

**Mid West Ports Authority —**

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr D. Tully, Acting Chief Executive Officer and General Manager, Operations and Logistics.

Ms S. Pigdon, General Manager, Trade and Corporate Services.

Mr P. Laing, Senior Policy Adviser.

Mr P. Abromeit, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** The 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 Cottesloe.

**Dr D.J. HONEY:** I refer to page 653 of budget paper No 2, volume 2. What is the strategic plan for the Mid West Ports Authority going forward over the next decade, and what part of that is reflected in the forward estimates in this budget?

**Ms R. SAFFIOTI:** I will ask Damian to provide some comments. More generally, the Mid West Ports Authority has developed a master plan for the entire area. As I recall, that master plan was finalised last year. It looks at expanding the authority's trading capacity and some of the land use and how that can be changed to better support further trade and further investment. This year, for example, we allocated \$8 million to start some land acquisition and internal roads. As part of the recovery package, an amount was allocated last year, again, to improve some of the berths and support further trade. I will ask Damian Tully to provide some further information.

[11.10 am]

**Mr D. Tully:** The Mid West Ports Authority *Port of Geraldton master plan* was accepted last year. The first part of that master plan is to enact it through a port maximisation plan, which the port is currently working on. The port maximisation plan will look at helping exporters accumulate their product at port and increase that throughput through the port of Geraldton.

**Dr D.J. HONEY:** The minister probably knows that Geraldton port is seriously constrained. When I was in Geraldton recently, I saw about a dozen ships standing out to sea. I understand there are typically about 10 ships standing out there. My rough calculation on demurrage for that was about \$100 million a year. Does the minister have an estimate of how much the inadequate capacity of the port is costing in demurrage for the port? More particularly, how soon can we expect that issue to be resolved?

**Ms R. SAFFIOTI:** I will ask Damian to provide further comment. One of the investments we are undertaking at the moment is to improve utilisation of existing berths to enable more efficient handling and turnaround of ships. The land acquired will be used to alleviate some of the land-use bottleneck. They are the two key priorities. The future of the midwest port in Geraldton versus further discussion of ports to its north has always been an item of hot discussion. However, for the government, it is about maximising the efficiency of the existing port and looking at how we can better utilise existing berths, including improvements to them, and how to remove some of the land-side inefficiencies, particularly truck movements in and out, to make sure there is safe access to and from the port. Damian?

**Mr D. Tully:** Thank you, minister. The port does not at this time track demurrage; that is an issue for the shippers and exporters of product. The ports authority focuses on improving that efficiency. I echo the minister's words in that we are trying to maximise the efficiency of the port by looking at our internal systems and increasing our storage capacity, which should alleviate the line-up of vessels.

**Dr D.J. HONEY:** I think they are called long frequency waves that come in and disrupt the ability to load at the port. My understanding is—I am happy to be corrected—that it takes around 40 days a year out of the operation

of the port. Does the master plan aim to remove that restriction on the port—that is, free up another 40 days, if that number is correct, of potential loading capacity at the port?

**Ms R. SAFFIOTI:** I will provide some initial comments and Damian can put forward more comments if he would like. Currently, the port is investigating options to address the long-wave surge between May and October. The port is taking a number of initiatives; for example, work is underway to upgrade berth infrastructure to allow for the increased use of shore tension units so that vessels alongside are impacted less. A further study by oceanographic experts into reducing long-wave surge and berth closure times is also underway. When I first became Minister for Ports, the shore tensioning units had just been installed. They help with the efficiency of the port and the ability to load and unload safely. Damian?

**Mr D. Tully:** Thank you, minister. We are treating the surge issue as a separate issue from the port maximisation because we think it is a standalone issue regardless of future growth in trade for the port. As the minister said, we are looking at short-term measures as well as further long-term measures to ensure that the surge does not affect the port moving forward as much as it does now.

