



Speech by

**Mr JIM PEARCE**

**MEMBER FOR FITZROY**

---

Hansard 7 November 2002

**MINERAL RESOURCES AND OTHER LEGISLATION AMENDMENT BILL**

**Mr PEARCE** (Fitzroy—ALP) (5.40 p.m.): In joining the debate on the Mineral Resources and Other Legislation Amendment Bill, let me begin by saying that access to Queensland's mineral resources is a basic requirement of the mining industry. From my knowledge of the industry it would appear that in Queensland access to the state's mineral resources is as open if not more open than it is in any other Australian state or territory. I understand that, except for national parks and World Heritage listed areas, all land that is not closed to land improvements is available for exploration and that where reserves are proven mining companies can apply for a mining lease. I acknowledge that indigenous land issues have had an impact on the speed at which exploration and mining permits have been approved, but this government is about striking a balance between mining, environmental management and land rights. For this government, that is a priority. Queensland is rich in resources. These resources are the property of the people through the Crown. As managers of these resources, the government is committed to ensuring that the people of Queensland benefit through jobs, infrastructure and the revenue that can be expended on education, hospitals, roads and other needs.

The bill will address long held concerns regarding damage to roads from traffic generated by industry development activities and will implement the state government's damage to roads policy as it applies to the mining industry. The damage to roads policy was endorsed by cabinet in December 1999 after extensive consultation with local government and key industry representatives. Under that policy, there is a requirement to introduce legislative or administrative arrangements to subject mining industry development activities to road impact assessment processes similar to those to which other industries are subject under the Integrated Planning Act. There is a requirement to put in place regulatory arrangements to enable developer contributions for roadworks to be obtained, where appropriate, for the mining industry and its development activities. I understand that the amendments focus on mining projects which are not declared to be significant under the State Development and Public Works Organisation Act 1971. Mining projects which are declared to be significant are subject to a rigorous environmental impact statement process which includes, where appropriate, the assessment of the impact on roads.

I support this legislation because in my view there is a demonstrated need for appropriate powers to be put in place to ensure that taxpayers are not left with the burden of funding repairs to damaged roads caused by trucks transporting product between a mine site, processing plants or rail loading facilities. Government should, first, work with companies to assist in their establishment so that they can start mining operations and become a viable business. The way that assistance is provided depends on the needs of the particular mining company and the ability of the government to cater for those needs. I know that the government will do what it can to help a company get on its feet. We have done that in Queensland before today. I know that in doing so we have the support of the community, because it provides economic benefits to the state and, most importantly, jobs for people.

Those companies that benefit from a cooperative and progressive government should not be able to renege on agreements or abuse the privileges provided to them by government. The reality of road transportation of product on state or local government roads is that these roads are damaged under the sheer weight and constant movement of large trucks moving between mining operations and processing plants or, as I said before, rail loading facilities. At the moment, there are two coal developments in central Queensland which will be hauling coal by road. They will be carrying coal on

roads that really were not constructed for this consistent movement of heavy vehicles. There is no doubt that the roads which form the route between the site and the unloading facility will be damaged. The public should not be forced to suffer the consequences of road failure or the potential impact on road safety.

For those reasons, mining companies must contribute to any upgrade required to meet the company's haulage needs and to ongoing maintenance. These two new mines will bring significant economic benefits locally, to the region and to the state. There is a need for local and state governments to be flexible and, where possible, to assist in the development of these projects because in the long term they will deliver significant benefits. There must be, in my view, legislation that requires a mining company to make a contribution toward the cost of road maintenance. Legislation is the only way that an ongoing financial contribution can be assured. Mining companies will make the promises—and I will give an example of this very shortly—about short-term needs but, once established, will find every excuse and every reason why they should not use rail or pay any type of levy.

As I said, I wish to draw to the House's attention an example of where a major company has thumbed its nose at the community and the government. Queensland Magnesia owns and operates a magnesium mine north of Rockhampton and south of Marlborough and a processing plant at Parkhurst, on the northern side of Rockhampton. It is important that members understand and are made aware that the Bruce Highway between these two sites runs adjacent to the main northern rail line. In 1990 QMAG alerted the public to its requirement to move raw material between the mine site and the Parkhurst plant by road. The community was very upset about that and started contacting people like me. They were concerned about the road safety issues, particularly in Parkhurst on the northern side of Rockhampton, because the highway is only metres from the Parkhurst State School. They were also concerned about the potential damage to the Bruce Highway and who would be paying for that. They were also upset about the fact that the raw material was not being transported by rail as this would take away revenue from the state and also the opportunity to provide more jobs through Queensland Rail.

As the local member, I can recall having a public meeting at the Parkhurst State School where all those issues were raised. Like most public meetings, there was a fair bit of angst about what was happening. To the credit of the company at that time, it gave a commitment to move to rail. It said to the community, 'We need time to establish ourselves. We want to make sure that the plant is operating correctly. There is a bit of a problem with world markets at the moment. We want to generate a cash flow. But we will go to rail.' At that time the company said this would occur in 18 months or two years. As local member, I was quite prepared to go along with that. The community accepted that in good faith because it believed that QMAG was committed to what it had promised. A period of time went by and everything seemed to be going okay. There was no indication that QMAG would move to using rail. As a result of concern in the community that QMAG did not seem to be changing its position, I recall that the Livingstone Shire Council wrote a letter to QMAG dated 4 November 1992. The last paragraph of a letter in reply from Mr Hill, General Manager, Queensland Magnesia, states—

The world recession particularly in the steel industry has delayed expansion plans for the QMAG project but a decision to proceed is expected to be made by early next year. On that basis we expect that all of the facilities necessary for a switch to rail transport would be completed by the middle of 1994.

