

MIDWEST CORPORATION - PERMIT TO TRANSPORT IRON ORE

Urgency Motion

THE PRESIDENT (Hon Nick Griffiths): I have received a letter in these terms -

Dear Mr President

I hereby give notice that pursuant to Standing Order 72 I intend to move today:

“That this House consider as a matter of urgency the Government’s action in introducing artificial restrictions on the carriage of iron ore by Midwest Corporation and the consequent exposure of the State to a possible claim for damages.”

The member will require the support of four members in order to move the motion.

[At least four members rose in their places.]

HON SIMON O'BRIEN (South Metropolitan) [3.40 pm]: I move -

That this house consider as a matter of urgency the government’s action in introducing artificial restrictions on the carriage of iron ore by Midwest Corporation and the consequent exposure of the state to a possible claim for damages.

This motion is about exposing this government’s double standards, its failure to provide the infrastructure that this state needs and the dishonesty of its spin doctoring. The government takes actions without regard to the consequences for family-run businesses that employ Western Australians and potentially exposes the state to damages claims because of its reckless actions. All around the state are many examples of the Minister for Planning and Infrastructure behaving in this way. The example this house is concerned with today is that of Midwest Corporation; its bulk freight haulier, Patience Bulk Haulage; and its Koolanooka operation east of Morawa.

Midwest Corporation has number of important resource projects in train and development in the mid-west. Midwest’s first stage operation is the Koolanooka operation, which is an export operation involving a relatively low level of iron ore gained through the recovery and shipment of tailings from the old Koolanooka mine, about 19 kilometres east of Morawa. This stage of the operation is necessary to commence and maintain a cash flow as Midwest builds up to bigger stages of its operation, notably the stage 2 phase in the Weld Range, which will hopefully come on stream in the next few years. I am concerned about the Koolanooka operation, which has been up and running since 2005 and has prospects of running for about seven years, moving one million tonnes of ore for export, and providing valuable cash flow to this fledgling iron ore operator in a rapidly expanding and very promising area of the state, the mid-west.

To get the operation up and running, Midwest’s contractor, Patience Bulk Haulage, had to obtain the necessary vehicles. Patience Bulk Haulage is a very successful and long-established family-based firm that employs a lot of people in the Geraldton area in a number of capacities. The contract with Midwest Corporation was very important for Patience Bulk Haulage and involved the expansion of its capacity and fleet. Patience Bulk Haulage set about ordering the necessary vehicles in mid-2005. At that time, there was communication between Patience Bulk Haulage and the Main Roads heavy vehicle operations area. I have seen correspondence between Patience Bulk Haulage and Main Roads that discusses the agreed route that Patience Bulk Haulage would be required to take. Specifically, this route went via Mingenew Morawa Road, the Midlands Road to Dongara, and then the Brand Highway into Geraldton. I might add that PBH preferred a quite different route whereby it would travel north to Mullewa to join the main freight route. Midwest Corporation was prepared, and offered, to pay millions of dollars, as necessary, to upgrade and maintain that route. The exporter undertook to do that at no expense to the public of Western Australia! Midwest Corporation offered that to the government, but it was turned down, and Patience was required to take the route that I have outlined.

The correspondence I have seen from Main Roads also talks about a more direct route possibly being available for empty return road trains, and about the vehicle configurations that Patience will be required to use. Patience has plenty of permits to enable it to use 36.5-metre triple road trains on some of these roads, but for this particular operation it is restricted to 27.5-metre B-doubles, which Patience had especially manufactured for that purpose. These vehicles included nine new prime movers, 24 trailers and 12 triaxial dollies. Patience also utilised three existing prime movers and a couple of existing wheel loaders from its fleet. It cost a shade under \$6 million to purchase the new equipment, plus it paid stamp duty and on-road costs - we know this government likes to get in for its cut! The stamp duty, if any member is interested, amounted to an additional \$174 146.06, and licensing for these vehicles is an ongoing amount of more than \$120 000. In addition, Patience dedicated about \$1 million worth of capital equipment from its existing fleet.

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Patience Bulk Haulage hoped to ameliorate the cost of these expenses over about 60 months through the seven-year contract it thought it had agreed with Main Roads. The only trouble is that on 16 December 2005, six months after the correspondence that I have viewed was written, and six months after Patience had made capital purchases worth \$6 million, Alannah MacTiernan, the responsible minister, put out a press release headed "Minister takes direct control over road permits for Mid-west mining", which states -

The State Government has taken steps to control road and rail freight issues affecting the Mid-West as a result of the expansion of iron ore mining in the region.

The Planning and Infrastructure Minister Alannah MacTiernan today announced she is gazetting an order requiring any truck which proposes to transport ore from within 100km of the operational rail lines in the Mid-West to apply for a licence under the Transport Coordination Act.

