

SPEECH NOTES

DAMPIER SALT AGREEMENT — SECOND READING

LEGISLATIVE ASSEMBLY

Wednesday - 22nd November, 1967

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HON. C.W. COURT, O.B.E., M.L.A.,
Minister for Industrial Development.

The Bill, now before Members, is to ratify an Agreement dated 21st November, 1967, between the Government and Dampier Salt Limited, a Company which has been incorporated in Western Australia, the principal shareholder being Comalco Industries Pty. Limited.

The subdivision of interests is:

COMALCO	— — — — — — — — — —	50%
BRITISH TOBACCO	— — — — — — — — — —	14%
COLONIAL MUTUAL LIFE ASSURANCE	— — —	4%
MARUBENI IIDA		
AND NISSHO CO. LTD.	— — — — — — — — — —	<u>32%</u>
		<u>100%</u>

Through Comalco, Dampier Salt Limited is closely allied to Hamersley Iron Pty. Limited, and the area it will be leased lies between the mainland and the island which has been developed by Hamersley Iron Pty. Limited. - as the port of Dampier.

The salt company intends to ship its production out through the port of Dampier, However, whatever arrangements are made with Hamersley will have to be approved by the Government.

To help Members in the consideration of the Bill, I have had plans prepared which delineate the various areas referred to in Clause 3 of the Agreement, and I now make these available.

Initially the Company will be granted a lease over approximately 28,600 acres of land - mainly tidal flats at present of no commercial value. This area is in two parcels separated by the causeway carrying Hamersley's railway line.

The Company will progressively develop these areas into concentrating ponds for the production of salt; the area nearest the causeway being that planned for crystallisers.

The Company estimates that this production site will enable them to produce up to approximately one million tons of salt per annum.

If the project prospers as expected, and in the future larger contracts are written, the Company will need additional land. The Agreement provides in subclause (2) of Clause 3 that the Company will have the option to take up the area edged in blue on the plan.

The Company also sought to have included in the option area the land edged in green. However, as the surrounding sea is a potentially valuable pawning ground, and the Fisheries Department was not sure of the role played by local mangrove swamps in the breeding and development of prawns, it was decided not to commit this area until further investigation work had been carried out by Fisheries Department scientific officers.

It was also at the Fisheries Department request that the production site lease was altered in the north-east corner. Members who study the plan will note that there is an indentation. The earthworks will conform to this. This will enable fresh water, which would normally be shed off the rocky land above high water mark during rains - and particularly during cyclonic rains - to still be able to find its way into Nickol Bay and play its role in the life cycle of the prawns. Fisheries Department officers are of the opinion that entry of fresh water in the mangrove flats trigger off migration moves and breeding cycles of prawns.

It will be noted that the production site is initially leased for a period of twenty-one years. The Company is granted rights of renewal for a further period totalling forty-two years.

If the State requires any of the area under option for its own uses or to lease to enable another project to be established the Company has to exercise the option within two years on receiving notice during the first five years of the ten year option period, or otherwise within one year. This Clause was designed to prevent the Company controlling an area which it did not intend to use to the detriment of another possible industry.

The Agreement provides for a lease for shiploading facilities and stockpile sites. At the present time it is expected that the Company will arrange both of these through Hamersley Iron Pty. Limited. These Clauses have been included to cover the situation if Dampier Salt Limited has a need to construct a jetty and associated facilities outside the area which is subject to Hamersley's lease.

There is provision in the Agreement for salt to be transported from the crystallisers to the jetty by road, rail, or conveyor system. At the present time the Company favours road transport over the short distance which separates the two points.

The Company has estimated that the first stage of its project will cost \$5,000,000, and will have a designed capacity of 650,000 tons of salt per annum with planned expansion to 1,000,000 tons per annum.

The royalty payable is identical to that payable by Leslie Salt Company., Royalty and rental payments will be subject to escalation in the future, depending on the F.O.B. value of salt.

The Company will provide all the houses required for its employees. Comalco is well experienced in establishing communities through its Weipa project. I have examined the brochures illustrating the township which has been established in this location, and I am sure that employees of Dampier Salt will enjoy good housing and amenities once the project is established. The good example set by Hamersley Iron Pty, Limited, will give an idea of the standard of living accommodation to be expected.

Another provision of the Agreement is that any hospital or educational facilities required to meet the needs of employees of the Company or their families shall be at the cost of the Company. It is understood that Dampier intends to make arrangements with Hamersley Iron Pty. Limited to co-operate in the development and use of the facilities which that Company has established at Dampier. This is the sensible way to handle the position and will make for early broadening of the base of Dampier's operations and community.

A Clause providing that the Company shall supply salt if it is required for use in Australia has been written into this Agreement.

The remainder of the Clauses in the Agreement are fairly standard and common to all Agreements of this type.

This is the third formal Agreement the State has negotiated for the production of salt on our North-West Coast - additional to the Potash/Salt Agreement with Texada near Carnarvon.

Shark Bay Salt, after early difficulties is now in production. Its first shipment was loaded last July. It is anticipated that this Company will achieve a production rate in the vicinity of 300,000 tons per annum during this forthcoming season.

Leslie Salt Company is well advanced with its project. Sea water, in vast quantities, is being concentrated. A diversion barrage has been built across the Ridley River. A number of houses for employees have been completed, and more are under construction, The fine new wharf, over which the salt will be loaded, is making good progress. The Company expects that it will load its first cargo of salt in the first quarter of 1969.

Dampier expects to load its first shipment of salt in 1970.

Our North-West Coast, with its high temperatures and low rainfall, should be ideal for the production of solar salt, It also has a distinct advantage over other parts of Australia in regard to its proximity to the markets of Japan.

I have no doubt that, in the future, the solar salt industry will develop still further and make a major contribution to this State's economy both for export and as a raw material for local chemical industries.

I commend the Bill to Members, and move it be read a second time.