

**Fremantle Port Authority —**

Mr P. Lilburne, Chair.

Mr D.R. Michael, Minister for Ports.

Ms J. Ransom, Acting Chief Executive Officer.

Mr D. Good, Chief Financial Officer/General Manager, Corporate Services.

Ms R. O'Toole, Chief of Staff, Minister for Ports.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. Questions must relate to the operations and budget of the off-budget authority. The chair will allow as many questions as possible. Questions and answers should be short and to the point.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 31 May 2024. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the call to the Leader of the Opposition.

**Mr R.S. LOVE:** I have a question about the Westport development, which is the fourth significant issue impacting the government trading enterprise on page 626 of the *Budget statements*. I asked this question about Westport of the Minister of Transport in the transport division. Can I get an understanding of how Fremantle Ports sees the development of Westport and the continuance of operations at Fremantle in the meantime? What will be required to ensure that Fremantle port can continue to provide the service until Westport is built? Given that there is no indication at the moment whether it will be a quick switch or a slow transition, how is the port planning to accommodate that change, given that it might not be its decision?

**Mr D.R. MICHAEL:** As was in the budget, the port authority is obviously integral in working with Westport for future planning. As we heard a couple of hours ago, the Westport business case will come to government hopefully later this year and it will probably have some timings in it. Parallel to that, the Fremantle Port Authority is producing a port development plan to articulate how the port will develop in the near future to support trade while the broader planning is done for Westport in the coming years. As the member would know, Kwinana Bulk Terminal, former terminal 1 and current terminal 2, are both within the future Westport plan that was announced six or so months ago. Obviously, neither of them can stay there, but we need to make sure trade continues, noting that a new terminal is being built on the site of the new container terminal at that preferred location in Kwinana. There is a question of how it will be done and whether it will be built first or built around the current KBT 2. That is something that the port authority is actively looking at in parallel with Westport.

**Mr R.S. LOVE:** Will the Westport final plan need to encapsulate whatever interim solutions are required at the inner port to enable the carrying on of trade until Westport is delivered, if ever?

**Mr D.R. MICHAEL:** As well as the Westport business case and the port development plan that I have spoken to, there are a couple of other pieces of work being done in government. The member has probably heard of the Future of Fremantle planning process to look at things like the redevelopment of Victoria Quay and what happens at Fremantle inner harbour after all the trade has left except cruise ships. The other thing is to look at what we would do with non-container trade, what a staged move might look like and where it would move to. As the member knows, non-container trade is cars, the roll-on roll-off and the like.

**Mr R.S. LOVE:** Is it envisaged that Fremantle will no longer be an operating cargo port? That is what the minister confirmed there.

**Mr D.R. MICHAEL:** The business case will come to government later this year, and, as I said, there is another bit of work being done for non-container trade that will look at options for where it might move to.

**Mr R.S. LOVE:** In the lead-up to the discussion, I think we were talking about the interim period, and I remember there was a funding source, but I cannot see it here, that spoke of the relocation of livestock shipping from Fremantle port. Given the discussion from the federal government about live sheep, is that now no longer being considered or is there still work being done for a transition for cattle, for instance?

**Mr D.R. MICHAEL:** That will probably be part of that ongoing work looking at options for non-container trade for Fremantle port. As the member well knows, if the live sheep industry were to cease, there would still be live cattle coming out of the south west, so the government would need to look at how using the existing port might work once we get the business case.

**Mr R.S. LOVE:** There was a dedicated body of work on the livestock export sections, and I wonder what happened to that work. It was funded in last —

**Mr D.R. MICHAEL:** Does the member have the line item?

**Mr R.S. LOVE:** It is not there now but it was funded last budget, so that is why I am asking about it. I think the figure was \$2 million at the time.

**Mr D.R. MICHAEL:** I am told that some supply chain work has been done and it has now been completed.

**Dr D.J. HONEY:** I refer to the Victoria Quay waterfront strategy, which is discussed at paragraph 6 on page 626 of the *Budget statements*. A little while ago, before the minister had to worry about these matters, there was a proposal for a major movie studio on Victoria Quay, and it was an announcement made with great fanfare before the last state election. One of the issues that was obvious at the time, and it was commented on and I think led to the demise of the project, was the intrinsic conflict between that proposed activity and the ongoing activity of the port. My understanding from talking to Main Roads about a bridge matter there is that the thinking is that the outer harbour might be completed in 2037, or maybe after, but we will have to have another working port in Fremantle for at least another decade. What cognisance is being taken of the ongoing operations of the port in these redevelopment activities? My ultimate point is, as with the previous proposal, will we see limitations on port activity because of this work and, conversely, will we see businesses impacted because of the ongoing port activities?

