

IRON ORE AGREEMENTS LEGISLATION AMENDMENT BILL 2011

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Norman Moore (Leader of the House)**, read a first time.

Second Reading

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [7.31 pm]: I move —

That the bill be now read a second time.

The purpose of this bill is to authorise variation agreements which amend six iron ore state agreements held by Rio Tinto and its joint venture partners. The following state agreements are to be varied: Iron Ore (Hamersley Range) Agreement 1963; Iron Ore (Hamersley Range) Agreement 1968 (Paraburdoo); Iron Ore (Robe River) Agreement 1964; Iron Ore (Mount Bruce) Agreement 1972; Iron Ore (Yandicoogina) Agreement 1996; and Iron Ore (Hope Downs) Agreement 1992.

The variation agreements provide for increased royalty rates for iron ore fines, on a staged basis, and other amendments to facilitate Rio Tinto's Pilbara operations and expansion programs. The amendments to the state agreements noted above will introduce a phased increase in the royalty rate for fines ore from 5.625 per cent to 6.5 per cent from 1 July 2012; and 6.5 per cent to 7.5 per cent from 1 July 2013 to match the "lump" ore rate.

As for the amendments to the BHP Billiton state agreements, these proposed amendments are harmonising the royalty rates for fines and fine ores with those proposed under the Mining Act 1978. This will ensure that the new rates apply consistently across the entire iron ore commodity sector.

The Department of Treasury has estimated that this adjustment will increase net royalty income across the iron ore mining industry in Western Australia by \$1.9 billion over the next three years. An additional key element of the current variations is that they will facilitate the expansion of Rio Tinto's iron ore operations across the Pilbara.

To put this in context, Rio Tinto has announced its 333 million tonne per annum target expansion program for its iron ore expansion in the Pilbara, which is planned to be achieved by the end of 2015 and through an expansion of its mines, port and rail capacity at an estimated investment of about \$15 billion.

There are common provisions across the state agreements, which are the same as those proposed under the BHP Billiton state agreements. These are as follows —

Introduction of a requirement to prepare a local participation plan and a community development plan.

Strengthening of provisions to facilitate third party crossings of railways built under state agreements by providing for the minister to determine whether there is undue prejudice and interference to the company's operations, subject to prior consultation with the state agreement company.

Amendments to enable the minister to waive a consent requirement under the special railway licence provisions of the state agreement in circumstances where it has not been possible to reach agreement with an affected land holder and where the company holds a miscellaneous licence for railways under the Mining Act 1978, and where consents have been obtained or a determination has been made under the Mining Act 1978 processes in relation to that tenure.

New tenure clauses to provide the company the ability to bring, with the minister's consent, existing infrastructure tenure under the state agreement and for the company to apply for tenure to be used for state agreement purposes before it submits proposals, under special circumstances.

A further specific amendment is to the Iron Ore (Yandicoogina) Agreement 1996 to allow a longer term deferral of Rio Tinto's further processing obligations as part of the Bungaroo water project.

I commend the bill to the house.

Debate adjourned, pursuant to standing orders.