

ACTS AMENDMENT (IRON ORE AGREEMENTS) BILL 2000

Second Reading

Resumed from 17 October.

HON HELEN HODGSON (North Metropolitan) [7.31 pm]: It is unusual for me to get the call before a member of the “official” Opposition. I do not intend to take long. The Opposition may want to make appropriate arrangements.

I have looked at the provisions of this Bill and it appears in most cases that the specific items covered in the second reading speech are reasonable alterations to the contract. They appear to range from simplification of the contract through to ensuring that the state agreement Acts are tidied up by amendment to keep up with changes in lease terms, royalty rates and so on. In a sense what I have said highlights the concern of the Australian Democrats about the way in which these state agreement Bills are handled. It is unfortunate that when a state agreement Bill comes before the House, its provisions are attached by way of schedules. It means that even if we have a problem with some of the agreements in these clauses, we have no power to deal with them. All that happens with state agreement Bills is that the contract is tabled. We are, of course, totally in favour of having the contract tabled and the terms of the agreement before this place. However, the use of the state agreement Bill is a little anachronistic and I understand does not occur in any other State. I also have reservations about some of the clauses in the contracts, such as the length of time for which rights are granted; for example, some agreements have a 60-year lease with a 45-year option. I accept that we do not have any powers to alter them in that they are contracts entered into by the Government with the relevant company. For those reasons we will not be objecting to the Bill in any way.

HON N.D. GRIFFITHS (East Metropolitan) [7.34 pm]: Mr President -

Hon Simon O’Brien: That is the best speech you have ever given in this House.

Hon N.D. GRIFFITHS: That is the best interjection Hon Simon O’Brien has ever made.

I am obliged to Hon Helen Hodgson for taking the call and assuming the role of the “official” Opposition. As I sought to indicate by way of interjection, the way the current Government is going, the Australian Democrats may well be the official Opposition after the next election.

Hon N.F. Moore: Don’t you expect to be here at all?

Hon N.D. GRIFFITHS: We do not expect to be on this side of the Chamber. However, we will see what happens.

The Australian Labor Party is interested in the economic development of this State and believes it should be promoted. We support the Bill. It deals with seven iron ore agreements as set out in the long title. Each and every one of those agreements relates to the operations of BHP. The specific matters were dealt with appropriately in the second reading speech. It is unnecessary that I add to that speech, noting that I am speaking in this House, which says it is a House of Review. The Australian Labor Party wants the economy of this State to develop. We have no interest in holding up appropriate measures; in fact, we support them wholeheartedly.

HON TOM HELM (Mining and Pastoral) [7.35 pm]: I also support this Bill. However, I must go into a little more depth than the previous speakers and talk about the seven reasons that the Bill should be agreed to and that nobody should disagree with them. I want to bring to the attention of the House a number of matters that the Bill brought to my attention and that I hope will be addressed in the near future.

The first reason for the Bill, as indicated in the second reading speech, is to allow for an open-ended contract for water to be more firmly determined so that BHP can be guaranteed water for operations such as the hot briquetted iron plant. The lease of the Finucane Island tunnel must be granted and management given to the port authority. It must be understood that exemptions from royalties granted to the HBI plant conclude in December this year. The second reading speech informed us that these royalty exemptions were not taken up by BHP, although it met with huge monetary problems and problems with completing the plant.

At this point I will comment on the recent union push for our resources to be developed for the good of every Australian. In other words, the HBI plant is an excellent example of how taking work offshore can produce a false economy. The HBI plant suffers from problems because the major construction took place in Singapore. When it got to Australia it required Australian -

Point of Order

Hon N.F. MOORE: Mr President, I draw your attention to the relevance of the comments being made by the member. I know he regards this as an opportunity to talk about his favourite subject, but his comments have nothing to do with the Bill.

The PRESIDENT: Although I have been paying attention to Hon Tom Helm, I shall have to pay closer attention.

Debate Resumed

Hon TOM HELM: Mr President, you know you do not have to pay attention to me!

I agree with the minister's comments about the HBI plant in the second reading speech. As he said, BHP did not require any exemptions from its royalties, although it faced some great losses and write-downs with the HBI plant. The reasons for those losses are clear and apparent. While we are talking about the Acts Amendment (Iron Ore Agreements) Bill, it is also worthwhile to talk about why there is a need, for the economic wellbeing of this State, to pass this Bill, and also to recognise some of the historical matters mentioned by the minister in his second reading speech. One of the reasons that the HBI plant is in a mess - BHP can only agree - is that Australian workmen were not employed on building the plant. However, they were employed to correct the mistakes made by other workmen. All I am saying is that, as a matter of fact - this was alluded to in the second reading speech - the lesson to be learnt is that Australia's economy can be further enhanced by using Australian workmen and local components to build Australian plant and machinery.

