. This bill is the first step towards building a much grander infrastructure such as Oakajee to support the mines that are operating or will be operating in the region. In terms of what are the exact deposits or reserves in the region, further research and study is yet to be done in order to determine that reserve amount.

When I was doing research on that topic, I came across a review by the Department of Environment and Conservation titled "A Strategy Review of the Banded Iron Formation Ranges of the Midwest and Goldfields", which states —

In-ground resource value thus far defined is between \$45 billion and \$75 billion dependent on price forecasts. If these major projects were developed to their planned first phase of capacity ...

Just from that one sentence we can sense the astronomical amount of reserve that is deposited in the Mid West region. As Hon Philip Gardiner mentioned, the reserve contains both high-quality magnetite and haematite. If those projects are developed in the region, it will certainly bring significant economic benefit to this state. There is no doubt about that.

Hon Simon O'Brien: That is why we are facilitating it.

Hon HELEN BULLOCK: Yes, I understand. I have to say that it is a good project and I fully support this bill.

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In the past few weeks the comment was made to me that Australia is a lucky country. This country is blessed. The actual words were that God blessed Australia. Australia is a blessed country. It is blessed with long-lasting, never-running-out iron ore deposits. I reflected on the comment for a few seconds. It is so when we think about it. Australia has a small population and large amounts of resource reserves in such a big area. It has always been my view that to mine iron ore is a much easier operation than to mine gold, copper or zinc, because all that needs to be done is to dig it out of the ground, load it onto a truck or train and send it to a port. The next thing that is known is that money is deposited into a bank account. It is as easy as that. We have been doing it for years, and we will probably continue doing it for years to come. Most people think that there is nothing wrong with it. Even I, as one who has been here for only 20 years, took it for granted that there was nothing wrong with just digging out iron ore, loading it on a truck or train, sending it to a port and exporting it. But when we think about it in detail, there is something wrong with it. We could do better. We could value-add to it. We could have built a downstream processing and manufacturing industry. We could have built a steel mill and a steel plant. Anyone who visited a steel mill would know that the process from iron-ore dust to the final product of steel takes only a few minutes. I make it sound easy. It involves high capital investment. The capital involved is similar to that for the Oakajee project and would have cost the state about \$700 million. However, I have mentioned that the amount of deposit in the Mid West region is astronomical. To give a few more figures, the Karara project alone will generate about \$3 billion annually when the project is in full production. That equates to \$120 million in government revenues from that project alone. When all the major projects are operating in the Mid West region, can members imagine what our government's revenues will be? Members can calculate that, I am sure.

With three mineral clusters in the Mid West so close to each other, the Mid West region is also not far from the Pilbara region. We all know what the reserves are like in the Pilbara region. Now that we have some kind of idea about the mineral reserves in the Mid West region, surely we can build a steel mill owned by Western Australia somewhere either in the Pilbara region or the Mid West region; it would not be hard. We have the technology and we have the experience. I am not saying Australia does not have a steel mill; there are steel mills in South Australia and in New South Wales. It is time for Western Australia to have one. Just on that topic, I did some research on the internet to see whether I could find a feasibility study in Western Australia on that topic. Interestingly, I came across a media release put out by Gindalbie Metals Ltd dated 24 February 2010. It mentioned —

With regard to downstream processing, Ansteel has already signed an agreement with the Western Australian Government to undertake a feasibility study into the construction of an integrated iron and steel plant and rolling mill at the Oakajee industrial estate near Geraldton.

I have to say that is a very good start. However, I have to mention on this point that Ansteel is a Chinese government-owned company. I will not say any more than that. I also want to mention that Ansteel owns 50 per cent of the Karara mine in a joint venture with Gindalbie Metals Ltd.

I think now that the first step has been taken to build this railway line, we can also take the first step to do a feasibility study to look into whether it is feasible to build our own steel mill. It is the right time and it is the right opportunity, and I am sure the government will generate enough revenue in the next few years to somehow contribute towards this project. I assure the minister that I will follow this up and talk a bit more about it later on, as I am sure members of this house are interested in this matter. Madam Deputy President (Hon Helen Morton), I thank you for listening.

HON SIMON O'BRIEN (South Metropolitan — Minister for Transport) [9.22 pm] — in reply: I thank members for their contribution, including those who referred at least in passing to the bill before the house, which is what I am interested in. A very wise old member of this place, my predecessor in the South Metropolitan Region, Hon Clive Griffiths, used to advise members here—it is written in *Hansard* and it was said from that very chair in which Madam Deputy President sits—that we may not like or agree with what is being said, but we do have to sit here while members say it. In my present capacity I have a greater understanding of what that means now as I go through the processes that are unfolding with this bill. I assure members that I want to see this bill passed as soon as possible; the government is keen to see it passed as soon as possible; and there are some very real and significant reasons affecting the wider welfare of Western Australia and its interests that we do get on and pass this bill soon.

