

**Hon ADELE FARINA:** I hear -

**Hon George Cash** interjected.

**The DEPUTY PRESIDENT (Hon Graham Giffard):** Order! If the speaker is not responding to the interjection, do not persist.

**Hon George Cash:** She cannot respond.

**Hon ADELE FARINA:** I hear with great interest what the Hon George Cash is arguing. Members opposite are arguing that the government should intervene in the private sector and not let market forces apply. Therefore, members opposite are arguing for government intervention and increased regulation of the industry, which is unique and welcoming. On one hand they are arguing that there is too much red tape and that we need to get rid of it, and on the other hand they are arguing that we need more regulation and more government intervention. Perhaps members opposite could work out what they are asking the government to do. The issue is: why are developers who have final approval in the current market not releasing those lots onto the market? Perhaps members opposite could ask that question of their friends in the development industry.

Several members interjected.

**Hon ADELE FARINA:** We have put out the survey and we are waiting for a response from the development industry to explain that. The land developers did not address that issue at all at the last forum.

Debate adjourned, pursuant to sessional orders.

### **IRON ORE (FMG CHICHESTER PTY LTD) AGREEMENT BILL 2006**

#### *Second Reading*

**HON KIM CHANCE (Agricultural - Leader of the House)** [12.14 pm]: I move -

That the bill be now read a second time.

The purpose of the Iron Ore (FMG Chichester Pty Ltd) Agreement Bill 2006 is to ratify and authorise the implementation of an agreement - which is schedule 1 of the bill - between the state, FMG Chichester Pty Ltd and Fortescue Metals Group Ltd. The Iron Ore (FMG Chichester Pty Ltd) Agreement - which I will refer to as the mining agreement - is the second of two agreements that the government has made with Fortescue for the development of the Pilbara iron ore and infrastructure project. Fortescue's proposed Pilbara iron ore and infrastructure project comprises the following infrastructure and mining elements: an open access port facility at Port Hedland; an open access railway approximately 255 kilometres in length that will connect the port to mining operations; and mining operations, which are expected to commence at Cloud Break and Christmas Creek, in the Chichester Range approximately 120 kilometres north west of Newman. It is proposed to initially transport 45 million tonnes per annum of Marra Mamba iron ore, commencing in the first half of 2008.

The government is supportive of Fortescue's Pilbara iron ore and infrastructure project, which will provide a number of significant benefits to the state of Western Australia, namely -

- the new open access railway and port facilities will be used by FMG Chichester, and potentially by others, to help capture some of the increasing iron ore demand from China, with the objective of expanding the state's share of the global iron ore market;

- the construction of the railway and port facilities and the mining operations represents a substantial investment of approximately \$2.5 billion into the state's economy;

- the project is expected to generate significant direct and indirect employment opportunities, with 1 500 people being employed directly on the project during construction and ongoing direct employment for 300 people; and

- FMG Chichester is forecast to pay royalties of approximately \$120 million a year to the state government on mined iron ore once the project is in full operation.

The mining agreement contains important provisions that give effect to government policy objectives for the iron ore industry. The agreement requires FMG Chichester to commit to local content obligations; to produce a community development plan so that the project delivers community and social benefits; and to commit to secondary processing obligations that are triggered once agreed iron ore production levels are reached.

I will now outline the key provisions of the mining agreement. The parties to the Iron Ore (FMG Chichester Pty Ltd) Agreement are the state, FMG Chichester Pty Ltd, and Fortescue Metals Group Ltd as guarantor. FMG Chichester is a wholly owned subsidiary of Fortescue and is "the Company" under the agreement. The mining agreement contains the following key provisions. Tenure for the project will be via exploration licences and mining and general purpose leases, and miscellaneous licences that are either granted or to be granted under the Mining Act, as well as any necessary Land Administration Act leases or licences. Agreement mining

tenements - all of which currently fall within a "defined area" - are to be dedicated to the project. The defined area is delineated by FMG Chichester's existing and pending exploration licences in the Chichester Range, which are nominated in schedule 1 of the agreement. The defined area is approximately 3 700 square kilometres in size. There is a process for the submission of detailed project proposals by 31 December 2006 and for the granting of ancillary tenure to enable the conduct of the project. The minister's approval of proposals will be required for mining to take place on the mining leases.

