

Kimberley Ports Authority —

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr C. Faulkner, Chief Executive Officer.

Mr P. Laing, Senior Policy Adviser.

Mr P. Abromeit, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for Moore.

Mr R.S. LOVE: Last time we examined the ports in estimates, I think Kimberley Ports was, at that stage, about to take on the process of assuming responsibility for some of the other ports beyond Broome, particularly Wyndham and Derby. The Kimberley Ports amalgamation is on page 647 under "Significant Issues Impacting the Government Trading Enterprise". How is that process going? What stage is it at? Is it complete? What is the situation between those ports and the Kimberley Ports Authority?

Ms R. SAFFIOTI: I will provide some initial comments and I will then ask Mr Faulkner to provide further comments. My understanding is that the transfer is pretty much complete and it has gone pretty well. Some of the contracts have been transferred. I will ask Mr Faulkner to provide further advice.

Mr C. Faulkner: Thanks, minister. Yes, the process is complete. We took over responsibility for those ports on 1 July this year. For the operations of those ports, really nothing has changed too much from before. The customers have seen a seamless transition at this stage.

Mr R.S. LOVE: Have the costs for the users of the ports that have been amalgamated into the authority changed or are they the same as they were before?

Ms R. SAFFIOTI: I will ask Mr Faulkner to provide a response.

Mr C. Faulkner: The cost structure is essentially the same as it was previously. The port of Wyndham is presently managed by Cambridge Gulf Ltd on our behalf, and those costs are the same. Similarly, in Derby, which is managed by the Shire of Derby–West Kimberley, those costs are also much the same.

Mr R.S. LOVE: Could the minister explain how that process works? Is it the case that a third party operates the ports on behalf of the department?

Ms R. SAFFIOTI: I refer to Mr Faulkner.

Mr C. Faulkner: Thanks, minister. Yes, in Wyndham there is a longstanding arrangement with Cambridge Gulf Ltd. Kimberley Ports went out to the market and Cambridge Gulf was the preferred operator and it continues to operate there. For the port of Derby, a long-term arrangement was in place with the Department of Transport, which we have inherited.

Mr R.S. LOVE: If we look at the table "Income Statement" on page 650, under "Revenue from operations" there is a line item "Other revenue". That has grown from \$387 000 in the current year to \$3.8 million budgeted this year and beyond. Why has there been such a move in that particular line item?

Ms R. SAFFIOTI: I will refer that to Mr Faulkner but I suspect it is because of assuming the revenue from the other ports. I will ask Mr Faulkner to confirm or deny that.

Mr C. Faulkner: Yes, that is the case, particularly with the port of Wyndham.

Mr R.S. LOVE: The arrangement at Wyndham is that the Cambridge group—I forget the actual name—operates the port and pays the port authority an amount that reflects some sort of a share of revenue. Is that how it works?

Ms R. SAFFIOTI: I will refer to Mr Faulkner.

Mr C. Faulkner: The numbers in front of the member show the full revenue that is collected by Cambridge Gulf Ltd and also the full expenses. The member can see that the figures in both lines have gone up.

Mr R.S. LOVE: It is obviously a much smaller operation than the port of Broome, or the operation the chief executive officer was running before. It is about a quarter of the size or probably less.

I refer again to “Significant Issues Impacting the Government Trading Enterprise” on page 647. There is a bit of an update on the progress of the Kimberley marine support base. How much funding has been allocated towards that?

Ms R. SAFFIOTI: I am not sure whether we have allocated any funding towards it but we have given it access to the Kimberley Ports Authority seabed and landholdings. We have given it some access to the support base of Kimberley Ports. That was under an agreement that was struck in 2019. The support base is working through some of the technology and testing the concept, as I understand it. It was to reach a conclusion to its agreement as soon as possible but it is working with industry and itself as it continues to finalise the structure of the support base. As I understand it, it is testing what the proposed base would look like, and final investment decisions will be made. Is that correct, Mr Faulkner?

Mr C. Faulkner: Yes, minister.

[2.40 pm]

Mr R.S. LOVE: Again I have a question on a financial matter. Going back to the same “Income Statement” at page 650, under the heading “Expenses” there is a significant change in the line item “Supplies and services”. It seems to dramatically fluctuate. It has gone from \$2 million to \$7 million and \$7 million thereafter. In the response the minister gave earlier, I think she mentioned that the full cost of the other port was reflected there, as was the full revenue. The costs seem to have gone up by \$5 million and the revenue has gone up by \$3 million. I take it there is not actually a net profit coming from the port?

Ms R. SAFFIOTI: I can confirm that there is no net profit, as demonstrated on the net profit and loss line; it is minus \$3 million. The Kimberley Ports Authority has struggled over time to make sure it returns a profit, but activities like the support base, for example, would help to generate further revenue for the port. We are continually looking at how the port can attract more activity and business, but Kimberley Ports has a history of struggling to return profits.

Mr R.S. LOVE: Given the rather remote nature of some of the port structures and today’s announcement about mandatory vaccination—we spoke about this during the hearing with the Mid West Ports Authority—will vaccination rates and access to vaccination in the Kimberley be similar?

Ms R. SAFFIOTI: I think Broome has had some success recently. People in Broome have had access to vaccination for a long time and more recently to specific vaccination drives. We will continue to work, through Health, with the ports to make sure that we can prioritise access to vaccination, particularly in places like Wyndham and Derby. Again, my experience, particularly in Derby, is that people have had access to the vaccine. We will continue to work, through Health, with all regional ports to try to support vaccination access as much as we can to ensure that all port workers have the ability to get vaccinated. But, as I said, the rate of vaccination has been very strong across all our ports.

Mr R.S. LOVE: I refer to page 647 and the significant issues impacting the government trading enterprise. Paragraphs 3, 4 and 5 under the heading “Trade Outlook (Commodities, Cargo and Cruise)” do not appear to be positive, given that the expectation that cruise shipping will continue to increase is dependent on a lot of things. What is on the horizon, if anything, for Kimberley Ports in terms of increasing profitability and throughput? Can the minister point to any projects, proponents or potential markets for the ports?

Ms R. SAFFIOTI: We see a lot of prospectivity in supporting offshore oil and gas activities. I think there is eagerness to win back some work from some of our major resources companies and to use Broome port as a supplier base. We are very keen to see what we can do in the oil and gas sector. One of the issues with the oil and gas sector over the past couple of years, or since COVID hit, is that it has pulled back a lot of its exploration and other activities off the Kimberley. The industry has not been as active and therefore has not required vessels and access to the port as much as before. Of course, there is work continuing to support oil and gas, agriculture and cruise ships—when they become popular again. I would say they are probably the priorities. Does Mr Faulkner have anything to add?

Mr C. Faulkner: Thanks, minister. There are some proponents in the mining industries as well in the West Kimberley and the East Kimberley. If they come to fruition, it will help Kimberley Ports. Certainly, our major focus in Broome is oil and gas.

Ms R. SAFFIOTI: I forgot to say that there is a bit of activity in Wyndham, in particular, exporting minerals from the Kimberley, as I recall.

Mr R.S. LOVE: On a hopeful note, further to that, I note that the budget papers say that the port expects to be profitable by 2023–24. Hopefully, in 2024–25, we might be able to look at some positive figures instead of figures in brackets.

Ms R. SAFFIOTI: Yes. Thank you.

The CHAIR: That completes the examination of the Kimberley Ports Authority.