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Submission no 31

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Private and confidential

By email: ipnrc@parliament.qld.gov.au

Research Director
Infrastructure, Planning and Natural Resources Committee
Queensland Parliamentary Service
Parliament House
Cnr George and Alice Streets
Brisbane Qld 4000

2 July 2015

Dear Sir or Madam

Sustainable Ports Development Bill 2015 (Qld)
Submission by Rio Tinto Alcan (RTA)

We refer to the Sustainable Ports Development Bill 2015 (Qld) (the **Bill**), and to our previous submissions dated 13 December 2013 and 20 January 2015, on the consultation drafts of the 'Queensland Ports Strategy' and the former Ports Bill 2014 (Qld) respectively. We also refer to RTA's submission on the Reef 2050 Long-Term Sustainability Plan dated 27 October 2014.

RTA has been very pleased to be an active participant in the ongoing consultation processes undertaken to ensure that future development of the State's port network is undertaken in an ecologically sustainable manner. As a long-standing member of the Queensland community, RTA strongly supports and recognises the importance of work to safeguard the iconic Great Barrier Reef World Heritage Area (**GBRWHA**).

The content of the Bill, and the proposed port planning framework, is also critical to our business, which relies on the efficient and sustainable management and operation of the Queensland port network. Thank you for continuing to provide us with the opportunity to participate in this important process and to provide feedback regarding the Bill.

Operations of Rio Tinto Alcan

By way of context, RTA's global Bauxite and Alumina business unit is headquartered in Queensland. RTA's operations include the Weipa bauxite mine on Western Cape York Peninsula and the Yarwun and the Queensland Alumina Ltd (**QAL**) alumina refineries (the latter 80% owned) in Gladstone.

Bauxite is mined at Weipa and then shipped to the QAL and Yarwun plants for refining into alumina. Alumina is transported by conveyor from QAL to the Boyne Smelter for the smelting stage of the aluminium production process. Alumina is also shipped to Australasian and international customers. As you can see, RTA has a fully integrated supply chain, which relies heavily on use of the Queensland port network and associated shipping lanes.

In addition, RTA is presently considering an expansion project for its Weipa bauxite mining operation, referred to as the 'South of Embley' project (**Project**), which will involve development of a new port on the western coast of Cape York Peninsula. The Project has received government approval to proceed following completion of a Commonwealth and State environmental impact assessment process. The Project involves (amongst other things) construction of a new port about 40km south of Weipa, at an area known as

Boyd Point (the **Boyd Port**). If the Project proceeds, shipping associated with the expanded Weipa operation will take place at both the existing Port of Weipa and the new Boyd Port.

Submissions

We have had the opportunity to review the submission prepared by the Queensland Resources Council, and endorse the technical drafting recommendations made within that submission. We have focused on some of the areas of key concern to our business below.

New port facilities

We suggest that the drafting of clause 32 of the Bill needs to be further developed to clarify that it is intended to limit the development of *new* port facilities (which we note is identified as being the intent of the clause in the Explanatory Notes to the Bill).

As presently drafted, the clause appears to have the potential to apply more broadly to prohibit *any* development applications that might relate to existing port facilities. We suggest that this drafting clarification is made in order to ensure that enactment of the Bill does not produce any unintended consequences.

Areas outside of the GBRWHA

A key element of the previous submissions made by RTA is that the scope of any prohibitions relating to new port development and capital dredging should be limited to areas that are within the GBRWHA. We note that the Bill has adopted an approach that limits these prohibitions in this manner.

We continue to be strongly supportive of this approach. This is particularly so, given the location of RTA's current Weipa bauxite mining operation and the Project on the west coast of Cape York Peninsula.

Capital dredging and disposal of dredging material

Clause 34 of the Bill proposes to prohibit the disposal at sea of 'prescribed dredge material', being material produced as a result of 'capital dredging'. We note that is a new concept that has been introduced within the Bill. We also note that the definition of 'capital dredging' has been broadened from that contemplated in the previous consultation regarding future port regulation in Queensland.