The proponents of this rail line propose to ship iron ore to benefit not only themselves and their shareholders, but also downstream and on-flow beneficiaries for the wider good of the economy of Western Australia with, I suppose, a suitable flow of royalties back to the regions. They want to progress the export of iron ore to overseas customers in the third quarter of 2011. That is the reason that it is imperative that this bill is passed. I thank members who have indicated their support for this bill. I will respond only briefly, but I hope adequately, to the

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matters that have been raised and require a response at this time so that we can move as quickly as possible into the other stages of this bill.

I thank Hon Ken Travers for indicating his support for the bill. The question of the rail line becoming a stranded asset from Mullewa to Narngulu was a theme that he expanded on during his remarks. The existing line from Mullewa to Narngulu is likely to be upgraded under the processes that the government is seeking to flow from this bill, but, as far as it is concerned, it will not be a stranded asset. The upgrade of this part of the line is a business decision for Karara Mining Ltd. If Hon Ken Travers has any concerns about that, he should address them to Karara Mining

As Minister for Transport I welcome the incidental but significant benefit to those people who rely on the grain rail network in the affected area, because this line will most certainly be brought up to a higher standard than currently prevails. Some stranded asset! In response to Hon Ken Travers' suggestion that there is no overall strategic plan for the Mid West, particularly in relation to the development —

Hon Ken Travers: I said for the whole state.

Hon SIMON O'BRIEN: The member makes a reasonable point. It has been one of the weaknesses that has existed in transport planning in Western Australia. It is a theme that I would like to explore when I have plenty of time to do it on another occasion.

One of the processes that I am working through in the Department of Transport is to restore the lost capabilities that Western Australia used to enjoy in its capacity for strategic transport planning and policy development. That is something we are moving quickly to re-assert. A lot more progress will be made on that in the second half of this year, including the development of a range of regional transport strategies, which, as the honourable member points out, is something that Western Australia has not had. I want to make sure it gets them, because it certainly needs them. There will be more about that on another occasion.

I refer to the concerns expressed about the Arup report on different gauges for the northern and southern lines. I think Hon Ken Travers understands the situation. In case members misunderstand the situation from his comments, I advise that the two lines have to be compatible because they will link up in due course and probably at more than one point. What is proposed for the Karara line, and this is the proposal that is before the house, is to build that line with dual-gauge sleepers. In the first instance it will be a narrow-gauge line constructed to connect into the existing narrow-gauge line, but with a view to it later being upgraded from Karara to Tilley and then beyond to a standard-gauge line, which will have connectivity with the future Oakajee port and rail line. I alluded in my second reading speech to the potential for that rail line to link up with other standard-gauge lines elsewhere in Western Australia.

The honourable member also made some comments about caps on iron ore exports via Geraldton port. There are two reasons for those caps. Firstly, they are very much about protecting Geraldton from becoming a major iron ore port, instead of the more cosmopolitan community that it seeks to become and remain in the longer term. It is also a strategy to underpin the economic viability of the new, major deepwater industrial port to the north at Oakajee. They are good prospects. While the honourable member was talking about the Arup report, he tabled a couple of documents. One of them, entitled "Oakajee Rail Corridor – Strategic Rail Network Study", is a map that I am thoroughly familiar with. The second document has the same title, but I do not know what Arup might have to say about what has been done to its map, because a lot of quite large radiation symbols have been superimposed all over it. They are all over the place; while the previous map might show a uranium deposit at a particular locality, on this map the symbols are all over the place—at Three Springs and a range of other areas. I would like to know who the author of this document is and what standing or credibility it has, because it is being used in a parliamentary debate in this house and, indeed, being relied upon to some extent by those who would seek to oppose this bill. I would like to find out who is the author of that particular document in due course, but that is not germane to what we are talking about.

Hon Ken Travers' remarks showed that he has a good understanding of what is proposed by the measures in the bill and that we are not actually changing, via this bill, the Aboriginal Heritage Act 1972 or the Environmental Protection Act 1986. I do not think he actually intended to say that, but there will be no amendment to either of those acts via this bill.

Hon Ken Travers interjected.

Hon SIMON O'BRIEN: Precisely. It is to facilitate the operation of the act rather than to change it.

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The amendment that he proposes to persist with will be dealt with shortly, but I will indicate that it is not acceptable to the government. I will give detailed reasons for that, hopefully soon, if the house agrees to the second reading.

Hon Philip Gardiner raised a couple of points. The railways that are being discussed here, including this one, will be owned by the state of Western Australia—finish. They will not be owned by anyone else. They will be leased to others and, indeed, there will be enabling acts to build other railways. That is the undertaking that I gave to the member before, and that is the undertaking that I will repeat now: there will be enabling acts. This government looks forward to bringing those acts forward in due course to make a bigger rail network in the area that we are talking about.