. . .

The Minister confirmed today that Midwest Corporation would be granted licences to transport their ore by road to the Geraldton Port only until October 2006.

That is 10 months, not seven years. I return to the press statement -

"In September 2005, I made it clear to Midwest Corporation that the Government could not accept their plan to truck their iron ore from the Koolanooka Mine to the Port for the seven years of their contract," the Minister said.

"Transporting ore by road imposes unacceptable costs for road upgrades and maintenance onto the taxpayer, and more importantly would have too great an impact on the safety of other road users in the community.

"I told Midwest Corporation at that time it would only be permitted to cart its product to port by road if they could demonstrate that rail transport was not available.

I have already described to the house how Midwest Corporation offered to pay for the road upgrades itself and how the government foisted upon Midwest an unpopular route that has inconvenienced many residents in the seaside suburbs in the south of Geraldton. As this house will see, no rail transport is available. No rail transport was available in December 2005, or when October 2006 came around, and I do not believe any is available today.

The minister went on to say -

"Today I met with the company and with the privatised rail operator. Having heard from them both, I have reluctantly had to accept that the private rail company will still not be able to offer a viable option to Midwest Corporation until October 2006.

That date was over a year ago, and no rail option was available then, and it is still not available today. That sounds a bit familiar with this minister, does it not? We are constantly waiting and receiving dates for the opening of railways that turn out to be overly optimistic. The press statement continues -

"Frankly, I am also disappointed that the privatised rail company has not pursued this business more aggressively.

People must do what the government says, not what people need to do. The *Government Gazette* of 23 December 2005 contained the Transport (Commercial Goods Vehicles Exemption) Amendment Order 2005, issued under the Transport Co-ordination Act 1996. It stated that, from thenceforward, a particular restriction would apply to -

any commercial goods vehicle used for the carriage of iron ore or any mining product from which iron is to be extracted, and which is to be sourced from any mine or mine stockpile situated within a 100km radius of Wubin, Pindar, Geraldton, Marchagee and South Mine 94 or within an area 100km on either side of -

- (a) The Northern Railway Line between Wubin and Geraldton including the Pindar to Mullewa section;
- (b) The Midland Railway line between Marchagee and Geraldton; or
- (c) The Railway line between South Mine 94 and Dongara.

It was for a particular product in a particular area. Only iron ore was to be singled out for this extra hurdle. That hurdle was that licences would be required to be issued for any commercial goods vehicle to be given permission to transport iron ore. It did not matter that the owner of that vehicle had already spent \$6 million buying the equipment, and that the government department already knew that that investment had been made. The

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government just shifted the goalposts, out of the blue, six months later and said, "The hell with you". That is what the minister said in December 2005, in as many words.

Midwest Corporation, I am told, went on to spend \$3 million upgrading 19 kilometres of road east of Morawa to its Koolanooka mine site. I have previously told the house that the company offered to pay for road upgrades and maintenance. I have also indicated to the house that the rail carrier does not want to carry Midwest's ore. It does not have the capital equipment and the track infrastructure to do so. It has some piffling little 16-tonne-per-axle railway track with some significant speed restrictions. It does not want to carry this ore, and it never did. However, the government is insisting that this commercial entity should take the ore of another commercial entity when that entity, for the reasons that I have given, and for the sake of simple economics, prefers to do it another way. Why single out iron ore for a special order? Is 50 tonnes of iron ore any different from 50 tonnes of grain or 50 tonnes of feathers? The only difference is that the specially made trucks used by Patience Bulk Haulage are much sleeker, quieter and less disruptive than the big road trains hauling fuel and grain in the same hinterland. The government has made them use a different route, which in turn has upset the residents who live along Brand Highway. It has manufactured a situation of unrest among the people. It is trying to create a situation of controversy where one should not have existed. Then, in December 2005, the government had the gall to claim that these trucks were upsetting the residents, despite its actions and orders along the way.

If this government were dinkum about providing infrastructure, it would have built stage 2 of the transport corridor into Geraldton, and it would have been able to progress new port facilities at Oakajee. It would have been able to upgrade the roads that need upgrading, and the rail network. The government has done none of those things; it has failed manifestly; yet now it is taking it out on this particular trucking company. Why this company? This freight company needs its permits to operate, and Patience Bulk Haulage is concerned that its permits will be taken away. Why has Midwest Corporation's contractor been picked on, when Murchison Metals will be transporting a heck of a lot more iron ore from its Jack Hills operation? There will be 100 trucks a day, but they will be bigger and longer than those of the Midwest contractor. Perhaps the difference is reflected in the lobbying activities of the likes of Mr Julian Grill on behalf of Murchison. I have seen the letter from Mr Grill to Minister MacTiernan. I have nothing against Murchison Metals; I wish the company good luck, and I hope it gets Jack Hills up and running, and that it is a great success. However, why, after all these bans have been imposed on iron ore being transported by road in this district, does Murchison now get permits and licences to move much more ore over far greater distances for the full seven years in the same area? We forget that there are 100 movements of oil trucks along Brand Highway every day. Talc, which used to be moved by rail, is now being trucked in from Three Springs.

