

CEMENT WORKS (COCKBURN CEMENT LIMITED) AGREEMENT AMENDMENT BILL 2010

Introduction and First Reading

Bill introduced, on motion by **Mr R.F. Johnson (Leader of the House)**, on behalf of the Minister for State Development, and read a first time.

Explanatory memorandum presented by the Leader of the House.

Second Reading

MR R.F. JOHNSON (Hillarys — Leader of the House) [10.05 am]: On behalf of the Minister for State Development, I move —

That the bill be now read a second time.

The purpose of this bill is to ratify an agreement made on 14 June 2010 between the state, the Minister for Transport, Cockburn Cement Limited and the Fremantle Port Authority, which I will refer to as the variation agreement. This bill is necessary to give effect to amendments to the Cement Works (Cockburn Cement Limited) Agreement 1971, which I will refer to as the state agreement. The variation agreement provides that the state will introduce this ratifying bill into Parliament and will endeavour to secure its passage as an act by 30 September 2010. The state agreement is required to be varied to reflect the environmental approvals that Cockburn Cement received in 1999 and 2002, as well as subsequent approvals; to bring new areas under the state agreement that have received environmental approvals; and to ensure that the company's operations are managed consistently with those approvals. To put this variation agreement in context, I will provide some background on Cockburn Cement's operations in Western Australia, particularly its dredging activities and environmental approvals.

Cockburn Cement's operations in Western Australia: Cockburn Cement has operated in Western Australia since 1955, and under a ratified state agreement since 1971. It is a wholly owned subsidiary of Adelaide Brighton Limited. The company's operations under the state agreement include the dredging of shell sand in Owen Anchorage, which is located adjacent to Cockburn Sound; a washing plant at Woodman Point; and a cement and lime manufacturing plant at Munster, south of Fremantle. The company operates entirely in Western Australia and directly employs around 350 people in the state, including operations not under the state agreement. The company has an annual turnover of approximately \$230 million and spends over \$150 million a year locally on goods and services. Cockburn Cement currently produces approximately 1.8 million tonnes of cement and lime each year, and is the largest lime producer in Australia. Lime is an essential raw material for Western Australia's mineral processing industry, especially alumina, nickel and gold. Cement is vital to the infrastructure, housing and commercial building industries in this state.

Dredging operations and environmental approvals: Calcium carbonate is used as a raw material for lime production and is the main raw material used for the production of cement. Cockburn Cement currently obtains calcium carbonate by dredging around 2.2 million tonnes of shell sand each year in two regions of Owen Anchorage that are currently within the port of Fremantle outer harbour boundary and the existing boundaries of the state agreement. These areas are known respectively as a medium-term area—on Success Bank, approved under ministerial statement 494 on 10 February 1999—and stage 1 of the long-term area, on Success and Parmelia Banks, approved under ministerial statement 599 on 8 July 2002.

Ministerial statement 599 requires Cockburn Cement to cease dredging in the stage 1 area and relocate to stage 2 of the long-term area by 8 July 2010. Stage 2 provides for the dredging of approximately 60 million tonnes of shell sand in unvegetated areas of West Success Bank over about 20 years. The stage 2 area extends beyond the current state agreement boundaries and beyond the western boundary of the port of Fremantle. The company cannot commence operations in the major proportion of stage 2 of the long-term area until the variation agreement has been ratified by Parliament, and subsequent mining leases and dredging management plans have been approved. Cockburn Cement is able to operate in the medium-term area of Success Bank for a period of time beyond 8 July 2010. However, in order to ensure the continuity and efficiency of its operations, the company requires access to the major proportion of the stage 2 area as soon as possible. The areas I have mentioned are shown in plan C, which I will table shortly.

I will now turn to the key provisions of the bill and the variation agreement.

Provisions of the bill: the main provisions of the bill now before the house are briefly outlined as follows. Clause 4 provides that section 2 of the principal act is amended by inserting the new definition of "the Third Variation Agreement"—that is, this current variation—which means the agreement, a copy of which is set out in the fifth schedule of the principal act. Clause 5 inserts a new section 6 into the principal act, which ratifies the third variation agreement and authorises its implementation. It also provides for the third variation agreement to

operate despite any other act or law, without limiting or affecting the application of the Government Agreements Act 1979. Clause 6 inserts the third variation agreement as the fifth schedule to the principal act.

Provisions of the variation agreement: the main provisions of the variation agreement are as follows. Clause 4(5) deletes the existing clause 6(1) of the state agreement and inserts a new subclause that provides for the state agreement area to be extended to include all the stage 2 long-term area not currently under the state agreement—to be called area A—on the basis that the state and the Fremantle Port Authority will permit the company to dredge in accordance with the state agreement; the medium and long-term areas of the port within area A that are approved for dredging by or pursuant to ministerial statements 494 and 599; and those areas, approved by the Fremantle Port Authority, of the port within area A that are approved for dredging by or pursuant to other Environmental Protection Act 1986 approvals granted to the company.

Clause 4(6) varies clause 6A of the state agreement to provide for the company to submit a dredging and management program each year commencing in 2010, rather than every two years as currently required, and to reflect the proposed changes, pursuant to clause 6(1) and 6D, to the scope of the company's shell sand dredging operations under the state agreement.

Clause 4(9) inserts new clause 6D into the state agreement, which provides for dredging over that part of area A outside the western boundary of the port area to occur under a Mining Act 1978 mining lease granted pursuant to the state agreement. Clause 4(9) also inserts new clause 6F into the state agreement, which provides for a number of exploration licences that the company currently holds over areas west of area A, to be called area B, to continue to be held under the provisions of the Mining Act 1978 or other act under which they may from time to time be held—this is modified as set out in the state agreement, and provides for automatic two-yearly extensions of their term, and exemptions from surrender and expenditure requirements—until 11 December 2025 or, with the state agreement minister's consent, until 18 February 2031. These areas may contain strategic shell sand resources that would allow the company, in the longer term, to relocate its dredging operations out of area A.

Clause 4(24) inserts new clause 23 in the state agreement, which extends the term of the state agreement to 18 February 2031 to accommodate, and be consistent with, the company's long-term dredging operations that received environmental approval under ministerial statement 599. The current term of the state agreement expires on 18 February 2011, but this is subject to the right of the company to a 10-year extension to 2021, if it has complied with its state agreement obligations. However, this extension does not provide access to the majority of the new areas required to sustain the company's operations in the medium to longer term.

The ratification of this bill by Parliament facilitates the further development of the resources industry through the continuation of a strategic and important operation in this state. It will have a positive impact on the local economy, as it allows Cockburn Cement to continue its lime and cement operations at Munster for at least a further 20 years and thereby continue to provide significant employment and servicing opportunities for the Cockburn, Kwinana and Rockingham areas. Major industries in the state, such as the alumina, gold and construction industries, will continue to benefit from Cockburn Cement's operations.

I now table plans C and D referred to in the variation agreement, and the explanatory memorandum, which contains a description of the provisions of the bill and variation agreement, for the consideration of members. For the convenience of members, I also table a consolidated copy of the state agreement as it would appear if the bill is passed by both houses of Parliament. I commend the bill to the house.

[See papers 2187 to 2189.]

Debate adjourned, on motion by **Mr D.A. Templeman**.