

Burrup questions during Estimates Monday 10 and Tuesday, 11 June 2002

Hon NORMAN MOORE: Output 4 on page 950 relates to investment attraction services and refers to work on the Burrup Peninsula. What is the current situation regarding the three proponents who are seeking land or to whom land has been allocated on the Burrup Peninsula? What is the circumstance of each of them regarding the stage of development that the project has reached?

Mr ASHCROFT: Which three proponents is the member talking about?

Hon NORMAN MOORE: I refer to Syntroleum Sweetwater Operations Ltd and the ammonia and fertiliser plants.

Mr ASHCROFT: The Syntroleum corporation has a lease arrangement with LandCorp that is dependent on certain matters coming to a conclusion. Burrup Fertilisers Pty Ltd is the other plant that the member mentioned and it also has a lease arrangement with LandCorp, pending the completion of certain matters. The third group to which the member referred is Plenty River Corporation Ltd, which is now called Dampier Nitrogen Pty Ltd. It has an option over a piece of land that runs until February next year that allows it to complete its feasibility studies. Should those studies prove positive and the company get the required approvals, a lease arrangement will be made available to it through LandCorp.

Hon NORMAN MOORE: Is it necessary for those three projects to be located on the Burrup Peninsula from the point of view of the department and of the proponents themselves, as opposed to another site, for example, in Maitland?

Hon KEN TRAVERS: I will make some general comments on that issue and refer the details to Mr Ashcroft. The projects need to go ahead on the Burrup Peninsula. The issue was best summed up in a press release from the chief executive of the Chamber of Commerce and Industry of Western Australia, Mr Lyndon Rowe, on 6 June in which he said -

The \$6 billion worth of projects planned for the Burrup Peninsula must go ahead in the economic interest of all Western Australians.

The projects revolve around processing and value-adding natural gas from WA's rich offshore gasfields and they are only viable together on the Burrup where the gas comes ashore.

The State government must stand up to pressure groups opposing the projects or wanting them located elsewhere.

The suggested alternative site at Maitland, 16 kilometres inland, is not an option. Projects like these will go overseas before they will go to Maitland. Proximity to the gas source and to deepwater port facilities is essential and makes location at the Peninsula the key. Even a delay in the green light for the Burrup could put some of the five projects at risk.

The companies involved have developed their proposals in good faith and on the basis of the established land use plan and management strategy for Burrup Peninsula in place since 1996.

...

The projects constitute the next wave of resource development which is needed to maintain the momentum of WA's economic activity and employment growth.

They represent new streams of export income, government revenue and jobs. The state's capacity to provide services, welfare support and opportunities for the young hinges on its success in attracting new investment such as this.

Hon NORMAN MOORE: With respect, that is Mr Rowe's opinion. I have read that. I want to know what the Government's and the proponents' views are.

Hon KEN TRAVERS: The point I was making is that those views are shared by the Government, but I will ask Mr Ashcroft to go through the specific components.

Mr ASHCROFT: I am not sure I can put it any better than Lyndon Rowe, quite frankly, because his view expresses the view of the department and of each of the proponents. We do not have an alternative site in Western Australia for those projects to meet the time frame. It is very clear that if the proponents were not able to access the precinct they are in now, those projects would be lost. That is our very clear view.

Hon NORMAN MOORE: Is the department involved in the native title negotiations; if it is not, who is running the native title negotiations for access to the Burrup Peninsula?

Mr ASHCROFT: The department is involved in the native title negotiations, but is not the responsible agency. The responsible agency is the Office of Native Title, reporting to the Deputy Premier. However, as a key stakeholder, we are intimately involved and are contributing to the process.

Hon NORMAN MOORE: Where are you up to with these negotiations?

Mr ASHCROFT: The negotiations are at an advanced stage with two of the three claimant parties, that is the Ngaluma Injibandi and Yaburara Mardudhunera, but the negotiations are at a standstill with the third party, the Wong-goo-tt-oo. We expect to make some good headway in the coming weeks with the two claimant parties with which we continue to negotiate, but I cannot provide any information as to the matters outstanding or where we are at in respect of the details of the negotiations.

Dr LIMERICK: It is the usual practice, as has been brought to our attention by the Native Title Tribunal, that if we are to negotiate in good faith, which is required of us under the Native Title Act, the negotiations with the native title parties must be confidential; they must not be negotiations that are conducted openly, and certainly not in the media. It is unfortunate that we are not able to explain in more detail the nature of the negotiations, but to do so would jeopardise our ability to register the agreement we have put in place, as we understand the rules that are applied by the Native Title Tribunal.