Given the significant complexity and expense associated with onshore disposal of dredge material, we consider that this obligation will introduce significant impediments to the future operations of the State's existing ports. This is particularly concerning in the case of the Gladstone Port, which will experience increased traffic in the coming years as new coal and LNG shipping levels escalate. This increased traffic will inevitably lead to increased requirements for dredging to maintain the capacity rights of all users.

In order to ensure that the Bill achieves its objective of supporting effective port development and operations, while ensuring that it is carried out in an ecologically sustainable manner, we suggest that the Bill include capacity for exceptions to be permitted where disposal of prescribed dredge material can be done in a manner that minimises any impact within the GBRWHA. We suggest that these exceptions could be located within the regulations to be developed to accompany the Bill, and should be crafted following detailed consultation with industry and relevant environmental experts.

We also suggest that the definition of 'capital dredging' needs to be amended in the following manner:

- (a) the reference to 'enlarging' in subparagraph (a) should be removed (along with the associated definition of 'enlarging'). The widening or deepening of existing channels at port facilities is often required as part of general maintenance activities, and incremental increases in channel dimensions can be a useful tool employed by port operators to optimise capacity usage and ensure vessel safety.

We strongly suggest that enlargement of existing channels be explicitly recognised as an activity that falls outside the definition of ‘capital dredging’; and

(b) in order to provide greater clarity to the operation of clause 34, the general exclusion set out in paragraph (b) of the definition should be supplemented by inclusion of specific examples of dredging activities that will not be considered to be ‘capital dredging’ (noting that such examples should not operate to limit the application of the general exclusion). We envision that such examples would include:

- i. maintenance of navigation channels or removal of impediments to navigation in a port;
- ii. dredging undertaken in response to, or to prepare for, the impacts of extreme weather events; and
- iii. general maintenance dredging; and
- iv. dredging undertaken from time to time to optimise capacity within priority ports.

Preservation of rights of existing operations

RTA is concerned to ensure that the Bill will not have a detrimental impact on the rights of existing operations in the State, given the significant investment made by such businesses. Ensuring that all existing operations (at both project development and operational stages) have certainty regarding the preservation of accrued rights, will also be critical to the ongoing ability of the State to attract and maintain industrial investors.

In this regard, RTA strongly supports clauses 36-39 and 60 of the Bill, which (amongst other things) expressly preserve rights associated with existing lawful land uses, previously issued development approvals and projects presently undergoing an environmental impact assessment process.

However, RTA is of the view that these clauses also need to specifically permit any expansion of existing lawful uses or amendment to development approvals, which may be required to allow growth in such existing operations (where such would have been permitted ahead of the master plan and port overlay taking effect), in order to effectively preserve the rights of existing users. RTA also proposes that these clauses include references to existing environmental authorities, and amendments to such authorities, for completeness and to ensure that the Bill does not produce any unintended consequences in its application.

Master planning and priority ports

As discussed above, RTA has an interest in two operations located within the proposed Gladstone port master planned area. RTA is supportive, in principle, of the concept of legislative change that streamlines, and provides greater consistency in the application of, development and planning processes for priority ports.

However, we reiterate that the framework should not adversely impact on the rights of existing operations that invested within these areas in order to utilise port facilities as a critical component of mining and industrial operations. By way of example, there are a range of businesses that have made significant investment in the Gladstone State Development Area, in reliance on both the assurance of access to the Gladstone Port and the development framework promoted by the *State Development and Public Works Organisation Act* (Qld). For example, RTA has invested more than \$3.8 billion in this region in association with its Yarwun alumina refinery.

Given that the detailed content of master plans and port overlays are not yet available, it is difficult for interested parties to provide reasoned and comprehensive comment on the provisions of the Bill. As a result, it will be critical for the State to engage in detailed and lengthy consultation with industrial users to ensure that interests are effectively considered and represented in subsequent instruments developed to set out the detail of priority port master plans.

If you have any queries, please do not hesitate to contact Julia Wilkins on +61 7 3625 5141.

Yours sincerely

A handwritten signature in black ink, appearing to read "Phillip Strachan", with a horizontal line extending to the right.

Phillip Strachan
President and Chief Executive Officer
Bauxite & Alumina