

## RAILWAY (NARNGULU TO GERALDTON) BILL 2001

### *Second Reading*

Resumed from 27 June.

**MR SWEETMAN** (Ningaloo) [2.47 pm]: The Opposition supports this legislation and would go so far as to congratulate the Government for pushing ahead with this project. It will obviously happen in the foreseeable future. Both the project and the legislation make sense. It makes sense to develop this important transport corridor to put both rail and road together, which will make the port of Geraldton more accessible and take heavy traffic off some of the major arterial roads that run in and out of Geraldton. At the Minister for Planning and Infrastructure's road train summit in Geraldton, I sat at a table with a lady representing a Geraldton P&C association. It was clear that she was at the summit to make a contribution on behalf of parents with school children, whose concern about heavy vehicles on Geraldton roads could almost be classified as paranoia. It is unfortunate that the highway is now where it is. Geraldton has expanded greatly over the past 40 to 50 years and the town has developed either side of the North West Coastal Highway for approximately 12 kilometres. That has created some real difficulties. Although that road will remain and will still carry a significant amount of heavy traffic, some of the burden will be eased by this access road that will run direct from Narngulu to the port.

The approximate cost of this project is \$100 million. Some of that money will be used to upgrade facilities, such as the CBH Ltd terminus at the Geraldton port. That is obviously needed at the same time as this project goes ahead. It also allows the removal of a blight on the landscape, which is the railway line in its current location, extending from the port of Geraldton in a northerly direction along the foreshore. It is a pity the member for South Perth is not here to witness this interesting scenario, because at the same time as some sound planning is being done in relation to transport corridors, and removing blights from landscapes in the form of railway lines, there is a proposal to put one on the foreshore of the member for South Perth's electorate, and coming into the city as well. A problem is being removed in one area, but a similar scenario is being created in another area.

Ms MacTiernan: It is not on the foreshore, it is on a freeway.

Mr SWEETMAN: Well, it is close enough, and when it comes across the freeway and past the convention centre, it is as close to the foreshore as possible, and almost as close as the railway line is to the foreshore in Geraldton.

Mr McGowan interjected.

Mr SWEETMAN: Not all of it is along the freeway, and the member for Rockingham knows that. He is trying to gild the lily.

While supporting the Bill, I would like to make mention of its interesting but short history, and some of the contention caused within the coalition Government when this project was proposed, at the time the development at Oakajee had a fair head of steam. It seemed most likely, three to five years ago, that the Kingstream Steel Limited development at Oakajee would go ahead. There were many sound planning reasons for developing the deep water port at Oakajee, making that the focus of industrial development around Geraldton. In that context, the southern corridor did not make as much sense. In a scenario where Oakajee was to be developed within a short period, this proposal for spending some \$100 million did not make a lot of sense, and yet there was some contention between the coalition partners. National Party members were very keen to have the southern corridor put in, while the local Liberal members were keen for it not to go ahead, but to wait for Oakajee to proceed and provide the opportunity for some total rationalisation of the transport system into the new port of Oakajee. I say that by way of taking some of the comments by the former members for Geraldton and Greenough, who were both quite passionate and strident in their views three or four years ago. Certainly the former member for Greenough was prevailed upon by his local community to support the southern corridor proposal, and that is certainly the case today. It is now more unlikely than ever that the port of Oakajee will go ahead in the foreseeable future. It makes good sense to put this transport corridor in place now. Apart from all the good planning reasons for this corridor going ahead, it will be a tremendous shot in the arm for the local economy, which has been doing it tough for two or three years. Geraldton was a community geared up, to some extent, in anticipation that the Kingstream development and other developments that would go ahead at the Oakajee site. That has not transpired, regrettably, so this may be a good fillip for the local economy, especially if local contractors get a substantial part of these works. With those few words, the Opposition is keen to support this Bill, and hopes the Government is able to get this project in place in a short period.

**MR HILL** (Geraldton) [2.54 pm]: I fully support the Bill. Many of the comments made by the member for Ningaloo about the southern transport corridor are true. The construction of the corridor will enable Geraldton to move forward and to look at other projects such as the Geraldton foreshore redevelopment, which is a \$6 million project subject to much discussion at the moment, and of which the member for Ningaloo is probably

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also aware. Along with the foreshore development, the marina complex will begin to take shape, with a hotel and resort development. The port enhancement project is also under consideration, with \$100 million required to deepen the Geraldton port. All of this will link up in a positive way for Geraldton.

Mr Barnett: Is the Government going to deepen Geraldton harbour?

Mr HILL: Yes. The sum of \$100 million is required to deepen the port.