I bring these matters to the attention of the house for the reasons that I outlined in my opening remarks. What is the urgency in this? Jobs and investment are at stake, and there is the possibility of damages claims against the state. The deadline is Saturday, 20 October. That is when the licences will run out. Where is the minister? She is not attending the meeting she was meant to be attending today. She has canned it, because she is off in Geraldton, of all places, welcoming a new ship loader, when the exporters cannot get the transport corridors to move their product into town.

HON MURRAY CRIDDLE (Agricultural) [3.56 pm]: There is no doubt at all that, if this industry is to exist in Geraldton and the mid-west, there must be an understanding that it can continue while infrastructure is being put in place. The infrastructure required to load the rail has not been ticked off in Morawa. I know there has been talk of Pintharuka, and of east Tilley, but there is a longer term issue with Gindalbie. The issue with Pintharuka is Co-operative Bulk Handling Ltd and the cost of the road development there, which is quite substantial. None of these places has received environmental tick-offs. The opportunity for the ore to be transported by rail is dependent on the construction of a siding. I understand that negotiations have been going on in recent times to purchase some land for the building of the Tilley station. That will take some time, and there is yet to be a tick-off for the environment; I understand that that is also in the mix. The fact that that facility is not in place is an obvious indication that we need to use another form of transport, and road transport is the only alternative at this point. I understand that the rail can be used in about six or eight months if the process is allowed to go ahead and the company is allowed to build the facility. It already has something like 64 wagons ready. I have heard the Minister for Planning and Infrastructure say that that is a bit of a blind, because they were to be used for heavier hauling in the future. Any business that buys something that it will not use until far into the future is not making economic sense. I understand that a taxation arrangement is in place that means that those wagons need to be used now from a financial point of view. That argument from the minister does not hold water.

I was involved in the early stages of the surveys for the deepening of the Geraldton port. The whole idea was to get cash flow into these mining industry developments. The idea was to get the product to the port so that the companies could achieve cash flow to move to the next stage, which, hopefully, is Oakajee. It is a simple requirement to get the process moving forward. On top of that, other people are using roads. The minister argues about vehicles on the roads, and that there is an issue of noise and the like, but most of these trucks are

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absolutely A-grade transporters and they move very quietly along the road. There might be an issue with them travelling through Tarcoola. There is an option for them to travel up Rudds Gully Road. It would have been into stage 2 if that facility had been built. Those infrastructure projects would have been very cheap to build at that time. The cost of stage 2 was some \$22 million. We would have had an opportunity for transport to travel from the south. In addition, other trucking companies transport their goods by road. For example, oil is transported to the south of the state to Perth, which is making it difficult to travel on the Brand Highway. We need in place the passing lanes that are being built. As Hon Simon O'Brien said, Murchison Metals Ltd has huge transporters coming in from the east, and 53-metre road trains cart manganese. They are very big and safe operators that have been travelling successfully on the road for some years. It is very difficult to understand and follow the argument that transporters cannot be allowed to drive on the route from Morawa through Mingenew and up Brand Highway. I am interested to know how many complaints the Minister for Planning and Infrastructure has received regarding the transporters travelling through to Tarcoola. My office has received few, if any, complaints. The member for Greenough told me that he had not received any complaints either. I wonder where that argument is coming from.

Another issue concerns the government not allowing iron ore to be carted through towns. I have looked for this policy, and I wonder when it was announced. I have looked at the Main Roads website - I am not too good at looking at its website, or any other for that matter - and it does not appear to be available. I want to know whether or not it is the government's policy that iron ore cannot be carted by road. The minister is making announcements that probably do not follow the Labor Party's own policy. We must understand the Transport Co-ordination Act concerning the 100-kilometre limits that Hon Simon O'Brien referred to with regard to Marchagee, Wubin and the port of Geraldton. I wonder about its application and whether it is anticompetitive because people do not have the choice to transport their goods by either rail or road. The crux of the matter is that some 50 local people are living in an environment in which there is a drought. Some people who drive trucks are farmers. The Minister for the Mid West and Wheatbelt knows how dry that area is because he has been there recently. There are 24 proposals to overcome some of the pressures on the people in those areas. The minister is nodding his agreement. We must give those people every opportunity to get a job. Driving a truck nowadays is quite a well paid and responsible job. I am referring to big transporters that are 27.5 metres long. They are not the biggest trucks on the road, but they are very well equipped and it takes a good operator to be in control of one of them. Fortunately none of those trucks has been involved in a serious accident when carting oil or iron ore in that region. The people in the mid-west region, and particularly the inland region, are desperate to get jobs. The people who employ them want those people to be employed. The government should not take away an opportunity until it is absolutely necessary.