[2.10 pm]

**Mr D.R. MICHAEL:** Thank you for the question. The member went through a few portfolio areas, so I will not comment on a former decision that involves art and culture.

**Dr D.J. HONEY:** It was an example.

**Mr D.R. MICHAEL:** Yes; I know!

There is an area on the west of Victoria Quay, from the museum. The Rottneest ferry is obviously not really a port operation. If the ferry were not in a port, it would be in a Department of Transport harbour or somewhere such as Hillarys or something. It is not a big ship. The Fremantle Port Authority is putting a lot of work into thinking about what we will do with the heritage buildings in the western part of Victoria Quay well in advance of any potential move. I am not talking about the passenger terminal. Again, a bit of work is being done across multiple agencies on the Future of Fremantle plan that will tie in with the business case later this year, we hope. In the western area, A Shed, as the member knows, is the location of Gage Roads Freo Brewery, which is an amazing place to have a beer if people want to watch a ship come in and go out in front of them. It is quite good for a sunset if the member has not been there yet.

**Dr D.J. HONEY:** I have no time, minister.

**Mr D.R. MICHAEL:** Yes—no time! In the budget, there is \$5 million for B Shed, which is right next to the Rottneest ferry, to enable ferry operators to move into the eastern end of B Shed after some quite significant works are completed under the deck near B Shed, where the waterline extends halfway under the building. That work is almost complete, and we will then do a fit-out at the eastern end of that building.

Again, the Fremantle Port Authority has been working hard to look at the tenancy mix for the B Shed, C Shed and E Shed part of Victoria Quay. We also have the workshops that are around the corner close to the submarine—if members know what I am talking about. We are working out what kinds of commercial, not-for-profit or any other activities we can do in them because we can do that almost without impacting port operations at all. Obviously, it is well used at the moment and has been used for some time for things such as the museum and E Shed Markets. Again, the Fremantle Port Authority is quite active in working out what we will use that western end for.

I assume that as time goes on and as the staging of Westport happens, more land might be freed up to the east, up towards the passenger terminal. Again, once we have the Future of Fremantle plan, various parts of the port can be freed up. It is worth noting, of course, that given the passenger terminal is heritage-listed, it is envisaged that that will continue to be where cruise ships will always come.

**Dr D.J. HONEY:** In relation to that, Navy ships, polar supply ships and other ships come into that area, so there is significant interaction there. I guess I wanted that reassurance that there is cognisance that this is a working port and that that should take precedence over these other activities.

My question is on the same topic of the Fremantle port. It will be at least a decade—in fact, it is absolutely going to be longer—before an outer harbour can be constructed. Fremantle port will continue to operate at least into the mid-2030s or later, and it will have to cope with a massively growing state. We had 100 000 people come here in a year, and we expect that that is going to continue for a while, so the state is growing.

The previous modelling of harbour options showed that there was an expectation that general traffic, not freight traffic, would increase by 50 per cent through the old Victoria Bridge, which is being rebuilt and the like. What work

is being done to ensure that the container freight, which is around only eight per cent of the total traffic, can continue into at least the next decade and that we will have efficient delivery of container freight from Fremantle port for, as I say, at least the next decade?

**Mr D.R. MICHAEL:** The member asked about the next decade or so, and I am told that the port's modelling shows that there will be capacity into that timeframe. That is on the waterside where the ships come in. Obviously, as the member knows—I think the Leader of the Opposition spoke to the Minister of Transport about it earlier—the government's position is to try to get as much out of the port on rail as possible.

**Dr D.J. HONEY:** There was plenty of information on this. The Fremantle port is at only one-third of its capacity, so it is not even close to halfway. The previous data was that expenditure of \$250 million would allow the port to triple its existing capacity, so that port does not have a capacity issue. Is the port authority confident that the combination of road and rail will cope, given the predicted substantial increase in general traffic? Obviously, we would expect to see continued growth in container traffic.

**Mr D.R. MICHAEL:** Obviously some of these questions go to other portfolios, such as Main Roads Western Australia and the Department of Transport. The member has probably touched on one of the main reasons we need to start planning for Westport—to get that freight out of Fremantle. Governments in the future will continue to try to get as much on rail as possible, and, again, that is another good reason to build Westport. But, again, Fremantle Port Authority's early modelling shows there is capacity in the next decade, and I would suggest that some of the answers to the member's other questions might be in the Westport business case.