**Dr D.J. HONEY:** Would a change to the orientation of the port potentially eliminate that problem or is it intrinsic to the coastline?

**Ms R. SAFFIOTI:** I am not an expert on that, so I will not provide a comment. I will ask Damian, but hypotheticals like that are a bit difficult to treat without the science. Damian?

**Mr D. Tully:** Thank you, minister. We are looking at a number of options. We have to look at the cost efficiency of each of those options and we are still very much at the early stages of those studies.

**Mr H.T. JONES:** I have been to Geraldton and experienced the surges. I refer to page 656 and the COVID-19 response in Geraldton, particularly the fishing boat harbour upgrade project. Can the minister provide an update on that project?

**Ms R. SAFFIOTI:** This is in relation to some of the recent expenditure as part of our recovery plan from COVID. An amount was allocated to the Mid West Ports Authority for a number of projects, including the fishing boat harbour. Over the past few years, the ports authority has overseen a \$1.6 million investment to improve infrastructure at the Geraldton fishing boat harbour, including better car park lighting. Another \$800 000 is for other infrastructure improvements. The other element will see the Mid West Ports Authority invest another half a million dollars to upgrade the southern walkways within the fishing boat harbour. That will begin in 2022. That \$500 000 is all about improving access to the boat harbour, overseen by the ports authority. It is a great place, particularly for tourists. It is a place I think a lot of people enjoy visiting when they are in Geraldton.

**Mr R.S. LOVE:** I am wondering what interaction the Mid West Ports Authority has had on future planning for development at Oakajee, apart from the industrial access route, which has been announced in the budget. We have not seen much action up there, but I am aware from miners—people looking to mine silica, for instance, and other minerals in the future—that access around the port of Geraldton itself is becoming quite an issue in terms of their deliberations. We are also aware of mines that are further away from Geraldton that are choosing to go to Esperance or somewhere else because of the constraints and the costs at Geraldton. What weight in its long-term planning does the authority put on an eventual move to a port at Oakajee that will not have those constraints of depth and long-wave surge movements et cetera?

**Ms R. SAFFIOTI:** I will make some initial comments and Damian can provide some further information. The issue of the future of Oakajee is pretty much led through the state development portfolio, particularly through the Department of Jobs, Tourism, Science and Innovation. The issue of Oakajee has always been: how do we turn that dream into reality? What are the trades and what volume of activity do we need to push it into viability? That is something that continues. I know the Minister for Hydrogen Industry is very excited about some of the potential there in relation to what the hydrogen industry can do to help support further industrial development in that area. I think the Mid West Ports Authority is very much looking at how it can run Geraldton port. Its master plan is looking very much at how it can maximise the current port. That is not to say that this has not been a long-held aspiration of the work within the state development portfolio. From my perspective, particularly in relation to road corridors and so forth, it is very much top of mind when planning the corridor that will further support the Oakajee development. The question of how that dream will be realised has been a multibillion-dollar question over a number of years. There has been a number of false starts. Those working within the portfolio of state development are cognisant of that issue and the potential impact on the future, in particular, of newer industries like the hydrogen industry. But I will ask Mr Damian Tully to provide further comment.

[11.20 am]

**Mr D. Tully:** The *Port of Geraldton master plan* does not envisage that the Oakajee port will be realised within the next 15 years, so it falls outside the purview of that port master plan. However, it takes into account that it could exist in the future. At this stage, a small coastal fringe of land and water are vested in the port authority. We remain involved in discussions regarding the midwest hydrogen group. We attend those meetings and keep a watching brief on them so that we can remain apprised of the situation of the port in the future.