I am aware that the company intends to transport the iron ore by rail in the not too distant future. The family businesses and family members should not have to contend with the added pressure of the lack of continuity of employment. I implore the Minister for Planning and Infrastructure to allow this proposal to go ahead until a change needs to be made. The government should give those people a permit until the siding is built. We all appreciate that the operation will have to come to a close. By that time, the people who are employed by the trucking company will have an opportunity to gain employment in another area.

Hon Simon O'Brien: They are between a rock and a hard place because they are contracted to the Midwest Corporation, and they cannot accept any other offers of work in the meantime. Therefore, other opportunities are passing them by.

Hon MURRAY CRIDDLE: Obviously there are a lot of opportunities in the mid-west. Some of the people who work on farms are multiskilled, and I am sure they will get opportunities to work in other areas. The fact is that we do not want families to be placed under any unnecessary pressure. They need a concise time frame. That should be done in cooperation with the mining and trucking companies so that there is a clear understanding of the time frame for which those people will be employed. I thank members for the opportunity to speak on this debate.

HON KIM CHANCE (Agricultural - Minister for the Mid West and Wheatbelt) [4.05 pm]: I thank Hon Simon O'Brien and Hon Murray Criddle for raising matters that concern the mid-west, which is an important component of the mid-west mining province. I wonder whether the urgency motion would have arisen at that time had honourable members been aware of the Midwest Corporation Ltd's most recent announcement to the Australian Stock Exchange.

Hon Murray Criddle: It happened only an hour ago.

Hon KIM CHANCE: I have only just become aware of it myself.

Hon Murray Criddle interjected.

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Hon KIM CHANCE: Certainly. For the information of honourable members, the Midwest Corporation's announcement is in the following terms -

Midwest Corporation Limited . . . wishes to advise that the Western Australian Minister for Planning and Infrastructure, . . . has agreed to extend the Company's permit to haul its ore by road from Koolanooka to Geraldton to allow further assessment of a number of options associated with the transition from road to rail haulage.

Midwest CEO Bryan Oliver said the Minister has granted an extension of the permit until the 20th October to allow the Company and the State Government to assess and finalise the options to achieve the transition to rail.

Hon Simon O'Brien: Is that today's announcement?

Hon KIM CHANCE: I do not know because unfortunately the announcement is not dated.

Hon Simon O'Brien: Do you remember when I asked you a question on the last sitting day?

Hon KIM CHANCE: Yes.

Hon Simon O'Brien: This is what was up in the air then and on that day it was announced that it was extending the permit to 26 October. I did not think that that had just come out today.

Hon KIM CHANCE: I do not know, because unfortunately it is not dated. The company's earlier statement was dated. All I can say is it is a date sometime after 26 September.

Hon Simon O'Brien: Forgive my interjections; I know that you are on limited time. Can you identify the documents?

Hon KIM CHANCE: I certainly will. The document I am quoting from bears the letterhead of the Midwest Corporation and the subheading "ASX announcement". Regrettably, it is not dated. I return to the text.

"We appreciate the Minister's willingness to talk with us today in what was a positive and constructive meeting," he said.

The Company will continue with its existing transport arrangements and routes during the period of the extension.

The words that I emphasised were clearly not 20 October, because that is the date already known to honourable members. What is more telling is that the Midwest Corporation has agreed to assess and finalise the options to achieve the transition to rail. That is very important because that is precisely what the government's intention -

Hon Simon O'Brien: Is that the same as the other document you had from the Midwest Corporation?

Hon KIM CHANCE: I have two documents from the Midwest Corporation. One is the 26 September ASX announcement, and the other is the undated announcement.

Hon Simon O'Brien: Was the announcement on 26 September the one that announced the extension to 20 October?

Hon KIM CHANCE: No. At the end of my speech, I will table both documents to enable members to make the necessary comparison. They are both public documents.

The mine referred to is an iron ore mine. Hon Murray Criddle very accurately took us through the process by which the infrastructure has been developed to allow these mines, which are mostly operated by junior mining companies, to cash up their operations to move on to bigger things. I agree absolutely with what the member said. That was always going to cause a mismatch, to a degree. One of the mismatches related to the rail-served area, which is in Koolanooka. Clearly there is work to be done to get the rail up to standard to allow that haul to occur. Before we start talking about 50 tonnes of feathers, let us get an assessment of what the haul is. The current haul involves 100 road train movements a day between Koolanooka, Morawa, Mingenew, Dongara and up the Dongara-Geraldton road.