Mr Barnett: By how much?

Mr HILL: I think it will be about 30 metres.

Mr Barnett: What are the sea floor conditions?

Mr HILL: Some studies have been done overseas, and the port authority is working on it at the moment.

Mr Barnett: Has this project been looked at before?

Mr HILL: Yes it has, a number of years ago. I think three propositions have been put forward over the years for the deepening of the Geraldton port.

Mr Barnett: They have all been rejected, have they not?

Mr HILL: They have in the past, but the project is going through the process now.

Mr Barnett: Does the member for Geraldton know why they have been rejected?

Mr HILL: My understanding is that the vibrations from clearing the rocks in the harbour could cause -

Mr Barnett: The bottom of Geraldton harbour is all granite.

Mr HILL: Yes, that is right.

I support the legislation, which will be a positive for Geraldton, for a change.

**MR EDWARDS** (Greenough) [2.56 pm]: The southern transport corridor has been, in the main, very well supported by the people of Geraldton and the surrounding region. The benefits of the project are numerous, and it will provide secure, efficient, long-term access to the port of Geraldton. I understand that a study is still being done on whether the port can be deepened satisfactorily and economically. With that in mind, it still leaves the option for the port to be developed within its whole infrastructure. I am sure the southern transport corridor will have some bearing on that infrastructure being put in place, and, therefore, complementing the port. It will also complement the proposed north-south bypass that is being assessed. I am sure the Minister for Planning and Infrastructure is aware of that. There was a lot of hope and support in the Geraldton area, and the region, for the Kingstream project, and certainly it has been around for some time. An extension has been granted until the end of the year to enable financial arrangements to be made. There was an expectation in the Geraldton-Greenough area that a developed industrial site would be established north of the Geraldton town site. The previous Government spent approximately \$115 million on initial development of that industrial area.

Mr Barnett: It was \$15 million.

Mr EDWARDS: I added \$100 million I did not need. The amount was \$15 million. That project has not come to fruition, but there is still potential for the development of a deepwater port at a later date. The current lack of an industrial park in the Geraldton-Greenough region has limited Geraldton's capacity to fully develop a major industry. The southern transport corridor will help to bring in the heavier traffic that flows around the area, particularly around the Geraldton town site, and will protect the outer residential suburbs from the impact of heavy traffic. It will help trigger further development through the Geraldton-Greenough region, and with that in mind I fully support the legislation.

**MR BARNETT** (Cottesloe - Leader of the Opposition) [2.59 pm]: As members on this side have indicated, the Opposition supports the development of this corridor which will give access from the hinterland to the port of Geraldton. The significant advantage for the Geraldton regional centre is the removal of the existing rail line, which acts as a barrier between both the residential and commercial areas of Geraldton, and the ocean foreshore. That has always been a blight on Geraldton, and anyone who knows the city would strongly support that taking place. Constructing a southern access corridor will be expensive, and the original plans contained both road and rail access. I do not remember the total cost, but I believe it was well in excess of \$100 million. That issue was vigorously debated with differing views at the time of the previous Government. Subsequently, we decided to proceed with the southern access corridor, which was important for the development of Geraldton, although it was not without opposition in the township. That decision must be seen in its own right. A decision to develop a southern access corridor is one thing; a decision to build it is another and very expensive thing. I hope the Government goes ahead with it because it will remove the eyesore of a rail line along the existing foreshore of

Geraldton. However, an alternative route for trade, particularly grain trade, must be provided for access to the port. I do not believe the southern access corridor provides a realistic opportunity for Geraldton to enjoy the benefits of other resource developments occurring in the north-eastern goldfields and the Gascoyne-Murchison area. The reason for that is that mining projects and resource processing require substantial infrastructure not only for rail access but also areas for large stockpiles. For example, a company exporting iron ore from Geraldton would have large iron ore stockpiles. If a company were to process iron ore there, it would essentially have coal stockpiles on Geraldton's doorstep. It is not an area that lends itself to those types of projects. The area would be fine for grain and high-value, small volume commodities, including minerals. There is a real prospect that in the medium to longer term there might well be the processing of nickel in Geraldton, with the transfer of nickel ore from the north-eastern goldfields to Geraldton to take advantage of the immediate access to shipping and low-cost energy in a good industrial location. I do not believe nickel smelting is appropriate on Point Moore where the port is located.