Hon NORMAN MOORE: So you cannot say how accurate *The West Australian* was?

Dr LIMERICK: Unfortunately, no.

Hon ROBIN CHAPPLE: An answer given earlier to question No 7 indicated that documents would be tabled. Will the information be provided by the department?

The DEPUTY CHAIRMAN: I understand that the answer indicated that documents would be provided. However, they were not attached to the answer. The parliamentary secretary may agree to provide the documents as supplementary information.

Hon ROBIN CHAPPLE: I want it on record that the information will be provided.

How many projects has the Office of Major Projects assisted in the development of, from initiation, since the last budget?

Mr ASHCROFT: I am not sure I understand the question. Is the member talking about the number of projects the office has assisted with per se or the number of new projects that have “walked through the door”?

Hon ROBIN CHAPPLE: I was going to come to that as the second part of the question. How many projects has the office assisted with since the last budget? How many proponents have actively sought the assistance of the Office of Major Projects since the last budget?

Mr ASHCROFT: I do not have the figures. I prefer to supply supplementary information.

[*Supplementary Information No 33*]

Hon ROBIN CHAPPLE: How many proponents has the Office of Major Projects actively enticed to Western Australia since the last budget?

Mr ASHCROFT: I do not have the precise numbers and I prefer to supply supplement information.

The DEPUTY CHAIRMAN: All parts of the member’s question will be provided as supplementary information No 33.

Dr LIMERICK: Page 948 of the *Budget Statements* refers to project facilitation. The output performance measures identify 87 resource development projects facilitated in 2001-02. It also identifies the substantial items of resource development policy and planning advice delivered as well as the number of infrastructure projects facilitated.

Hon ROBIN CHAPPLE: I was aware of the information. I required clarification.

There appears to be some discrepancy about the proposed costs for the Burrup Peninsular development. An earlier answer gave the cost as \$135.9 million. I have a copy of an e-mail sent to the Shire of Roebourne, of

which Mr Ashcroft was also a recipient. It states a figure of \$134 million. Federal funding is identified as \$85 million. The e-mail to the Shire of Roebourne states, in part -

. . . the Federal Methanex money is different and should not be included, but has been added in by Mr Chapple.

The media release by Hon Ian Macfarlane refers to Methanex, which will receive \$85 million and states -

Methanex will develop infrastructure such as energy, desalination and port facilities which will be available to other users. This is in addition to the infrastructure provided by the Western Australian Government and will complement it effectively . . .

The availability of multi-user infrastructure will be influential in attracting these projects to Australia.

In providing advice to the shire, how can the department identify the \$85 million as being totally different and not to be used for infrastructure?

Mr ASHCROFT: Do I understand the member correctly in that the question was in two parts with one part referring to the difference between the proposed costs of \$134 million and \$135.9 million or \$136 million?

Hon ROBIN CHAPPLE: That was more of a statement rather than a question.

Mr ASHCROFT: There is a \$2 million community service obligation to the Dampier Port Authority to be covered over a number of years, which is sometimes not included in the global figures on the hard infrastructure. This is a payment to the Dampier Port Authority for having constructed a new berth, but being unable to utilise it 100 per cent with the first project. That is the difference between the two figures mentioned by the member.

The difference between the state package, which is clear and public, and the commonwealth package lies with the definition of the term "multi-user infrastructure". The State is not privy to the detail of commonwealth discussions with Methanex Australia Pty Ltd and it is not a party to that agreement. Although the State is influenced by the agreement and is seeking to better understand it, the package is paid direct to Methanex with a requirement to make the infrastructure that comes out of that package available for other users on a commercial basis at Methanex's discretion. It is not the way in which the State deals with multi-user infrastructure. The State does not provide money to any particular party. It puts the infrastructure in place in such a way that the users can use it. The problem with the commonwealth package is that it is not yet determined what the split up of that \$85 million will be. It merely covers the general infrastructure items that the member just read out. In fact, it may not cover some of those items as it is still under discussion. It is also dependent on when Methanex triggers its project. The State's package will be triggered by the running of the first project. However, the Commonwealth's package bears no relationship to when the infrastructure must be constructed on the industrial estate. For example, if Methanex were to construct a power station, it might happen a year after two other projects have committed. In that case, those projects would have to make other arrangements for their power supply. The department is in discussion with the Commonwealth and Methanex on how best to utilise that money to fit in with the State's committed infrastructure. The State has not gone as far as providing the amount of infrastructure that all the project proponents would have desired. It held back and went for the priority areas with most of that money being used for water infrastructure; that is, sea water intake and brine discharge. There was plenty of room within the Commonwealth's negotiations with Methanex to consider other ways. We have been lobbying strongly with the Commonwealth for, as far as I can remember, six to eight years, and saying that when incentives are provided to companies, the public benefits only when multi-user infrastructure is provided. That sort of infrastructure has benefits way beyond the project and serves as an investment attraction mechanism for the future. Up until recently the Commonwealth had not seen fit to apply its incentives in that way. However, we believe we have made considerable progress with the Commonwealth now and the Methanex package is a start, albeit there are some difficulties with how it can be implemented. We are now working with the Commonwealth to get the best out of the deal for the State.

