

Mid West Ports Authority —

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr D. Tully, Chief Executive Officer.

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

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[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. I 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 close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

Mr R.S. LOVE: Thank you and welcome to everybody from the Mid West Ports Authority. I have to say that a degree of congratulations is in order on the midwest project. My own electorate depends upon export potential from Geraldton port, so I was as pleased as anyone else to see the developments there. It is interesting to see that the port itself was the first project, I believe, to go through Infrastructure Western Australia.

Let us just talk about the port's development, which is in the budget, and about a couple of issues outlined in the Infrastructure Western Australia report that I would like to ask about, if that is okay. The Infrastructure WA report talks about the environmental assessment that is necessary for the development of the port. I am wondering whether the minister can give me an idea of how advanced that process is and what the expectation is around the level of assessment that will be necessary. At this very early stage, has the Mid West Ports Authority had any preliminary discussions with the Environmental Protection Authority or others about what will be required? How does the authority see that process evolving, and what are the time lines involved?

Ms R. SAFFIOTI: I will defer to Mr Tully.

Mr D. Tully: Geraldton port currently operates under an environmental licence from the department. Any new development or new export will require an amendment to that licence. We are currently undertaking our final tender evaluations for our engineering procurement and construction management contractor. Part of that role will be to liaise with the department and also make the required amendments so that the development and those exports can go ahead.

[11.30 am]

Mr R.S. LOVE: Mr Tully mentioned a procurement engineer. Is that a contractor? Has the engineering concept itself already been developed and will that person or group deliver what has already been designed or will they help to design the actual project?

Ms R. SAFFIOTI: I defer to Mr Tully.

Mr D. Tully: We have currently completed the conceptual design, which is what we went to tender for with the EPCM company. It will undertake further detailed design in the next period upon its award.

Mr R.S. LOVE: I will get back to the environmental assessments.

The CHAIR: Member for Moore, is this on the same topic or is it a new question?

Mr R.S. LOVE: No, it is the same. It relates to issues within the project, which has been announced.

The CHAIR: That is fine.

Mr R.S. LOVE: The minister has said that the operations of the port will require certain assessments. Since a previous development at the port, we have had an issue with erosion along the Geraldton foreshore and perhaps even further along towards Bluff Point et cetera. Will an environmental assessment be a key part of the assessment process or has some assessment of the coastal impacts further away from the development already been undertaken?

Ms R. SAFFIOTI: I will make some preliminary comments. That is a very good point because the wider impact of all port and maritime developments needs to be assessed. More recently, we have discussed how we have to be very sensitive with whatever we do at the Geraldton port to minimise any consequential impact further along

the coast. All the examples of projects up and down the coast that have been shown to me have had very good intentions, but have created issues along the state's coast. A far greater level of sophistication has been brought to all the analysis and examination of the potential impacts of maritime infrastructure on erosion. I will ask Mr Tully to provide more comments.

Mr D. Tully: Importantly, the Geraldton port maximisation project that has just been approved focuses on the current footprint of the Geraldton port. The infrastructure of the channel or the actual port itself will be largely unchanged. As a result, we do not foresee any changes to the coastal processes that exist at this stage. However, that will still be taken into account as part of the detailed design and assessed by the contractor and by the port itself.

Mr R.S. LOVE: As part of the development, will the authority be looking to minimise the surge problems that are actually acknowledged in this report and we know have been a problem in Geraldton for some time? If that development is done, surely it would mean that some of those physical changes could have an effect on other parts of the coast.

Ms R. SAFFIOTI: I will refer to Mr Tully but, again, I think we discussed this. The report and the project expenditure reflects that the port will not be operational at certain times. We have accepted that and that is why the investment is on the current footprint. We will be looking at what else we can do to try to limit the impact of surge and the loading and unloading in the port. More generally speaking, the bigger issue is: how do we deal with surges in the future? In the past, people discussed having breakwaters, but we know that that would potentially impact the coast. That has not been considered as an appropriate solution. I will ask Mr Tully to provide comment.