Geraldton port was essentially designed to service a regional economy based on agriculture. The port is not suitable for large-volume mineral exports or large-scale mineral resource processing projects such as the value added, more intensive manufacturing projects that are progressively developing in this State. That is the reason that the previous Government - led by me - so much favoured the development of the Oakajee industrial estate to the north of Geraldton. I recognise there were differing views about that project. A great deal of discussion and consultation with fishermen, local chambers of commerce and shires took place. Indeed, my colleague the member for Greenough took part in those discussions in his role as a former shire president.

Mr McGowan: If Kingstream doesn't happen, this is the next option, isn't it?

Mr BARNETT: That is the point I am making: it is not the next option. I am bitterly disappointed that the Kingstream project did not come to fruition. Its timetable runs out on 31 December. I must say I do not have much optimism at this time but I still live in hope that it will come to fruition. It may well have taken place had Kingstream formed an alliance at an earlier stage with one of the major international steel-making groups. It is difficult for a small greenfield company to establish a greenfield steel project. That has been Kingstream's history.

Mr McGowan: Are you saying we should not go with Oakajee?

Mr BARNETT: No, I am saying that a project like a steel mill or a large industrial operation of any sort based on the resources industry should be located in a purpose-built, well-designed industrial estate serviced with modern road, rail, and shipping transport and also with very wide buffer zones to separate it from residential and other uses. That is what Oakajee was about. It was a large industrial area designed with a core, a surrounding buffer zone and infrastructure, including a connection between the Geraldton port and Oakajee. For example, small volume, high value products may go out through the port of Geraldton on smaller ships, and components and inputs brought in and cross-transported to Oakajee. The link therefore was logical and the two ports would have operated under one management. However, large-scale industry could not be developed in Geraldton at the existing Point Moore site for a number of reasons. There is no space for the site or for buffer zones to be constructed under good environmental and planning principles to get the required separation. It would be like putting industry in the heart of Geraldton. The environmental constraints would be enormous.

However, the commodity trade in the shipping of mining products is essentially in transport costs. The area is an extremely rich iron ore province, which has little intrinsic value. Iron ore is sold out of the ground for about US\$25 a tonne. Most of the cost of getting iron ore from a mine to a steel producer is in transport. The whole economics of the iron ore industry comes down to the low cost and relatively high speed of transporting high volumes. The higher the volume, the lower the cost per unit. Shipping has progressed in the iron ore trade from using panamax-size vessels to capesize vessels. Panamax vessels are about 80 000 tonnes dead weight and capesize vessels are about 140 000 to 146 000 tonnes. That is where the industry has gone. Our competition for iron ore exports is in North East Asia and Europe. To compete with the Brazilians we must use large ships. Most Japanese, Korean and Taiwanese harbours can take them. One constraint has been in China where there is a narrow continental shelf off the Chinese coast and therefore only panamax, rather than capesize, vessels can get in there. The new Chinese port of Nimbo now takes capesize vessels and port developments along the Chinese coast will allow in more and more of the larger capesize vessels. Iron ore trade, therefore, logically is using larger ships, such as the ones we see off the Pilbara coast.

A panamax ship cannot get into Geraldton harbour, let alone a capesize ship. Therefore, smaller iron ore carriers cannot enter Geraldton harbour. Similarly, smaller panamax ships carrying nickel, or any other commodity such as manganese or steel slabs, cannot get in there. For years people have seen the rich hinterland at Geraldton and decided that it would be great to get bigger ships into Geraldton. Getting bigger ships in there would require a deepening of the harbour. Each time major engineering developments arise in the Pilbara with new ports there,

such as major dredging projects with heavy dredging machines, invariably the State Government of the day asks the contractors to consider piggy-backing them on Geraldton and deepening the channel and turning circle in Geraldton harbour. When the contractors of internationally scaled dredgers test the bottom of Geraldton harbour, they are hit with the same reality every time: it has a granite base. Technically, Geraldton harbour can be dredged, but it is not economically viable to any significant extent. The bottom of the harbour would have to be blasted, hence the vibration issue. This issue has not lapsed because of the want of trying. Sir Charles Court and other Premiers have considered the issue and it arose again in the early stages of the Oakajee proposal. The previous Government examined whether it could be done in Geraldton harbour and, again, the conclusion was that it could not.

The southern corridor transport link must be seen in the context of the existing and potential future uses of the Geraldton harbour. They do not, on environmental, community and economic grounds, support large-scale iron ore mineral processing and large-scale manufacturing production. They are not suited to that area for a host of reasons. That is the reason I was keen to see Oakajee developed. Oakajee is a unique potential industrial site. It is perhaps the only site between Fremantle and Karratha where the continental shelf is very narrow. It is one of the few sites to which large-scale shipping can come; in fact it may be the only site, as indicated by a map of the seabed. That is why Oakajee was identified in the 1960s as a potential site for processing the very rich bauxite deposits from the Kimberley. A site was sought to process those deposits and to bring in large shipping. That is the history of how Oakajee started. It is a unique piece of topography that allows it to happen. The former Government therefore saw an opportunity to develop Oakajee, and I believe it exists still. About \$15 million was spent on Oakajee, which was a lot of money.