**Ms R. SAFFIOTI:** Another body of work in the transport portfolio looks at this in particular and is driven by the Westport discussion. Also, some of the work Transport has been doing on the agricultural freight strategy has looked at the movement of product around the state. I have asked for—this is being done—an analysis of all regional ports, how they relate to each other and how to maximise their use. I believe that regional ports are fundamental to and the cornerstone of those regional economies in which they are placed and operate. The analysis will look at how to maximise regional ports in the future. It will look at, for example, Geraldton, Esperance and Albany. Esperance and Geraldton, in particular, are very attractive ports for further trade and efficiencies. That body of work is happening alongside individual port master plans to ensure that ports do not compete with one another in relation to how we trade as a state. It will make sure that we maximise our trade in the most efficient way. It will look at not only ports, but also all supply chains leading to those ports.

**Mr R.S. LOVE:** I have a further question that is for the government more generally than about the midwest ports. At what point will the government accept that spending hundreds of millions of dollars in a very constrained environment is not productive and move to establishing the deepwater port that will serve not only existing customers more efficiently, but also the future of the region that is bound up in that port? I have heard stories about shippers who avoid that port because it is too expensive. They get only a small amount of their cargo and go somewhere else. The answer given to the member for Cottesloe was that demurrage is not a cost to the port, but it is certainly a cost to the shipping industry and the customers who use it. That does not bode very well for the long-term future of Geraldton.

**Ms R. SAFFIOTI:** The question of when Oakajee will have a business case is a multibillion-dollar question. It all depends on its future trade capacity and economics. It may not break even from the start, but when will the volume justify the expenditure? At the moment, that topic of discussion comes under the portfolio of state development rather than my portfolio.

**Mr R.S. LOVE:** Further to that, many figures have been announced as the maximum that is feasible to put through the Geraldton port. But I am not sure that that maximum is economically feasible in the sense that constraints such as the size of ships and costs involved mean that it is not as simple as saying that we can take tens of thousands or millions of tonnes through that port in a year. It is more complex than that. When the minister says that state development has charge of this, is there any active consideration of this matter or is that on the backburner, with Westport and other things front of mind?

**Ms R. SAFFIOTI:** As I said, because I am not in charge of the state development portfolio, I cannot answer that directly; sorry. Perhaps the Minister for State Development, Jobs and Trade can answer that if he has not already appeared. The member can ask that question when he appears.

As I said, forecasting trade and performance includes many moving parts. Interestingly, aspiring companies can lose their aspirations when commodity prices drive different views and decisions. But Oakajee is a big decision. It is a long-term strategic decision that can be fuelled by trade in new products. As I said, the Minister for Hydrogen Industry is very keen to continue to support potential exports of that source. Again, that can be better discussed under the state development portfolio. Currently, the range of my responsibilities is over the ports, together with the future port of Westport.

**Mr R.S. LOVE:** I have a new question. New directions have been made for the vaccination of port workers. They affect not just the midwest, but we know that the midwest has had interaction with a vessel with COVID-19-positive persons on it. I ask generally: are all ports in the midwest region subject to that direction? There are ports at Useless Loop and other places. Will the COVID-19 protocols apply uniformly throughout all ports or will they vary from port to port and place to place?

**Ms R. SAFFIOTI:** The issue of vaccination, of course, is very much a debated topic. We have been looking at the interaction of port workers with ships for a while. It is pretty clear that of all people operating in the community currently, frontline port workers are at the greatest risk of exposure given what happens on ships when they arrive from some destinations. This issue has been considered a lot. A lot of port workers have already been vaccinated. This direction basically covers frontline workers—those who interact with crew on overseas vessels. The direction is for all ports and it is currently for frontline port workers. A list of them is included in the direction. But I would say that at this point there are very high vaccination rates among port workers. We believe this will be easily handled and a transition time will apply for all ports.

[11.30 am]

**Mr V.A. CATANIA:** I have a further question on that. I am glad the member for Moore raised this issue because the Mid West Ports Authority stretches into the Gascoyne. Shark Bay and Carnarvon are two classic examples where pilots go out to greet the salt ships. What is the protocol around pilots who fly into Monkey Mia and Carnarvon to pilot boats that greet ships and assist them to dock? The evidence from the community is that the pilots then get back on that boat and return to shore, go to the pub and have a beer or a meal and then get on the plane. What is the protocol, given all these incidents involving COVID-19 on ships? Do these pilots have to wear personal protective equipment?