Hon Robin Chapple spent some time telling the house that departments of state development have never achieved anything. I think we have achieved a lot in Western Australia over many years, under successive governments, and that successive departments of state development have played their role; I think it is selling them short to assert otherwise, so I reject that assertion. To give credit where it is due, however, over the course of this debate, Hon Robin Chapple's conspiracy theory about a nuclear reactor at Chapman Valley clearly beat Hon Ken Travers' conspiracy theory about retail trading hours, but none of that has anything to do with the Karara railway. There are not countless numbers of people being put off their properties or inconvenienced by this bill; there are four or five freehold landholders, all of whom have been on board all along. The railway line will not be funded by the taxpayers of Western Australia; it is simply wrong to suggest that that is the case. There is some government expenditure with the processes that we are going through now. However, the construction of the railway will be privately funded, even though it will be owned by the state, so I hope that reassures the member. The size of the easement is not 3.5 kilometres wide. That will not be the residual size of the easement and it was never going to be. With a rail enabling bill, the route, as per schedule 1 of the bill, is set out in the act, but there is a tolerance for where the actual line is ultimately positioned on the ground. There is about, what used to be in imperial terms, a mile either side to allow for flexibility when the final planning of the route is finished and executed. However, that is not to be confused with the size of the easement.

Finally, the key point of our policy is to ensure that for this and other railways the government facilitates there is a third party access regime. That is something I also wish to reassure the member about.

Hon Jon Ford, who I think basically was offended by some interjections earlier in the debate to which I was not party, took the opportunity to respond as part of the second reading debate, and that is why he strayed over a range of matters, none of which had anything to do with the bill except an oblique reference to some themes that some members are trying to promote. This is an enabling bill to build a railway, and it just happens to be for a proponent which is an iron ore miner and which wants to mine iron ore and build an iron ore railway to ship that iron ore, but others are trying to suggest that it is all about uranium. Let me just say this: Hon Jon Ford, my good friend and a former minister with responsibility in this area, might have been just the tiniest bit disingenuous when he referred to the current minister as ignorant of what happens. He was clearly showing his own good humour, which we all like and respect so much, when he said that uranium is exported through two ports in Australia—that is, the port of Darwin and Port Lincoln. In fact, uranium exports go through Darwin and Port Adelaide, I am advised. Could the member not just kick himself when that is pointed out! The main thing that needs to be pointed out in response, not necessarily to Hon Jon Ford but to others who might seek to promote this as some sort of uranium debate—which it is not and it is mischievous to suggest that it is or to try to promote that idea—is that nobody would build a railway line in Western Australia to carry uranium. If members want to run those sorts of scare campaigns, why do they not say, perhaps, that Hon Ken Travers is promoting the tier 3 line in the eastern Wheatbelt because he has a secret agenda to ship uranium on it? It would be absurd to suggest that and it is just as absurd to suggest that this railway is intended to be a uranium line.

Hon Helen Bullock made a thoughtful contribution about the feasibility of downstream processing of iron ore to make steel. The experience of Western Australia in downstream processing to do just that has not necessarily been a happy one, but I appreciate her optimism. I look forward to discussing that with her because her ideas are all about growing Western Australia and its economy and I respect those ideas. However, they perhaps go a little beyond the ambit of the bill that we are currently dealing with.

I thank members for their support of the second reading of the Railway (Tilley to Karara) Bill 2010.

Question put and a division taken with the following result —

Extract from *Hansard*
[COUNCIL - Wednesday, 30 June 2010]
p4813b-4828a

Hon Ken Travers; Hon Philip Gardiner; Hon Robin Chapple; Hon Jon Ford; Hon Helen Bullock; Hon Simon O'Brien

Ayes (27)

Hon Liz Behjat
Hon Matt Benson-Lidholm
Hon Helen Bullock
Hon Jim Chown
Hon Peter Collier
Hon Mia Davies
Hon Ed Dermer

Hon Wendy Duncan
Hon Phil Edman
Hon Sue Ellery
Hon Brian Ellis
Hon Adele Farina
Hon Jon Ford
Hon Philip Gardiner

Hon Nick Goiran
Hon Nigel Hallett
Hon Alyssa Hayden
Hon Robyn McSweeney
Hon Norman Moore
Hon Helen Morton
Hon Simon O'Brien

Hon Ljiljanna Ravlich
Hon Linda Savage
Hon Sally Talbot
Hon Ken Travers
Hon Max Trenorden
Hon Ken Baston (*Teller*)

Noes (4)

Hon Robin Chapple

Hon Lynn MacLaren

Hon Giz Watson

Hon Alison Xamon (*Teller*)

Question thus passed.

Bill read a second time.