Mr McGowan: Already?

Mr BARNETT: Yes, and I shall tell the member for Rockingham on what it was spent.

Initially, it was spent on studies of port design and drilling the seabed. It was spent on acquiring the land both for the industrial core and the buffer, on some of the corridors for pipeline road access and the compensation attached to that. It was spent on a full environmental study of the Oakajee industrial core and industrial port proposals. It was spent on identifying areas for the blasting of both soft and hard rock for the construction of breakwaters and for armouring. It was spent on endless other studies including those on the rock lobster industry and employment; they went on and on. Although \$15 million is a lot of money, it has not in any sense been wasted. Yes, Oakajee needs a client for development to take place. However, it should be preserved. I hope that Kingstream gets there. However, I have no doubt, and it may be in the next 20 years, that it will be developed. Without any doubt it provides the single greatest opportunity for regional development in this State.

It is hard to get large projects like that off the ground. Some members might recall the debates - the member for Rockingham was not here - in which I came under a fair bit of pressure, even from some Labor members of Parliament, to go ahead and build the port and then allow Kingstream to develop it. I also came under pressure from some Labor members to transfer the cost of the port - we were talking about \$100 million of government support - across to Kingstream and let it deal with the port. People in industry and on both sides of politics argued strongly that I should do that. I was reasonably wise not to do that. Although I am disappointed that Kingstream is yet to materialise, and I am very disappointed that essentially nothing is on the ground at Oakajee, I feel secure that I have not placed taxpayers' funds at any risk. That is a lesson for new ministers as they start to deal with large amounts of public money. I was conscious of the lessons of 1980s and of other Governments in Australia and elsewhere in the world. Oakajee is important.

I hope the Government is not creating an unrealistic expectation of the port of Geraldton. It would be inappropriate if large amounts of money were spent on this transport corridor on the assumption that heavy industry will be attracted to the port of Geraldton - essentially an inner harbour port. It would be against the best planning principles, environmental standards and the aesthetics and amenity of Geraldton as a community. Oakajee should be preserved. Hopefully a significant industry can be attracted to Oakajee. It could initially be used for transport purposes and small shipping until the port construction is justified. This is a hard project to get off the ground; it involves major issues. Oakajee and the Ord stage 2 are enduring frustrations from my eight years as a minister.

The final issue I would like the minister to address is the southern transport corridor, which was initially developed during the time of the previous Government. I forget the total cost of the corridor - a figure of \$80 million comes to mind - but it was partially to be funded by sales of land, including the Leighton peninsular land - the old marshallings yards. I will say candidly that it would have been a stretch to achieve that at any stage. It would not have been possible to fund the development of that southern transport corridor by selling Westrail land. It might have made some small contribution, but it would not have met the full cost.

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Ms MacTiernan: This is a good admission.

Mr BARNETT: I have said that publicly a dozen times. I hope that the Government not only proceeds with plans for a corridor but also builds the rail and road southern transport corridor. I will be interested to know the latest estimates of the cost and how this Government intends to finance that.

**MS MacTIERNAN** (Armadale - Minister for Planning and Infrastructure) [3.13 pm]: I thank members for their contributions. This is a great step forward for Geraldton. The subtext of what a number of members on both sides have said is that the future of Geraldton has been put on hold over the past five or six years, at least, as it waited for the Kingstream project to materialise. A great deal of rivalry existed in the previous Government between those who believed the focus should be on the existing port of Geraldton - sometimes known as the National Party port - and those who supported the emphasis on Oakajee, known as the Liberal Party port. There are problems, and I would not suggest it is a clear-cut decision either way.

The Leader of the Opposition has pointed out the problems endemic in the port of Geraldton. However, I do not believe that those problems are insurmountable. Geraldton's location might mean that it is not capable of taking a range of resource developments; however, a number of resource exports and imports could successfully utilise an expanded port of Geraldton. An important part of enabling the port of Geraldton to fulfil that role is the development of the southern transport corridor. I know that the member for Geraldton has often stressed to us the need for the transport corridor.