Excuse me for not getting the terminology right, but are the areas of the ship that the pilots access cleaned to help control the spread of COVID from the crew? Pilots from small regional communities probably have the greatest interaction with these vessels. What protections are put in place for these pilots and are they required to wear full PPE, given that they are most vulnerable to the spread of COVID from these vessels, regardless of whether they are vaccinated?

**Ms R. SAFFIOTI:** We issued another direction on PPE about two months ago now—I do not have the exact date. There was ambiguity around PPE and anyone who had to board or approach ships. We strengthened those directions about two months ago to require all those who board ships and interact directly with overseas crew to wear full PPE. That requirement is in place already. There has been some discussion about the safety of wearing full PPE, climbing aboard ships and so forth, but we have been very keen to put that direction and those guidelines and requirements in place. I will get the exact date of when those protocols were brought in that apply to all those port workers who approach ships.

**Mr D. Tully:** I will start by noting that Cape Cuvier and Useless Loop have not transitioned to the Mid West Ports Authority at this stage, but all ports are under those exposed person directions, as the minister talked about. I can talk for the port of Geraldton and say that we have COVID protocols in place that ensure that those pilots and anyone else who goes onto those vessels wear the correct PPE for the entire journey. They also get the correct training in donning and doffing that PPE.

**Mr V.A. CATANIA:** I understood that pilots from Cape Cuvier and Useless Loop who board those ships do wear the correct PPE. Once they leave those ships, jump back onto the pilot boat and return to town, what is the procedure for removing the PPE that may have come into contact with COVID? Is a process in place whereby the ship or the boat gets cleaned, and do others who come into contact with the pilot have to wear PPE until that pilot is cleaned, for want of a better word?

**Ms R. SAFFIOTI:** Yes, guidelines are in place on how the requirement to wear the PPE plus its removal is managed. Those requirements are set out in guidelines. The Department of Transport and each port have management plans around how workers manage their PPE—how they wear it and dispose of it—and how they interact onboard the vessels. Those things are all set out in guidelines.

**Mr V.A. CATANIA:** The minister said that the directive was put in place two months ago. When did it take effect?

**Ms R. SAFFIOTI:** The directive that strengthened the requirements around the use of PPE took effect two months ago. I will get the date to the member before the end of the ports session.

**Mr R.S. LOVE:** Getting back to today's media release, the headline says that COVID-19 vaccinations will be mandatory for Western Australian at-risk port workers. It states —

Nothing in the Directions prevents unvaccinated port workers from embarking or performing work on an unexposed vessel or coming into close contact with people from an unexposed vessel.

In that case, the vaccination is not actually mandatory for all workers, only for those workers who choose to do certain work. Will there be some sort of system whereby people can opt out of work and do not have to have the vaccination? What does that line in the media release mean?

**Ms R. SAFFIOTI:** The direction refers to exposed port workers—that is, those who will have direct interaction with overseas vessels and crew. The first question is: how do we find out who is vaccinated? It is not compulsory for anyone to tell us whether they have been vaccinated. We have carried out some initial surveys of workers and, in most instances, the percentage of those vaccinated is pretty high. But this direction has been put in place because we want to make sure that everyone who interacts with overseas crew and vessels is vaccinated. I believe that the majority of people will get vaccinated. I suspect that in some instances staff will have to be moved around in the short term while people get vaccinated. That will be an internal management tool that will be used by ports. I think that is the best way to describe it.

**Mr R.S. LOVE:** This media release states that there will be a pop-up vaccination clinic at Fremantle port. Will similar services or ways to facilitate people to get vaccinated, if they possibly can, be provided at other ports?