In the second reading speech, the fourth reason for the variations was the occupancy rights over temporary reserve 3156H, which will be converted to a mining lease. The fifth reason was that leases would be granted to joint venturers, according to their percentage shareholdings. We were advised that with the opening up of area C, those leases would be offered on an equal basis. Although it was apparent that the shareholdings were not similar, the leases were granted as if they were. The sixth reason was to allow general purpose leases, and the seventh reason was to allow stamp duty exemptions.

Those seven reasons are good reasons. However, it is an opportune moment for me to talk about eight, nine or maybe more reasons that we should support this kind of legislation. Some concerned residents of Port Hedland have called for a meeting on 28 November to discuss the fact that BHP, Hamersley Iron Pty Ltd, Woodside and anybody else, for that matter, should be encouraged to walk away from the fly-in, fly-out element of mining leases within the north west.

The PRESIDENT: Order! I have just read the second reading speech, and I have referred to a copy of the Bill. In the main, the Bill talks about an agreement, or agreements, between various companies and the Water Corporation, and other state agreements in respect of the provision of water entitlements. Fly-in, fly-out operations certainly are not relevant to water entitlements. It is not a general debate on anything connected with the words "iron ore". The Bill is specifically focused on what might be said to be some very narrow issues, and members should confine their comments to those issues.

Hon TOM HELM: Thank you for those words, Mr President. I always listen to the President's advice; I would never oppose it. However, only two parts of the seven-part Bill before us deal with water. I think previous speakers have commented on the economic wellbeing of the State. Even though it is unspoken in the minister's second reading speech, I am sure the minister would say that one of the reasons we need to support this kind of legislation is for the good of all Western Australians.

The PRESIDENT: Order! Hon Tom Helm said that he always listens to my advice, and I appreciate that. One of the problems is that he does not always follow my advice. The fact that a Bill might contain the words "economic benefit for the State" is not in itself reason to develop an argument based on those few words alone. This is specifically a Bill about water entitlements. Incidental to that may be a comment about the economic benefit to the State, but it could be nothing more than a passing comment incidental to the main purpose of the Bill. That is where we stand, and I will leave Hon Tom Helm to choose his words accordingly.

Hon TOM HELM: I agree completely. In passing, let me tell the House where I am coming from.

The PRESIDENT: Tell us in passing fairly quickly then.

Hon TOM HELM: Okay. A number of issues are raised in the second reading speech and in the Bill, some of which include the rights to water and contractual obligations. It is fair to say that the whole thrust of this - that is, the economic wellbeing of the State - has been commented upon by previous speakers. It is not mentioned in the second reading speech, and that in itself is a surprise. Although all the previous speakers were very brief, their comments almost completely revolved around the economic wellbeing of the State.

I quickly point out to the House that there will be a meeting about the issues that are now before us, including the issue of fly-in, fly-out arrangements. Although this Bill refers to general purpose leases and the status of some of those leases, it is also fair to say that some of the shires in the Pilbara, for instance, in the Kimberley and also

in the goldfields are quite upset that their ability to rate leases has been reduced somewhat, and that the status of the leases has also been altered. Therefore, two matters will be discussed at that meeting on 28 November. The Government must consider a more holistic view of the way in which the economic status of the State can be progressed. I note with interest that, apart from the minister, those who have spoken before me cannot be said to represent any of the mining areas.

Hon N.D. Griffiths: You show extreme ignorance of East Metropolitan Region, where a number of mining pursuits take place.

Hon TOM HELM: If I missed the iron ore mines from the East Metropolitan Region, I stand corrected. I guess the points I am trying to make have been inadvertently missed by the previous speakers. However, they should be addressed quite soon, because the people of the north west will discuss those matters and take appropriate action. With those few words, I support the second reading of this Bill.

HON GIZ WATSON (North Metropolitan) [7.48 pm]: The Greens (WA) will support the Acts Amendment (Iron Ore Agreements) Bill. As previous speakers have noted, there are seven aspects to this amendment Bill: The supply of water; the underwater tunnel between Finucane Island and Nelson Point; royalty rates; occupancy rights; the percentage shareholding; general purpose leases; and the stamp duty exemption. The issue that most caught my attention was that concerning water supply. The second reading speech gives the reason for the need for this variation to the state agreement Act. In discussing this Bill, the Greens certainly agree with the approach of amalgamating these agreements into a single water supply contract - that is sensible and supportable. The issue raised in the second reading speech relating to water supply was -

Following the break-up of the water agencies within the State, the water licences for water extraction and supply are limited to five years. This means the State risks not being able to satisfy its water supply obligations under the relevant agreements.