Hon Murray Criddle: What about all the oil and the stuff coming from Murchison and the manganese?

Hon KIM CHANCE: On that particular road, they do not amount to anything like 100 road train movements a day. That is a big freight task on a road that is barely capable of doing it. Clearly, iron ore is not a material one would by choice carry by road. If a rail option existed, one would tend to choose rail; indeed, that is what happens everywhere else in Australia.

Hon Murray Criddle: Why didn't you tick off the environment from day one then?

Hon KIM CHANCE: If we are to go back in history, let us go back as far as 2004 when the notice of intent for this mine was first made. The NOI for this mine was made on the basis that it would be a rail operation. It was

not until 2005 that the company amended its NOI. Hon Murray Criddle is shaking his head. I do not know whether he is shaking his head because he does not believe me. This is a matter of historical fact. The NOI was predicated on rail. I did not say that the approval was predicated on rail, because it could be argued that the approval actually happened in 2005. However, the NOI was predicated on rail. In 2005 an amendment was made to go to road. That was very clearly done on the advice of the Minister for Planning and Infrastructure that that would be a time-limited operation. Since then there have been three separate extensions of the deadline for the conversion to rail by the Minister for Planning and Infrastructure. The minister has not set out to put impediments in the way of this particular mining company. The minister has bent over backwards to help this mining company achieve its ambition of running a professional iron ore export operation. Midwest Corporation, for its part, has had good reason not to go straight to rail. It was unable to negotiate an effective contract with the rail provider from the very beginning, but it has bought the wagons. I understand that it is negotiating for locomotive time, and it will move to rail, hopefully, in the near future. Midwest and the minister will meet this week. It is regrettable that they were not able to meet today, but I am sure that Midwest understands that the minister has calls on her time. There will be a resolution. The minister will seek from the company a solid commitment to a timetable to allow the company to move to rail. That is the acquisition of the property. Certainly, approvals need to be put in place, and I understand that that is being worked on now. The minister wants the company to be committed to a concrete target, rather than an aspirational target that has resulted in three separate extensions.

Hon Murray Criddle: There will have to be local government approval as well.

Hon KIM CHANCE: Of course there will be local government issues. Hon Murray Criddle has also raised the point about the east Tilley siding, which is the express preference of the Shire of Morawa, and I understand that. Indeed, when Gindalbie comes into operation, that would be useful, but that will be at some time in the future. The important point is that that is the minister's clearly expressed ambition. I note with great satisfaction that that is obviously Midwest Corporation's intent as well. My analysis of Midwest Corporation's advice to the Australian Stock Exchange - members opposite can make up their own minds - is that it is seeking to finalise the options to achieve the transition to rail. The government will do all it possibly can to assist Midwest to achieve that, but the government does not want people to have to put up with more and more road transport when rail options are available. I table two documents, both of which are headed "Midwest Corporation Limited".

[See paper 3352.]

HON BRIAN ELLIS (Agricultural) [4.15 pm]: There are always two sides to the argument of rail versus road. There are obviously a lot of benefits in transporting produce by rail, but the undeniable fact is that in some cases the large trucks used by Patience Bulk Haulage Pty Ltd must be used in the most economical way to transport produce throughout this vast state. Damage can be caused by heavy haulage to roads, and community concerns about safety are valid. However, we need road trains for the economy of this state. We cannot deny the fact that road trains need to be used in certain circumstances. The Leader of the House has tabled an announcement today that indicates that Midwest Corporation is moving towards rail. I understand from my communication with the company that that will be the case, but it was not the company's first choice. The minister has made it quite plain to the company that that will be the only way it will be able to operate. It has had to move towards that outcome. I am not sure whether the document that has been tabled includes a time frame, but I do not think the company can achieve the minister's requirements until early next year.

Hon Kim Chance: No; there is no time frame. That will not be known until after the minister's meeting with the company this week.