**Ms R. SAFFIOTI:** Each port has undertaken different activities. Fremantle port has already had a pop-up and this is another one. Each port has undertaken different activities to encourage workers to be vaccinated. We will be working with the other ports and the Department of Health and the Chief Health Officer to see what else we can do to bring vaccinations to other regional ports. The figures I have seen from our voluntary survey show that the vaccination rates are already very high for those frontline workers. I understand that they were in vaccine cohort 1a from the beginning, so, in a sense, those workers were given priority right from the start.

In answer to the member for North West Central's previous question, the clearer directions on PPE came out on 2 June. Before this date, there was some ambiguity around people who were not employees of the port authority who might have been missed in the original direction. We clarified that to make sure that everyone who interacts with overseas vessels has to wear PPE.

**Mr V.A. CATANIA:** Is that a directive from the minister responsible?

**Ms R. SAFFIOTI:** It is a directive through the State Emergency Coordinator. All these directives are undertaken through the SEC.

**Mr V.A. CATANIA:** Is that tabled in Parliament?

**Ms R. SAFFIOTI:** It is available on the website.

**Dr D.J. HONEY:** Is the minister able to provide an indication of how many proponents are currently seeking new or expanded port access for exports out of Geraldton port?

**Ms R. SAFFIOTI:** I do not have that information. I will ask Damian to respond.

**Mr D. Tully:** A number of proponents are coming through. That list expands and also contracts over time. We sign cooperation agreements with proponents whilst they are working through their solutions to come into port and then we sign port services agreements on completion. I do not have a number available.

[11.40 am]

**Dr D.J. HONEY:** I have spoken to a number of proponents who said that they are talking to the port of Geraldton about potential tonnages. I wonder whether one of the minister's advisers could provide an estimate of the sorts of tonnages that people are seeking and the capacity of the port at the moment to cope with the suggested tonnages of additional exports.

**Ms R. SAFFIOTI:** I think providing that level of detail may breach some commercial confidentiality discussions with those proponents. I am happy, by way of supplementary information, to provide what information we can about prospective tonnages. The member has been in the industry and knows that demands change over time depending on a number of factors, particularly commodity prices. We will give the member what information we think is reasonable, without breaching the commercial confidentiality of the individual proponents, by way of supplementary information.

**Dr D.J. HONEY:** Obviously, I am not seeking the names of the proponents; it is simply tonnages versus current capacity.

**The CHAIR:** Does the minister agree to provide the supplementary information; and, if so, can she state exactly what information will be provided?

**Ms R. SAFFIOTI:** As far as practicable, I will provide information about requests for further export trade inquiries regarding the use of Geraldton port.

[*Supplementary Information No A8.*]

**Mr V.A. CATANIA:** I refer to the significant issues impacting the government trading enterprise of the Mid West Ports Authority on page 654. The first paragraph states —

The Authority received State endorsement for the Geraldton Port Master Plan (PMP) in July 2020. The PMP will guide the longer-term development of the Port of Geraldton over the next 15 years.

The minister has talked a bit about Oakajee and what prospects may or may not be there. Looking at a master plan for Geraldton is obviously vital to the midwest in opening up resource projects and so forth. Given the push by the government to build an outer harbour rather than keep Fremantle, has the state looked at an overall plan? I know that the minister quickly touched on looking at all ports in WA. Given the capacity of Geraldton port and other ports along the coast, did the minister consider upgrading the regional ports to be able to cater for any future growth? A lot of ports are going towards containerisation, which obviously stops containers going all the way down to Fremantle and all the way back up the coast. Has the minister looked at logistics, especially with COVID and metropolitan areas shutting down and regions still being able to operate? It is a good safety net to invest in our regional ports. That leads to my question: Would there be a need for an outer harbour if the minister were to expand all regional coastal ports? Is there a need? Could the state keep Fremantle port and spend the \$5 billion or so, if not more, that the government will spend on the outer harbour to enhance ports such as Geraldton, Karratha, Port Hedland and all the way up to Wyndham?