As the local member, people made contact with me because nothing was happening. As a matter of process, I spoke to the local union about its concerns. I was made aware that it had written a letter to the acting Minister for Transport at the time, Mr Pat Comben. In his reply, dated 13 January 1994, the minister stated—

The haulage of ore will not be easy for QR, as Q-Mag are unsure of their mining plan and the length of time they will mine in the current area prior to relocation. It will prove difficult for QR to offer competitive freight rates for this traffic due to the capital cost of the spur line, the short haul distance and the likely handling difficulties associated with the ore.

Some time ago QR offered Q-Mag an attractive rate for the rail haulage of magnesite from Parkhurst to Gladstone. This package has been developed to cover a number of production scenarios as Q-Mag are still to commit to a production tonnage level.

I then wrote to the Transport Minister, who had obviously returned from leave at the time, Mr Hamill. In a letter to me he said—

The current low tonnages and the short haul distance reduce the viability of rail based options. QMag however is currently reviewing a major expansion of the project which would certainly enhance QR's competitiveness.

There was an indication that QMAG would continue to expand and that it would need to consider the rail options. In August 1994 I received a letter from the secretary of the Parkhurst State School, who reminded me that 'at a public meeting held at the school in May 1991 those present were informed that QMAG was planning to use rail transport for the conveying of ore to Parkhurst from Kunawarra by the beginning of 1993'. In July 1994 I issued a press release saying that QMAG was backing away from its public commitments to haul magnesite ore by rail from its Kunawarra mine site to the Parkhurst processing plant. At that time, I made the public aware that the state government had first approved a

haulage permit in 1990, which at the time was based on the high cost of infrastructure associated with rail haulage and the company's wish to minimise its initial outlays until a market was established and a cash flow was developed. In that press release I stated—

I have supported QMAG in good faith, but this news shows that the company is not fair dinkum about moving to rail haulage as they have continued to reject attempts to move the haulage of ore from road to rail.

Rail unions and their members were very angry that QMAG was again negotiating a deal to haul on the highway which runs parallel to the railway system. They were saying things like I was, that it was just unacceptable that revenue and railway job opportunities were being lost to the people. As a result of those press releases, I got a letter from Mr Hill, the general manager, who stated—

Dear Jim,

I have always appreciated the support that you have provided this operation, and I hope that this support can continue.

Your recent press release covering this short term renewal of our road transport licence contains a number of inaccuracies which I hope to clear up with this note.

QMAG has always planned to move to rail transport when the plant reached a major stage of expansion ...

QMAG continues to work with Queensland Railways to finalise engineering and costing details as part of our studies of major expansion options.

What I have demonstrated in referring to those press releases and letters is that QMAG convinced the public to support it in going to road on the understanding that after 18 months to two years it would then go to rail. I think every community is understanding of a new company's needs. They want to see them do well and get established. They want people to have jobs and they want to see things happening in the area. There are a number of things concerning the public, including the damage being done to roads, the road safety issue, the close proximity of big trucks going past their school, and an honest commitment given by this company at a public meeting saying that it intended to go to rail.

I will give honourable members some figures about the amount of ore being carted from Kunawarra to the Parkhurst processing plant. In 1998, 260,000 tonnes, or 20 B-doubles a day were moving up and down the highway carting this ore. In 2002—this year—they will be carting 450,000 tonnes, which equates to 35 B-doubles a day. The projected cartage of material by the year 2004-05 is 509,000 tonnes per annum, or 39 B-doubles a day. This company has ignored the promises it made and is refusing to honour its commitment. It is prepared to turn its back on and thumb its nose at the public and the government.

The thing that sticks in my neck, and which the people of Queensland should be aware of and angry about, is that between 1991 and 1998 the company contributed what I consider to be a lousy \$1,116,000 to main road maintenance. The requirement to pay that contribution has been removed through the repeal of the restricted goods legislation. There is now no requirement to pay this money, because of national competition policy implications.

It is outrageous that in Queensland a major mining company is damaging our roads by carting thousands of tonnes of product and is not paying anything back to the people of Queensland. Why should the road users of Queensland be required to maintain roads that are being damaged by major haulage? It is unfair and unreasonable. QMAG has shown by its actions that it has never been honest with government and the public. Its continual refusal to go from road to rail as promised is an act of betrayal of the people of Queensland, in particular the people of central Queensland, who in good faith went along with the wishes of the company so as to give it a start.

**A government member:** They have taken them for granted.

**Mr PEARCE:** It has taken the people of Queensland for granted. It has thumbed its nose at the government and said, 'We will continue to do this.' I remember getting phone calls from two people close to the company management who said, 'Jimmy, you might as well back off. You can stir as much as you like, but the company has no intention whatsoever of going from road to rail.' We gave it that privilege in good faith. This company has a lot to answer for.

If this legislation will in some way assist in making sure that major mining companies are required to make a contribution to road maintenance, I say, 'Well done, Minister', because it gives the appropriate departments the opportunity to ensure that those moneys are delivered. I support the legislation and again call on QMAG to take a good look at itself and realise what it has done. QMAG's credibility has gone out the door.

Debate, on motion of Mr Robertson, adjourned.

---