Hon BRIAN ELLIS: Okay. I understand that rail did not make commercial sense to Midwest Corporation in 2005, and that is why it entered into an agreement with Main Roads WA to have its ore carted by truck. The problem is that after all the hard work that was done by the mining company, Main Roads and the trucking company to come to an agreement - it was all above board and the road was allocated to the trucking company by Main Roads - the minister has overridden the decision and said that the ore will not be transported by road; it must be transported by rail. That happened even after the mining company offered to maintain the road. I am not sure why the minister took that attitude, as the agreement was already in place. As Hon Simon O'Brien has pointed out, to have an agreement overruled by a minister puts a lot of people in an awkward position. Mr Michael Patience, the operations manager of Patience Bulk Haulage, invested \$6 million on the strength of the contract to cart ore from Midwest Corporation. He has 12 road trains that are contracted to cart ore from Midwest Corporation and he employs 40 local people, including farmers who have been forced to drive trucks due to drought conditions. Just when members of the Morawa community thought things could not get any worse for them with the continual drought conditions they are facing, the minister's decision to force Midwest Corporation onto rail has put at risk 40 local jobs. A report in *The Geraldton Guardian* of 1 October 2007 states -

Shire of Morawa chief executive Gavin Treasure said he was very concerned with the possibility of a shutdown.

...

“We would face local employment loss if this (a shutdown) happened. A lot of locals are employed in the operation,” he said. “This includes some farmers seeking alternative sources of income during the drought.

“Things are really tough out here already because of the drought and the mining jobs give the town a good opportunity for diversified employment.”

Now, with the uncertainty of the situation, the trucking company cannot look for other contracts to replace this one until it is sure that the existing contract is finished. Consequently the company is finding it hard to keep its staff because there is no certainty of employment. Other connected businesses will also be affected if the trucking company loses its contracts to cart ore, such as the businesses that service the trucks, some of which have large investments in parts and tools needed for work on the trucks. A number of companies have phoned me. Although I appreciate that companies must make these business decisions, one company in particular said that it had confidence that the trucking company had the contract and that the project would be operating for a number of years. That company has invested more than \$100 000 in parts for servicing those trucks. There have been some community concerns, and justifiably so, about the number of truck movements on the roads used to cart the ore. Many trucks use the same roads, particularly at harvest time; therefore, it is not as though this movement of trucks is unusual. This year, particularly with the drought conditions, there will be only minimal movement of grain trucks over the harvest period.

If the issue is one of road safety, there are other alternative routes that the trucking company is prepared to use to cart ore. However, the minister would not give a reason for not allowing this route.

Hon Kim Chance: No; MRD didn't support the alternative route. I was going to say that but I ran out of time.

Hon BRIAN ELLIS: According to the trucking company -

Hon Kim Chance: I got that from MRD.

Hon BRIAN ELLIS: There is also some concern about the condition of the rail and whether it will be able to handle the tonnages to be carted in the future. This makes the development of the Oakajee port even more urgent. Once a substantial rail system is in place, there will be no need for trucks to cart ore to Geraldton. Until we get to that stage, I urge the minister to consult the trucking company so that it can cart the ore along a mutually agreed route that will satisfy the safety concerns of the community and allow the trucking company to operate with some certainty.

HON BRUCE DONALDSON (Agricultural) [4.23 pm]: I have driven on the road where Midwest Corporation has 100 so-called truck movements a day and, quite frankly, I saw about three or four trucks on each occasion between Morawa and Dongara. I usually see a lot more grain trucks on that road. Members should drive along Great Northern Highway and see how they like that. The Leader of the House has been there, I know, as possibly has the Minister for Fisheries. The number of trucks going to the north west 24 hours a day is frightening, but how else can equipment be delivered there? The events that are happening there are a huge economic boost to Western Australia and to Australia.

Hon Kim Chance: Perhaps we should bring back Stateships.

Hon BRUCE DONALDSON: Yes, which was all-union led and all-union run and had ships tied up in port more often than they were actually at sea.

Coming back to the movement of trucks, I have to smile because here we are talking about iron ore, yet fuel is carted across Western Australia almost entirely by huge road trains. Road trains create great concerns to passenger vehicles and other vehicles on the roads. For argument's sake, it would be bad enough to run into any vehicle, let alone a road train carrying fuel. We in Western Australia rely very much on roads because of the vast distances we must travel. The point is that a bulk product such as iron ore will be ultimately transported by rail. Unfortunately we do not currently have a rail system or a rail network that is capable of handling all of Western Australia's iron ore freight.

Let us talk about Oakajee and when the corridor into Oakajee will eventually be established. I recall Hon Clive Brown, when he was a minister, talking outside in the corridor before he got involved with the mid-west iron ore alliance. He said then that one of the great things the Labor Party did as a government was get Oakajee underway by buying up land to get it ready. He said that if we tried to do that today, we would be looking at a five-year time frame just to get to where we are at today. He said that at least there was an industrial port there and the opportunity to provide a port if it were viable to do so. It will become viable simply because of the new technology that is now available in the iron ore mine sites, and even with the use of the new technology in some

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of the older mine sites from which people walked away. In the interim period, iron ore must be carted by road. However, I do not believe that the conflict with truck movements into Geraldton at the moment is anywhere nearly as bad as the truck movements on Great Northern Highway or even on Brand Highway. No-one has said anything about the mineral sands and residue that go back and forth on those roads. The number of trucks on Brand Highway is colossal now. The problems of fuel, the Midwest Corporation, mineral sands and additional truck movements from Dongara to Geraldton are, quite frankly, not that big. I was therefore disturbed to hear about Murchison Metals, whether or not it has used a lobbyist. It would concern me if a conflict is found to have occurred between what is and what is not allowed to be done by lobbyists, although I am not saying that is the case.