**Ms R. SAFFIOTI:** The member may have popped out when I said this—I understand that you guys are stretched so you will be popping in and out—we have a huge capacity to build up our regional ports and regional trade. That can be done with Westport, and alongside Westport. In looking at how we plan for future trade and growth around the state, in a sense we would start with Westport and its container terminal and the movement of that container trade. As we know, Fremantle port and its bulk terminal do a number of other products that are not container trade. Bunbury port has massive landside capacity. Esperance port has great depth. Geraldton port is in close proximity to a lot of inland resources. Onslow is an exciting place. Further north are the ports of Pilbara and Kimberley. There are massive opportunities to continue to strengthen our regional towns and cities with further investment in ports and further trade through those ports.

I do not think it was explicitly done, but there are issues in having different ports. The port reforms helped address this to a point, but if we look at the ports of Geraldton and Esperance—I will group them and look at the state conceptually—how do we best facilitate trade through each of those ports and then through the Pilbara and Kimberley ports? We are doing an overall strategy that involves looking at the source of the trade, the destination of the trade and the type of trade, and the capacity and capability of each port. We have done studies so many times or we have looked at our transport. We have done it on a port basis rather than a complete multimodal basis. What are we doing on our roads; what are we doing on our rail; and what are we doing at our ports? All three have to be looked at at the same time to understand how we can best move trade into our regional ports as efficiently as possible. I think there is massive capacity. I am a big supporter of our regional ports because they are great employment generators.

In relation to containers, we will definitely need to replace the Fremantle container port. There are a number of initiatives. Four or five proponents have told me that they can bring containers through their ports in the north west and the Kimberley. If we can get more containers through the ports of Pilbara and Kimberley, that is a good thing, but it will not replace the need for new container trade in Westport, in the new port in Kwinana. It is a big jigsaw puzzle and things change over time. People's ideas about what they want to ship and where they want to ship to change over time. Sometimes it is not only to do with the port, but also the rail and road access to those ports.

Potential rail constraints at the port of Esperance will emerge over time. We are trying to pick up a number of different elements as part of our overall analysis. On a region-by-region basis, or maybe port by port, we are understanding the source and destination of our trade. Throughout the metropolitan area, thinking about Westport, we are doing a very detailed study on where those containers go and where they will continue to go. Where are the big distribution centres located or where should they be located? We have never been that strategic in directing that. As a result, people have capitalised on that by setting up distribution centres where they think it is easier to truck in and out of. All that work is happening now. The bit that I am very excited about is looking at the whole state and how we can marry the individual master plans with the overall strategy to understand what these ports will need for the next five to 10 years and, more generally, what is their future capacity? We can then make some big strategic decisions, like the Oakajee decision and other decisions that will be made around the state, when we have a big understanding of what is happening across the state.

**Mr V.A. CATANIA:** I totally agree with that. What our vast state has been lacking is an overall port and transport strategy that goes between the ports that opens up opportunities in the midwest, which has always been constrained because of transport's capacity to offload. Will a strategic study be conducted? It also gives the ability for the private sector to say, "The government has a strategy to say, 'Out of Carnarvon port, Magellan is going to do hydrogen. Because Oakajee is too far away, we can do hydrogen there. We know we can invest in the transport logistics of getting it out to the port.'" Will the government have a blueprint to say that this is a way forward for ports and transport in Western Australia, so that it can attract that private investment or private investment knows that in the future a port will potentially open up—as I said, for Magellan in Carnarvon and Jack Hills at Oakajee? They could get iron ore out of Jack Hills if there was a port. Will the government conduct that blueprint in a time frame of, say, the next one to two years?

