

SUBMISSION NO. 161

Secretary: *J. Latham*
RECEIVED
10 APR 2006
HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
TRANSPORT AND
REGIONAL SERVICES

RECEIVED
24 MAR 2006
BY: *PN*

GERALDTON IRON ORE ALLIANCE

Mr Paul Neville MP
Chair
House of Representatives Standing
Committee on Transport and Regional Services
Parliament House
Canberra ACT 2600

FXED
4/4/06

Dear Sir

SUBMISSION – DEVELOPMENT OF THE WESTERN AUSTRALIAN MID WEST IRON ORE INDUSTRY – INFRASTRUCTURE NEEDS

The Geraldton Iron Ore Alliance is an unincorporated body formed in December 2005 to promote the development of the iron industry in the Mid West region of Western Australia.

The five members of the Alliance are at various stages of developing or expanding their projects. The members comprise of-

- MT GIBSON IRON LIMITED;
- MIDWEST CORPORATION LIMITED;
- MURCHISON METALS LTD;
- GINDALBIE METALS LTD; and
- GOLDEN WEST RESOURCES LIMITED

Collectively member companies have the capacity to substantially grow the iron ore industry. Indeed, with supportive government policies and the good will of local communities, the Mid West could be transformed over the next decade into the second most significant iron ore producing region in Australia exporting some fifty to sixty million tonnes of iron ore per year.

There has never been a better opportunity to develop the iron ore industry. Iron ore prices are strong, demand is growing and the investment community is willing to invest in new iron ore mining projects. This window of opportunity will not remain open for long.

Governments interested in supporting the development of the industry can do so by ensuring their decision making processes are informed and timely.

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A critical factor in the success of the industry will be the timeliness of various government approvals. Government needs to ensure approvals' processes are clear, consistent and completed within a recognised and agreed time frame. There is also a need to ensure any overlap in Australian and State Government approval obligations does not delay the projects.

Another way governments can support the development of the industry is to be clear about their public policy expectations of both the industry and individual projects. Governments also need to be clear about the degree to which, if at all, the industry may be supported by the designation of major project status or the provision of common user infrastructure such as ports, rail and roads.

The Alliance has been given the role of advocating the infrastructure requirements of the industry. In carrying out that role, the Alliance has adopted the practice of delineating between the infrastructure needs of the southern and northern corridors.

Southern Corridor

We define the southern corridor as including the Geraldton Port and the existing road and rail infrastructure to Mullewa and immediately south including Morawa.

The quality and capacity of the infrastructure in the southern corridor is a matter of some debate. The State Government has not developed a regional transport plan that is capable of dealing with the transport issues that will accompany the impending increase in iron ore production.

The adequacy of the rail and road infrastructure came into sharper focus in December 2005 when the Western Australian Minister for Planning and Infrastructure issued a media release advising that the Transport Coordination Act had been invoked. An order was issued under that Act requiring road transport users to obtain a licence where it ore is to trucked within one hundred kilometres of the Mid West operational rail lines.

The order, which will not come into affect until the rail operator is able to offer a viable service, has impacted on the Midwest Corporation's mine to port trucking arrangements.

It also demonstrated the need for a coherent transport plan.

Three members of the Alliance with operations or interests in the southern corridor have teamed up with the rail provider and operator – ARG and Westnet Rail, and the Western Australian Department of Planning and Infrastructure to commission the development of a

strategic transport plan for the southern corridor. The company *Strategic design and Development* has been commissioned by the five parties to conduct a study designed to provide a strategic transport plan.

The plan will involve an integrated approach to:

- Urgently address the need for an investment program for the existing Westnet rail track system under conditions of uncertainty
- Sequencing of other supply chain initiatives against short, medium and long term infrastructure investment milestones, linked to tonnage projections, acknowledging limited cash flows and low start-up investment in infrastructure by Alliance mining companies
- The role of WestNet and ARG in the delivery of a rail-based transport capability in time to meet short-term needs
- Seamless integration with new transport infrastructure plans and proposals as they arise
- Supporting the Port of Geraldton with staged strategies and investments to integrate land transport to/from its hinterland
- Management of road maintenance impacts and funding issues
- A policy on the regulation of road use

It is expected the study will be completed towards the middle of this year.

Northern Corridor

We define the northern corridor as the area north of Geraldton and Mullewa and including the proposed deep water port of Oakajee and new rail infrastructure to the new north east mines.

The northern corridor involves a quite different approach and substantial infrastructure investment.

Alliance members with interests in the northern corridor have and continue to invest in identifying the most effective ways of providing port and rail infrastructure. These investigations assume-

- The Oakajee site will be the site for a deep water port; and
- A rail network will be permitted to be constructed between the Oakajee port and the north east mines.

The State Government has been urged to make an early in principle decision on both of these matters as well as other public policy issues that impact on the financial viability and timeliness of the projects.

The Australian Government has the opportunity to participate in the development of the industry in this region. The Alliance would welcome such a commitment.

Yours faithfully



Clive Brown
Chairman

14 February 2006