Hon Kim Chance: But it is not the same road. How can you compare the two?

Hon BRUCE DONALDSON: Excuse me! I can tell the Leader of the House now about the number of Murchison Metals' trucks on the roads.

Hon Kim Chance: But they are not travelling from Morawa to Dongara.

Hon BRUCE DONALDSON: I know they are not, but the Morawa to Dongara road, except for a couple of sections, is now quite a good road. I can tell the Leader of the House that as recently as last week I was on that road twice over a couple of days. I was not in any fear of being on that road. I am more concerned when I hit Great Northern Highway, whether it be at midnight, first thing in the morning or during the day. I am saying that eventually iron ore will go back onto rail. However, to walk away from an agreement that was reached with Midwest Corporation, and noting that 20 October is this coming Saturday -

Hon Kim Chance: Hang on! This is the third deadline. The agreements have all been passed.

Hon BRUCE DONALDSON: Can the Leader of the House tell me how between now and 20 October Midwest Corporation will have, or had in the past six months, an opportunity to put iron ore on rail?

Hon Kim Chance: No. What is required on 20 October -

Hon BRUCE DONALDSON: There is no way in the world.

Hon Kim Chance: No, you misheard what I said. What I said was that Midwest Corporation has agreed to come to a finalisation of its position with the government by 20 October. That is what has to be achieved.

Hon BRUCE DONALDSON: Yes, on the twentieth.

Hon Kim Chance: I am not saying it has to be on rail on 20 October.

Hon BRUCE DONALDSON: No. I hope that is the case and I hope there will be some commonsense.

Hon Kim Chance: No; it is very clear.

Hon BRUCE DONALDSON: I am sorry but irrespective of what is being said to the Australian Stock Exchange, it maintains that an agreement must be reached with the minister, and the company and the minister did not meet today.

Hon Kim Chance: No; they are meeting this week.

Hon BRUCE DONALDSON: They have Wednesday, Thursday and Friday; bully for them!

Hon Simon O'Brien: They even want certainty in their future.

Hon BRUCE DONALDSON: Of course they do. I think it has been an outrageous outcome to see a company that has outlaid a tremendous amount of capital to suddenly find itself out the door.

Hon Kim Chance: But who said it was out the door? This is your own invention.

Hon BRUCE DONALDSON: No, it is not.

Hon Kim Chance: The minister has three times extended the deadline.

Hon BRUCE DONALDSON: The minister would also have to know that she extended the deadline because one cannot suddenly put the iron ore at Morawa on the rail or Pintharuka or anywhere else.

Hon Kim Chance: I said there were a number of good reasons why they were not reached.

Hon BRUCE DONALDSON: Of course there is, and I hope that this will occur. I think the Leader of the House is being very defensive; he is trying to defend the indefensible.

Hon Kim Chance: We need a final position sometime; this cannot be seen as an aspirational target.

Hon BRUCE DONALDSON: I do not think any of us would want that.

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Hon Murray Criddle: The other thing, of course, is that those things, such as the local government commitment to allow it to happen, have to be ticked off and environmental matters have to be ticked off, so there are two sides to this argument.

Hon Kim Chance: Yes, indeed; I agree.

Hon BRUCE DONALDSON: Let us get on with it. We have had enough problems with who will build the port at Oakajee. Who will build the railway lines? It looks like we will have two railway lines at the moment, but that is fine; that is the company's problem. It has the capital to invest and its investors are quite happy with that. Fine! However, I think all of us probably wanted to bash their heads together a while ago and say, "Let's get on with it for the mid-west's sake, and get on with the development of the Oakajee port!" It would certainly take a lot of freight away from the City of Geraldton, which would be great and I am sure that a lot of people who live there would be far better off.

The interesting part to me is that people complain about the conflict of heavy vehicle traffic and their own pursuit along those roads, whether it be their cars, their own trucks or whatever, but members should look at the traffic already pouring in off the Brand Highway into Geraldton. Believe me, members have to be there for only half a day to see it, and do a count if they want to; they will be staggered by what is going in and out of there now. I find it hard to comprehend that, at the end of the day, the minister or the government cannot work something out and somewhere along the line get that product onto rail without these threats of discontinuation, almost. That was said quite clearly in *The Geraldton Guardian* not long ago: the minister was just going to chop the operation out - either put it on rail or the company is finished. That was the minister's comment, so there were threats on her side as well.