[11.50 am]

**Ms R. SAFFIOTI:** Yes; I think probably the next 18 months. The work is being undertaken now. I do not envisage exactly how it will be released and what it will look like, but the work is being done now. Another factor of that is bulk trade through Kwinana, for example. I have always questioned why we would take product from so far away from Kwinana into Kwinana—that is, from a regional setting to a metropolitan setting, in a sense. It is mainly because of transport links. That is the key driver. It is not the port itself but the transport links.

**Mr V.A. CATANIA:** It makes or breaks a project as well.

**Ms R. SAFFIOTI:** Yes. That is why it is very important to look at all aspects of that trade. We might discuss this in the transport section later, but with the movement of agricultural freight, for example, the ports are only one part of it. It is all those links into that—the road and the rail investment. What we are trying to do as part of our work on the agricultural freight strategy, for example, is to look at a geographic region rather than a mode region. So rather than look at how the Southern Ports Authority should act, it is about an area. For example, for Esperance and the regions that serve it, what improvements need to happen along that entire corridor and not just at the port to make it more viable? Companies make shrewd investment decisions all the time. It is always about cost and reliability. Ultimately, we see a lot of trucking of product around the state because the roads are there. Sometimes, it is a lot cheaper in the shorter term, but that is where governments sometimes need to step in and be a bit more strategic about their investment.

**Mr R.S. LOVE:** This question gets back to the Mid West Ports Authority. I refer to page 653 of budget paper No 2, volume 2, and the revenue from operations. There is a big jump this year, from \$74 million to \$101 million or thereabouts, and further improvements throughout the coming years. What is the driver for that increase?

**Ms R. SAFFIOTI:** As the member correctly pointed out, the estimated actual figure of \$74.7 million in 2020–21 will go to \$101 million in 2021–22, mainly as a result of increased trade throughput and customer mix. I might throw to Sandra to provide some more comments.

**Ms S. Pigdon:** Thank you, minister. Over the last six months, we have signed a number of port service agreements for new customers to our port, and that is a reflection of that trade coming through the port.

**Mr R.S. LOVE:** That begs the question: how close to capacity does the port sit now?

**Ms R. SAFFIOTI:** I will ask Sandra to respond.

**Ms S. Pigdon:** In terms of capacity, storage capacity is quite tight. Most of our proponents have their own facilities to store their product on port to enable the efficient loading of their vessels. Right now, we have zero storage capacity available that is either owned by the Mid West Ports Authority or available via third-party customers. In terms of direct loading and shipping capacity, we still have significant availability.

**Ms R. SAFFIOTI:** Just to follow up on that, one of the early actions of the master plan is the money allocated to acquire land in the precinct to further enhance the capacity of internal road restructures to better utilise existing land and expand the footprint for further storage capacity in the area.

**Mr R.S. LOVE:** So in terms of constraints on capacity, to what extent does rail access constrain it, and is that one of the limiting factors to the further expansion of the port?

**Ms R. SAFFIOTI:** I think one of the things we are looking at as part of the agricultural freight strategy is what we can do in relation to some works at the midwest port to further expand rail capacity. More generally, a lot of the product is still trucked in, as I recall from my couple of visits there. Damian, would you like to provide some comments?

**Mr D. Tully:** Thank you, minister. What we see is that rail actually lends itself to high-volume products. A lot of the newer proponents coming through the port have lower volumes, which they will continue to truck.

**Mr R.S. LOVE:** Further to that, I have had some discussions with at least one proponent who is prepared to use rail, so there are other players who might come in the future. Is there capacity for a fairly large mining operation, for instance, to actually seriously contemplate using Geraldton port in the current circumstances?

**Ms R. SAFFIOTI:** I will refer that to Damian.

**Mr D. Tully:** We are obviously in discussions with a proponent who is looking to export using a rail solution, but that solution would need to be linked to a storage solution. That is where the restriction is at the moment and the reason that money has been allocated in this budget towards land acquisition.