I found that rather curious. My understanding is that state agreements override any legislation, other than the more recent state agreements which do not have precedence over the Environment Protection Act. It does not make much sense to say that this variation is needed to indicate certainty under the relevant state agreement Acts, because the state agreement Acts themselves provide that certainty. I discussed with some of the advisers the issue that licences are limited to five years in relation to this legislation, and they advised that the recent changes to water trading and water licences just debated as part of the Rights in Water and Irrigation Amendment Bill have changed all that. In my opinion there is no longer an issue about a licence being available for only five years. As this Bill was proposed a long time ago, this rationale is probably no longer relevant.

The other issue I raise regarding water supply is pertinent to all state agreement Acts. As members are aware, a state agreement Act provides long-term certainty for companies for resource and infrastructure requirements. Our concern in relation to water supply, particularly in an arid environment, is that we are basically providing access for 60 years plus 45 years optional after that, but the agreement that specifies the quantity of water is not publicly available. We are asked to agree to this amendment, but we are not able to scrutinise the agreement between BHP and the State about that water supply. It is of concern that that information should be available. I realise we can estimate the water demand for the various projects covered by these state agreements, and that information, for example, is estimated in the environmental assessment documents associated with those projects. However, there are cases - as there will no doubt be cases in the future - in which enormous volumes of water will be required for the iron reduction process and that could well pose problems of environmental impact. I am aware of other iron ore operations in which draw-downs from aquifers or river systems have had major impacts downstream.

To some extent my comments relate more to the existing state agreement Acts rather than to the specifics of the variation, but we do not have access to the agreements pursuant to this variation. This potentially places the company in a situation in which it has first call on that water. What is the interaction between this type of agreement and this type of variation to ensure water supplies over the long term, the Rights in Water and Irrigation Amendment Bill and the ability of the Water and Rivers Commission to reduce the allocation if there is either a deterioration in the environment or the water is required for another use? I would appreciate the minister's comment on that point. My understanding is that this state agreement Act, once varied, will override the requirements of the Rights in Water and Irrigation Act and will mean that the Water and Rivers Commission cannot reduce the allocation that is struck in this agreement. The Greens (WA) will support this legislation, but it would be useful if the minister could clarify some of those points.

HON N.F. MOORE (Mining and Pastoral - Minister for Mines) [7.56 pm]: I thank members for supporting this legislation. Hon Helen Hodgson spoke about state agreement Acts in general, and said they are anachronistic and WA is the only State in the country that has them. I have heard all that before. WA has the best resource industry in any part of Australia and that has largely been assisted by state agreement Acts over the time that those Acts have existed. Although there are reasons that we might not have those Acts, if we were to weigh up

Hon Helen Hodgson; Hon Nick Griffiths; Hon Tom Helm; Hon Norman Moore; President; Hon Giz Watson

the benefits, as opposed to the problems, over the years the benefits would far outweigh the problems. Companies are very enthusiastic about having a state agreement Act because it provides them with a lot of certainty, it gives them a chance to negotiate all the issues in one package, and these projects develop very quickly as a result of that integrated approach to agreements.

Hon Tom Helm raised a few issues which were obliquely related to the Bill. I do not proposed to argue about union involvement in the Pilbara, the fly-in, fly-out issue or rating of mining tenements by local authorities. They are matters for another day.

Hon Giz Watson asked why we need an amendment to the state agreement Act when the Act overrides the Water Corporation legislation anyway. I do not know; I will find out for her. The member also asked whether the State can provide the supply of water required by BHP and whether that supply will have an adverse effect on the environment. I can only assume agreement has been reached that the water can be supplied on the basis of BHP's needs in the future. I am aware of the concerns some people in the Pilbara have about water supply, and the belief that we extract far too much underground water in that area. That issue has been well and truly researched by independent people, but I cannot find a definitive answer.

I do not have the answers to the questions the member asked, but if we go into committee and the member wants me to respond at that time, I will seek to make the answers available. Otherwise, I will provide the answers in writing. I thank members for their support and ask for that continued support during the second reading.

Question put and passed.

Bill read a second time, proceeded through remaining stages without debate, and passed.