Let us get on with it, and I hope that between now and Saturday the minister can come to a resolution with the Midwest Corporation. Let us see the iron ore being delivered in the most profitable and sensible way, and we all know that should be on rail where possible. We shift huge volumes of product across Western Australia by road in a lot of instances, and that is the way it will be in the future. Take the Pacific Highway and the Bruce Highway in the eastern states: these are being upgraded because all the freight out of Melbourne and Sydney to Brisbane and vice versa is shifted by road. People in the eastern states are talking about the volume of freight transported doubling by 2020, so even with all their fast rail and everything else in this day and age, the product is still going by road. Interesting.

HON SIMON O'BRIEN (South Metropolitan) [4.32 pm]: I respond briefly, and I thank members for their contributions and, essentially, their support of this junior iron ore company and its transport haulage contractor, which is currently under the hammer courtesy of this government and this Minister for Planning and Infrastructure in particular. The Leader of the House, who is representing the government on this issue in this chamber, has said that the route travelled between Koolanooka and the Geraldton port by Midwest Corporation's contractor is unsatisfactory. I agree. Patience Bulk Haulage agrees. Midwest Corporation agrees. The preferred route is not the route that the government itself has insisted upon. Patience Bulk Haulage already has current road train permits for 36.5-metre vehicles to go from Geraldton to Morawa anyway. All it asked for was to extend the road train network by about 19 kilometres through a rural road from Morawa east out to Koolanooka. This all started from that - namely, when Patience Bulk Haulage started talking to Main Roads and the arrangements were entered into, and it received the obvious signals from Main Roads that it would be allowed to do this. However, it is not allowed to go up there; even if Midwest Corporation wants to pay for the upgrade of the Morawa Road north to the main highway, the government will not let it go that way. Hundreds and hundreds of heavy vehicles, which are far bigger than the ones we are talking about today, use that main route into Geraldton. Why is this particular haulier being singled out for adverse treatment, whereas others, perhaps, have had very good treatment?

Let me summarise briefly what has happened. I think sometimes the Minister for Planning and Infrastructure is a maverick ideologically driven minister who hates road transport and road transport companies and the people who run them. From one end of the state to the other, people operating those companies tell me that they get some sort of personal antipathy from this minister and her office. It is as simple as that, and it finds expression in the sort of issues that we are debating today. As I said in my opening remarks, I can point to all sorts of examples all over the state in which these companies feel they are being victimised; we are dealing with one of them now. The minister makes her own personal half-baked policy and then she pursues it. She scoured the legislation to find a way to stuff up this company, and she finally found it in the Transport Co-ordination Act 1966 with some obscure power to single out iron ore in a particular area - that is, the one commodity that needed to be transported was the one commodity that she would not allow to be transported. She put up an order to prohibit that unless operators had a separate licence, and then she issued a trickle feed of licences in some recognition of reality. It is a pity Hon Kim Chance is not the Minister for Planning and Infrastructure because he understands what is needed. However, the current Minister for Planning and Infrastructure has trickle fed these licences. Hon Kim Chance is right; they have been renewed. The first one was from 2 January 2006 to

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1 October 2006. This was quite unnecessary, apart from the Leader of the House's maverick colleague's invention to stuff around this company. Patience Bulk Haulage did not know what would happen after 1 October 2006. In the end, sweating on it all the time, it did get the extension - from 2 October 2006 to 21 April 2007. Just before 21 April, I was actually sitting in the Patience premises in the yard - a very impressive operation it is - when the next renewal arrived in the mail; this was for 21 April 2007 to 30 September 2007. Members will notice the periods are getting shorter as we go by. Finally, and I raised it in this place with the Leader of the House the other sitting day, the company received an extension from 30 September 2007 to 20 October 2007, which expires this Saturday. Then what happens? Unless it gets another extension, Patience Bulk Haulage is out of business; it has to stop - it is as simple as that. Where are the extensions coming from? I think the papers tabled earlier refer to the previous extension. I do not believe that announcement referred to earlier by the Leader of the House was produced today; I think it is from last month, with respect, but we can find that out.

Hon Kim Chance: As I said, it was not dated.

Hon SIMON O'BRIEN: That is the problem.

Hon Kim Chance: However, what I was emphasising was the commitment for the company.

Hon SIMON O'BRIEN: Let us hope that we get some commitment from the government because the only commitment we have seen so far is to drive this company to the wall.

Motion lapsed, pursuant to standing orders.