An important point made by member for Ningaloo is that this is not just about economic efficiency - although that is an important part of it; it is about community safety. He has rightly pointed out the concerns of many of the people in Geraldton about the safety of the current road configuration. The member for Geraldton also pointed out the need to allow the city centre of Geraldton to embrace more successfully its beachfront. At the moment a rail link segregates the principal part of the central business district from the ocean front. That is a massive barrier to the successful expansion of the city, more particularly the development of amenity for its local residents and the development of Geraldton as a tourist destination. I point out to the member for Ningaloo that the existing configuration is not in any way analogous to what we have in the city of Perth.

The Leader of the Opposition raised a number of specific issues. He was full in his descriptions of the reasons the coalition Government had not proceeded with the southern transport corridor, preferring the development of the port of Oakajee. The proposed port of Oakajee will not be without its problems in the future. I do not think anyone has totally discounted the prospect that at some time in the future there might be a role for the port of Oakajee. However, it could never be seen that in the next 20 years it would replace the need for the port of Geraldton and therefore the need for the southern transport corridor.

Mr Barnett: There was never any prospect of the port of Geraldton closing. Even if people deny it, inevitably Co-operative Bulk Handling Ltd will progressively take its facilities out of there.

Ms MacTIERNAN: That has been put forward. However, the estimate I have been given is that CBH has in the order of \$1 billion worth of private infrastructure investment in the port of Geraldton. The prospect in the next 20 years of CBH's moving that off to Oakajee is slim. That severely calls into question the real prospect of developing the port of Oakajee, which will be an expensive port to develop.

Mr Barnett: It is not particularly expensive at all.

Ms MacTIERNAN: The Leader of the Opposition has been quick off the mark to outline the problems with the port of Geraldton and the deepening of its harbour. Likewise the unprotected nature of Oakajee has concomitant problems.

Nevertheless, it is clear that the port of Geraldton will remain a major grain port for the next 20 years. Geraldton will have a substantial capacity to capture a greater share of the grain market through some - if not full - deepening of the harbour, its capacity to take single-loading ships and the introduction of the southern transport corridor.

The Leader of the Opposition asked about the cost. The current cost estimate of the project - the road and rail components - is around \$105 million. We will announce the way in which this will be funded when we conclude our budget deliberations. However, I assure the people of Geraldton that, unlike the undertakings of the previous Government, it will be fully funded. I am glad that the Leader of the Opposition has today acknowledged that the previous Government would not have been able to substantiate what it told the people of Geraldton. I am very pleased that he acknowledged that the rail component was unfunded. His Government made only vague notional allocations for the funding of the rail component. It said it would be funded from land sales. The Leighton marshalling yards site was the prime target. The former Government later said that a series of other land sales could be made, and those funds applied to the port of Geraldton. We have pointed out that the

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previous Government knew at least a year before the last election that there would not be any such honey pot in the form of the proceeds of the sale of the Leighton marshalling yards. The way in which the Liberal Government so incompetently handled its disposition meant no money was available for any rail works at the port. We also pointed out that all the other land sales that had been identified were already committed by Treasury to a debt-reduction program. I am very pleased that the Leader of the Opposition has confirmed what we realised after examining the documents.

Mr Barnett: Don't be silly.

Ms MacTIERNAN: The promises made about the rail component of the project were totally unfunded.

Mr Barnett: I said only that the Government's view that the balance of the consolidated fund land sale and debt equity would be different was optimistic.

Ms MacTIERNAN: I point out that the Leader of the Opposition had only a passing acquaintance with his Government's budget.

Mr Barnett: You are struggling in your portfolio. You are a disaster for this Government.

Ms MacTIERNAN: The grumpy-chops Leader of the Opposition will not put me off with personal insults.

Mr Barnett: Why are you so erratic? The member for South Perth was right when he described you as erratic. He used the right term. You are quite erratic.

Ms MacTIERNAN: I have no doubt that a raft of pompous conservatives will use every opportunity for personal abuse to try to undermine what we on this side are doing.

Mr Barnett: I never use personal abuse. Give me an example.

Mr Kobelke: Thirty seconds ago.

The ACTING SPEAKER (Mr Dean): Can I please have debate through the Chair.

Ms MacTIERNAN: Today, the Leader of the Opposition has acknowledged that his Government was unable to put aside adequate funding for the rail component of this project and that the land sales it had nominated as the sources of funding were purely speculative. It would have needed to find additional funds. The Leader of the Opposition knows full well that no other provision was made. It is fortunate for the people of Geraldton that we have come to government and that we are now working on a budget proposal that will allow these works to go ahead, hence the need for this legislation.

I thank all speakers for their support for this project, and I am sure that support will be appreciated by the people of Geraldton.

Question put and passed.

Bill read a second time, proceeded through remaining stages without debate and transmitted to the Council.