The DEPUTY CHAIRMAN: This is Hon Robin Chapple's third question and it should be kept succinct because we are quickly running out of time.

Hon ROBIN CHAPPLE: The information provided to the Shire of Roebourne via an e-mail indicated that the Burrup Peninsula funding was \$134 million and did not include or have any relevance to the \$85 million of federal funding. Periodically it has been said that \$220 million was provided to develop the infrastructure on the Burrup Peninsula. That has been inclusive of infrastructure development by the federal government. The

e-mail that was sent to the Shire of Roebourne was misleading. I will table the e-mail and the letter from the federal minister.

Mr ASHCROFT: I disagree with the member. The member may not realise that part of that \$85 million of funding was for research and development and is not for multi-user infrastructure. I reiterate that we do not know what is in that package until it is finally designed. It is now becoming clearer as we are becoming intricately involved in the discussions to nail that one down. However, the usefulness of it to the other industries in that area comes down to timing. We are trying to get that matter resolved with the company and the Commonwealth so that it can be an effective addition to the State's package. It is not as clear as the member might purport it to be.

Hon ROBIN CHAPPLE: I seek to table an e-mail to the Shire of Roebourne and the media release from Hon Ian MacFarlane in relation to the \$85 million of federal funding.

Hon E.R.J. DERMER: I refer the Committee to the third dot point on page 938 of the *Budget Statements*. Recent media reports have referred to a meeting held on Sunday 9 June at the Burrup Peninsula about a number of projects earmarked for development. Will the parliamentary secretary inform the Committee about the support that was given to the projects by the political representatives who were present at the meeting? What was the nature of the support offered?

Hon KEN TRAVERS: A meeting was held last Sunday at the Burrup Peninsula to discuss matters relating to projects that have been earmarked for development. In a press release, the Minister for State Development congratulated the Shire of Roebourne for organising the forum and for its leadership on the issue. In addition, the minister noted that a number of political representatives spoke at the meeting, including the member for Burrup, Hon Fred Reibling, a number of members from the Legislative Council including Hon John Fischer and Hon Robin Chapple, and the federal Government's representative Senator Eggleston. Also present were Hon Jon Ford and the member for Kimberley. A number of important issues were discussed at the meeting. An important outcome from the meeting was that for the first time, all political parties unambiguously declared their support for the projects.

Hon NORMAN MOORE: The minister already made this statement today in the Legislative Assembly.

Hon KEN TRAVERS: It is important we hear it in this Committee.

Hon NORMAN MOORE: Will the parliamentary secretary identify the paper or document from which he is reading?

Hon KEN TRAVERS: I am referring to notes; I am not quoting from a document. I should clarify that that was also the case earlier this afternoon.

It is important to note that until now it has been unclear whether all political parties shared the Government's support for the projects. The meeting on Sunday provided that clarity. That is something the Government was pleased to see.

Hon JOHN FISCHER: The minister failed to mention that the approximately 600 people at the meeting were unanimously against the project.

The DEPUTY CHAIRMAN: Hon John Fischer does not have the call. If the parliamentary secretary will reply to the question asked, we can move to another question.

Hon KEN TRAVERS: Hon John Fischer makes a relevant point; some groups would prefer that the Government dishonour the State's commitment to the proponents of the King Bay-Hearson Cove industrial area and ask that they begin again at Maitland. I have covered the Government's reasons for its view, including the work that has been done by the proponents of the King Bay-Hearson Cove industrial area. We welcome for the first time the unequivocal support of all political parties for the proposed gas processing projects on the Burrup Peninsula.

Hon ROBIN CHAPPLE: That was not the statement of the minister.

Hon ROBIN CHAPPLE: In the event of environmental issues, native title obligations, Aboriginal heritage issues and local or international opposition to the industrial development on the Burrup making such a development untenable, what contingency plans does the department have to bring the Maitland industrial estate on stream rapidly to provide security to the proponents? Does the department accept that it may be in the interests of all parties for such a contingency plan to be developed?