**Mr R.S. LOVE:** On the issue of rail, is there a particular charge for rail access at the moment?

**Mr D. Tully:** Yes, we do charge rail access charges.

**Mr R.S. LOVE:** At what rate is that charged, and for what purpose is the money earned used?

**Ms R. SAFFIOTI:** Through Damian, although I am not sure whether we can provide that level of detail.

**Mr D. Tully:** We charge through our tariff card, which is publicly available to everyone. That is in order to recoup revenue, which we use to maintain the rail network for our customers within the port.

**Mr R.S. LOVE:** If I am talking now about what money is used for, there is a dividend retention this year of \$28.3 million. For what purpose will that money be applied?

**Ms R. SAFFIOTI:** I can answer that one. The dividend retention policy has been applied to many of our government trading enterprises, in particular the ports. That will be retained by the ports, but the expenditure of that will still be governed by the Expenditure Review Committee. As with all expenditure, it will be supported by detailed policy proposals or business cases. Of course, the master plan that has been released requires a lot of future investment. Initially, we have the internal road restructure and the land acquisition, but I suspect that other aspects will be put forward in future budget deliberations. We now have a master plan that can guide that investment into the future, but all that is subject to future budget processes and the Expenditure Review Committee allowing that expenditure, even though it is retained by the GTEs.

**Mr R.S. LOVE:** The forecast dividend in the years forward will reflow to the state—it is a fresh dividend each year. Is the intention to capture only this particular one year of dividends and no further dividends at the moment?

[12 noon]

**Ms R. SAFFIOTI:** That is the current decision. The decision is that in 2021–22, those dividends will be retained. In the past, the dividends have always been paid and then expenditure decisions of government may be done through asking the Geraldton ports to use retained earnings or a consolidated account injection, depending on what type of investment is being supported. It all impacts on the net debt bottom line, but the question is how it is sourced. It

might be through the retained earnings of a port. In this instance, in 2021–22 the authority will retain its dividends, but it will still need the approval of the Expenditure Review Committee to spend. In other instances, there may be an injection from the consolidated fund through the appropriation bill. The policy for dividend retention is only for 2021–22.

**Dr D.J. HONEY:** I refer to page 653 of budget paper No 2, volume 2. There is a very significant jump in revenue from operations from the 2020–21 estimated actual to the 2021–22 budget figure, and then a further significant increase in 2022–23; it is around a \$40 million increase over two years. I just wonder what the basis of that anticipated increase in revenue is.

**Ms R. SAFFIOTI:** Sorry, member; we just answered that. I can ask Ms Pigdon to give the same answer. It is a combination of increased throughput and customer base.

**Dr D.J. HONEY:** I was drifting off; sorry.

**Mr R.S. LOVE:** I will just go back to page 653. Under financial changes is the line item, “Geraldton Port Wide Fire Fighting System”, which has a significant cost. It was initially announced that a project was in train. A press announcement said a further allocation of nearly \$10 million had been allocated to that project. I am wondering whether there was a different project to start with and then the government looked at it and decided it was not adequate, or whether this project was always going to be of this size and scope. If there was a change of scope, what caused that?

**Ms R. SAFFIOTI:** I will ask Damian to respond.

**Mr D. Tully:** The initial spend that the member is referring to was to do with the design of the firefighting system. Then we were waiting on further funds to be allocated to continue with that construction. That was confirmed in this budget so that we can proceed with the entire project.

**Mr R.S. LOVE:** Is the system that is being put in place reflective of the normal standard of equipment that one would find in a port in Western Australia or is it something extraordinary?

**Ms R. SAFFIOTI:** I will ask Mr Tully to respond.

**Mr D. Tully:** I thank the minister. Due to the water pressure within Geraldton, this system will bring the fire main up to a sufficient level to effectively fight fires now and into the future. It will also provide a better facility to provide protection whilst fuel vessels are alongside and bring up some of our facilities to a more modern standard for fire detection, fire alarms and evacuation of smoke.

**The CHAIR:** That completes the examination of the Mid West Ports Authority.