The agreement amends the Aboriginal Heritage Act 1972 to enable FMG Chichester to apply for clearances under section 18 of that act prior to the minister's approval of proposals. The agreement makes a number of amendments to the Mining Act to facilitate the grant of tenements for the project. A community development plan must be prepared by FMG Chichester and approved by the minister before the company can submit project proposals. The CDP must outline FMG Chichester's commitments in relation to training and guaranteed employment for people living in the region; regional development and local procurement of goods and services; contribution to community services and facilities; and a regionally based work force. In preparing the CDP, the company is required to consult with relevant local governments, being the Shires of East Pilbara and Ashburton. The CDP is designed to give effect to the government's sustainability objectives by ensuring that development under the mining agreement delivers benefits to the local communities affected by the project. There are secondary processing obligations that require FMG Chichester to conduct ongoing investigations into the feasibility of further processing and to report to the minister on the outcome of those investigations.

Usual state agreement local content provisions will apply to the project. The local content provisions oblige the company to use reasonable endeavours to use local suppliers of labour and services for the project and to report to government on its local content commitments. There is an exemption from stamp duty for the mining agreement, for titles granted to FMG Chichester pursuant to the mining agreement and for project financial restructuring for the first two years after the agreement commences. This is a standard provision of state agreements and will facilitate FMG Chichester's project financing. Mining Act royalty rates and methods of calculating value will apply to all iron ore sold under the agreement. This is the first time that an iron ore state agreement act project has been subject solely to Mining Act royalty provisions and been liable for full Mining Act royalty rates. Members should note that the agreement does not contain any provision that limits the rating capacity of local governments. The government intends that state laws regarding land valuation and rating are to apply to all operations under the mining agreement. The project is subject to all state and commonwealth native title and environment protection requirements.

The mining agreement is consistent with the government's vision for a strong, growing, sustainable iron ore industry in the Pilbara, and is in line with long established practice for iron ore projects to be developed under state agreements. The secondary processing obligations are considered to be an important way of promoting industry diversity and adding value to the state's mineral wealth. I commend the bill to the house.

Debate adjourned, on motion by **Hon Bruce Donaldson**.

## **SWAN AND CANNING RIVERS MANAGEMENT BILL 2005**

### *Committee*

Resumed from 30 August. The Deputy Chairman of Committees (Hon Graham Giffard) in the chair; Hon Ljiljanna Ravlich (Minister for Education and Training) in charge of the bill.

Progress was reported after clause 19 had been agreed to.

### **Clause 20: Constitution and proceedings -**

**Hon LJILJANNA RAVLICH:** Yesterday during the debate Hon Norman Moore asked me a question on the availability of maps. It is difficult to work out the boundaries etc without the aid of maps, so I gave him an undertaking that I would provide them to the chamber. I will table draft copies of the deposited plans referred to in schedules 1 to 4 in response to the member's request. I made the point yesterday that this information is held digitally by the Department of Land Information. The approach taken ensures that information can be produced at an appropriate scale without the loss of accuracy. It also enables other information such as lot boundaries, waterways, road networks and other infrastructure to be overlaid. That is not as easy to achieve on conventional maps as it is on digital maps. The boundaries, lot numbers and reserve numbers on the conventional maps are final. However, I ask members to note that administrative details such as references to the act cannot be finalised on the plans until the passage of the bill has been completed through both houses. Holding this information as part of the state's electronic land information system ensures it is accessible and useful to anyone who needs it. The honourable member approached me about how to pin up the maps for members to reference. I explained to him that this might prove to be difficult for quite obvious reasons, least of which is the number of maps with which we are dealing.

**Hon George Cash:** You can hold them in your hands and swap them over every now and again!