**Dr D.J. HONEY:** We will not ask questions about Roe 8—do not worry, minister!

Fremantle is obviously our principal container port into the state. Essentially all the container traffic in the state comes through there. Mining is obviously a massive consumer of traffic through that port, but if predicted expenditure on the renewables transition goes ahead—even for Western Australia, where we are talking investment levels of, say, around \$800 billion or more in a decade, nearly all the physical equipment for that will be imported, so there will be huge demand on the port—is it envisaged that until Westport is built, Fremantle will be effectively the sole container port for the state? Or is Fremantle Ports working with other authorities to see whether there are other solutions for the container traffic that will come in over that time, given that, as I say, if people's stated plans go ahead, we will see a massive increase in the importation of goods in containers through that port?

**Mr D.R. MICHAEL:** In terms of bringing in renewable equipment, we bring in solar panels in containers. As the member well knows, the equipment required for wind turbines is very large and clunky and that kind of thing. All our port authorities do great work in planning for the uptick in bringing that renewable energy kit into the state. Again, the member said how much he thinks will be coming in, and it could be multiples of that depending on how the world goes. Ports such as Bunbury and Geraldton already deal with some renewable equipment coming in. We can talk about this later this afternoon; they are obviously active in working out for their port development the lay-down area and making sure they have the right road, and even things like powerlines not being in the way of getting some of the kit in. At the moment, it comes in, but it tends to be relatively ad hoc, which means the logistics around it can be dealt with on a case-by-case basis. The member mentioned how much he thinks might be coming into our state, or across our state from the far north to Esperance; however, we need to make sure our logistics are right for when that happens—probably late into the decade and into the 2030s. It is probably not a Fremantle Port Authority question but more that we are looking at how we get that kit in because we need to plan for it now.

[2.20 pm]

**Dr D.J. HONEY:** Is it out for the next decade at least? Will Fremantle effectively be the only container port for the state?

**Mr D.R. MICHAEL:** We will talk to the federal government about getting things like first point of entry for containers at other ports as we need to. Doing some of that work will let us know where they have to come into.

**Mr R.S. LOVE:** I refer to paragraph 4 on page 626, which is about Westport and port development. I believe the Western Australian Marine Science Institution is doing some work on the Westport marine science program. Is the minister aware of that? If not, does one of the advisers know about it?

**Mr D.R. MICHAEL:** The member would understand that Minister Saffioti is responsible for Westport. The Westport officers were here earlier. That is not in this part of the budget, I am sorry.

**Mr R.S. LOVE:** I understood that the Fremantle Port Authority encompassed the Kwinana area, because there is an existing port there. I assumed the FPA was involved in that study.

**Mr D.R. MICHAEL:** The FPA collaborates with Westport on engineering at a planning level and is obviously involved in that business case. However, the consultancy the member mentioned would be a question for the Minister for Transport.

**Extract from *Hansard***

[ASSEMBLY ESTIMATES COMMITTEE A — Wednesday, 22 May 2024]

p198b-201a

Chair; Mr Shane Love; Mr David Michael; Dr David Honey; Mr Chris Tallentire

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**Dr D.J. HONEY:** Under the outcomes and key performance indicators on page 627, my eyes are naturally drawn to the customer satisfaction score. The 2022–23 actual was 60 per cent and the 2023–24 estimated actual was 50 per cent. That is not a very encouraging customer satisfaction score. Although it is a monopoly, I thought we would want to do better than that. Can the minister or his advisers comment on that low score and what is being done to improve the customer experience?

**Mr D.R. MICHAEL:** The results are related to items such as the condition of some of the assets at the port and the congestion that has been seen for many years, and increasingly so, at Kwinana Bulk Terminal in terms of the demurrage that is being paid. That is what is behind that number and is something that we are looking to address with future projects, including Westport.

**Mr C.J. TALLENTIRE:** I refer to paragraph 7, which is on sustainability, on page 626. Do ships plug into the Synergy–Western Power electricity system when they are in the port, or are they allowed to burn their very dirty bunker fuel to power themselves while they are in the port? Of course, that has a polluting impact on the community nearby.

**Mr D.R. MICHAEL:** Currently, ships are self-powered. The port authority has looked at it, but it would require a significant investment to allow that to happen.

**The CHAIR:** That completes the examination of the Fremantle Port Authority.