

**RAILWAY AND PORT (THE PILBARA INFRASTRUCTURE PTY LTD)
AGREEMENT AMENDMENT BILL 2018**

Introduction and First Reading

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

Explanatory memorandum presented by the minister.

Second Reading

MR M. MCGOWAN (Rockingham — Minister for State Development, Jobs and Trade) [12.10 pm]:
I move —

That the bill be now read a second time.

The purpose of this bill is to ratify an agreement made on 13 March 2018 between the state, The Pilbara Infrastructure Pty Ltd and Fortescue Metals Group Limited, which I will refer to as the variation agreement. This bill is necessary in order to give effect to amendments to the Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement 2004, which I will refer to as the state agreement. The main purpose of the variation agreement is to provide a requisite authority under the Land Administration Act 1997 for TPI to conduct site investigations and studies for its proposed Eliwana rail spur to a proposed new mine at Eliwana, located approximately 100 kilometres west of Tom Price. FMG has indicated that the total investment for the Eliwana project, including rail and mine, is approximately \$1.9 billion. The construction of the Eliwana rail spur would create up to 200 construction jobs. Once up and running, the project will sustain FMG's and TPI's operational workforces.

TPI, a wholly owned subsidiary of FMG, has operated under the state agreement since 2004. The company's operations comprise 620 kilometres of heavy haul rail track and port operations in Port Hedland. TPI hauls around 170 million tonnes of iron ore per annum from FMG's mines to Port Hedland for export. FMG's mine, rail and port operations, including both state agreement and non-state agreement, employ over 3 600 people in the Pilbara.

Iron ore from some of FMG's existing mines is expected to be depleted within a few years. In order to sustain operations and support jobs, TPI is progressing the development of a new rail spur, with FMG proposing to develop a new mine at Eliwana. The key purpose of the variation is to provide an authority under the state agreement and the Land Administration Act to enable TPI to access crown land for investigative purposes to define and finalise the route for the rail spur. These provisions have been incorporated in the Railway (BBI Rail Aus Pty Ltd) Agreement Act 2017. The main provisions of the bill are to amend the TPI state agreement by ratifying and attaching the variation agreement as schedule 3 to the TPI state agreement.

The key provisions of the variation agreement are that clauses 1(3) and 1(4) essentially require the state to introduce into Parliament a bill to ratify a variation agreement by 30 April 2018, and to have it ratified by 30 September 2018. Clause 2(2) deletes clause 4, amends the title to "Obligations of the State" and substitutes with a new clause. The new clause obliges the state, subject to certain conditions, to arrange the issue of a requisite authority under section 91 or section 182, or both, of the Land Administration Act. This authorises the company to enter upon crown land, excluding port land, and to carry out site investigations and studies to enable TPI to submit detailed proposals to the minister for the development of a railway.

Clause 2(4) inserts a new clause 9A, "Local participation plan", obliging the company to prepare a plan and implement this plan to provide for local industry participation benefits. Clause 2(11) amends clause 21 by inserting a new subclause 2(a), requiring the company in its contracts with third parties for those third parties to undertake procurement activities in accordance with the local participation plan. Clause 2(13) amends clause 41 by requiring the parties to the state agreement to submit to the jurisdiction of the courts of Western Australia.

The ratification of this bill by Parliament will support the development of the proposed Eliwana rail spur and proposed Eliwana mine that would create construction jobs and sustain FMG's and TPI's operational workforce. I commend the bill to the house.

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