Hon KEN TRAVERS: In answer to an earlier question from Hon Norman Moore I made it very clear that the Government's view is that industry needs to be located at Burrup if it is to remain in Western Australia. I will ask one of the officers to advise what planning has been done for the proposed Maitland industrial area. However, in terms of the current projects that are on the drawing board, it is the view of the Government, the industry, the Chamber of Commerce and Industry and others that industry needs to be located at the King Bay-Hearson Cove industrial area for those projects to go ahead; if it is not the State will lose those projects.

Mr ASHCROFT: That is a very accurate description. We will not have those projects if they have to relocate to Maitland. That is because Maitland cannot be brought on stream physically for probably three years. If we got the funding today, we would need to go through the full environmental process. It is a very expensive option. Then we would need to go through the construction process to bring on West Intercourse Island and connect that to shipping channels before Maitland could become a viable estate. We have a program in place. It is true that there are no contingency plans for current industry. However, we have a program that will, firstly, allocate industry to the Burrup Peninsular. If all the projects we have planned to locate there proceed, which would be great, Burrup will not have much flexibility for any further development, except for a piece of land that we have recently acquired from Hamersley Iron. The next step, which is in the planning phase right now, is to develop West Intercourse Island. The numbers for that are very rubbery, but there has been some preliminary work, with talk of \$200 million to \$300 million. That would involve a couple of hundred million dollars just to get across to the island - that is, a road to the island and a crossing - and another \$100 million to link the island to a port and a shipping channel. Then we have the problem of water, power and all the infrastructure that we have just put into Hearson Cove, which cost us over \$100 million for that precinct alone. It is a very expensive option. However, time is the critical issue for getting that on stream. We cannot get onto West Intercourse Island in fewer than two and possibly three years.

Hon ROBIN CHAPPLE: I refer to a paper titled "The Survival of the Murujuga (Burrup) Petroglyphs" by Robert G. Bednarik dated June 2002, which states in part -

Alternative curve (d) attempts to predict the effects of the proposed trebling of emissions and suggests that the shallow petroglyphs will disappear between about 2025 and 2035. Under these conditions, the fully exposed substrate will have commenced disintegration by the middle of the century, which is likely to lead to extinguishing almost the entire corpus of rock art by the end of the present century.

Does the department concur with these findings; and if not, why not? How does the department intend to reconcile these findings with its obligations under the Aboriginal Heritage Act to protect and preserve cultural sites? If it does concur, what funding is the department putting aside to protect or remove the more than one million petroglyphs on the Burrup Peninsula?

Ms THORLEY: The department does not concur or disagree with the findings in the report due to the fact that currently an expert panel of people is being put together to examine the emissions and the effect they will have on the petroglyphs. The department has not allocated specific moneys to the Burrup petroglyphs. We are working through our regional heritage offices and the native title process to assist in the protection of those petroglyphs.

Hon ROBIN CHAPPLE: If the department concurs with the International Federation of Rock Art Organizations - which is a very prestigious body - that the findings in the report are true, does the department have any contingency plans for removing the more than one million petroglyphs?

Ms THORLEY: The department would have to consider that matter. We have a responsibility under the Aboriginal Heritage Act to ensure the protection of those petroglyphs. Woodside Petroleum Ltd has provided funds for the removal of the salvage pit petroglyphs to a safe area. We will be negotiating again with the proponents to ensure the protection of those petroglyphs.

Hon ROBIN CHAPPLE: I ask a supplementary question in relation to my previous question. Given that the Department of Indigenous Affairs is drawing together a group of experts to look at the findings of Robert Bednarik, what sort of time line will that inquiry take, what will be the nature of the experts that will be drawn together and what is the expected cost? Finally, what controls on any further activity on the Burrup Peninsula will be put in place until there is a determination of whether Mr Bednarik's findings are correct or until the department and/or its advisers come up with a different position?

Ms THORLEY: The department is not convening the expert panel so it has not allocated any dollars towards that process. I am not aware of the terms of reference of the inquiry, which I think are still being drafted. In

terms of activity, the department will administer the Aboriginal Heritage Act and activity will be monitored under that process.

Hon ROBIN CHAPPLE: Who will be putting together that panel?

Ms THORLEY: I am not sure. Can I take that question on notice.

Hon GRAHAM GIFFARD: We will provide that as supplementary information.

[Supplementary Information No 23]