Mr D. Tully: The Mid West Ports Authority is currently undertaking scientific studies. We are working with other research partners to work out the best solution to solve the surge issue or to at least improve the situation for our customers. Any new development that is contemplated as part of the port maximisation project will look at the best surge mitigation solutions to take into account that particular berth or development that is happening, so it will not apply to the port as a whole.

Mr R.S. LOVE: I have a further question that is more about the financing of the project. We know of the \$350 million investment, but with previous improvements at Geraldton port, a surcharge has been applied to users. One surcharge that came with a development that was done four or five years ago has now been done away with. Is it likely that existing users will have to pay an additional surcharge or will this be financed through the increased throughput at the port?

Ms R. SAFFIOTI: We have not committed to a specific surcharge, but, of course, we expect the revenues to improve and increase because of the increased activities. I will ask Mr Tully to comment.

Mr D. Tully: I will refer to Ms Pigdon.

Ms S. Pigdon: We have built the economics based on a user-pays model, albeit the user pays in arrears as opposed to in advance. As users use the facility, they would pay an additional charge for the use of those facilities.

Mr R.S. LOVE: For instance, will the existing users—CBH, Karara Mining or whoever—have to pay an additional fee per tonne, or however it is calculated, on top of what they already pay?

Ms R. SAFFIOTI: That is what the business case is predicated on, but we have not made a final decision about it. I refer again to Ms Pigdon.

Ms S. Pigdon: If existing users do not use the new facilities, they will not pay additional fees. If they use the new facilities, they will pay to utilise those new facilities.

Mr R.S. LOVE: What is the spare capacity at the port at the moment? How will it be determined whether a user falls into the category of being a new user or someone who has used the existing facilities if the whole port is in some way being upgraded, for instance, to combat the storm surge?

Mr D. Tully: As it stands, we are looking at the current customers who are proceeding through the port. They will remain largely on the same fee structure that they are on at the moment. There is spare capacity in some of those berths; however, we see that spare capacity disappearing in the forward estimates, which has brought forward this port maximisation project.

Mr Y. MUBARAKAI: I want to ask a further question on that. What does the port maximisation project mean for the people of Geraldton and the midwest? Could the minister broadly emphasise its impacts on the surrounding area?

Ms R. SAFFIOTI: It means a couple of things. When we travel around regional WA, we see that regional ports are a major economic driver of towns and cities. One of the key things we want to do is to continue to support the growth of regional ports and to allow for as much trade as possible through those ports because they are fundamental to the continued growth of cities and towns, including Geraldton. Many of these towns have been built around the port. That is the first thing.

The second is that construction activity at a port provides employment opportunities. This will be a major construction front that will also facilitate the growth of new industries. Again, the port maximisation program will see the expansion of some existing industries and attract new industries. As I said, there will be employment opportunities, particularly in regional WA. We want people to stay in those towns and these port expansions will drive very significant employment opportunities.

[11.40 am]

Mr R.S. LOVE: In terms of the development—I cannot read much on the little map that is in the report—what will be done specifically to improve the movement of rail in and out of the port? One of the constraining factors at the port at the moment, as I understand it from talking to rail users and the like, is that it is difficult to get trains in and out. Is that one of the issues that will be addressed in the port redevelopment?

Ms R. SAFFIOTI: I refer to Mr Tully.

Mr D. Tully: The port maximisation project will look at some of the small proponents in the midwest and surrounding area. Many of those proponents do not have the capital that is required to invest in rail. We have been focusing on those customers to give them an export path from the state. That is the plan with the maximisation project. Nothing to do with rail is specifically addressed, but we have been in consultation with Arc Infrastructure and some other proponents that are looking at rail, but it is not foreseen to be part of this project.

Mr R.S. LOVE: I listened to a presentation by the chair or CEO of Westport who was explaining the issues that constrain movement in freight corridors to the port. It seems to me that making sure that there are better paths into the port are an essential component of that development. There are developments around Arrowsmith and other places that could potentially use rail. I would certainly encourage that and hope we could see more of that.

Ms R. SAFFIOTI: As part of the agricultural supply chain network work, we will be looking at road, rail and port maximisation. This is strictly looking at the port footprint and what improvements can be done, but another key issue is what can be done on rail and other aspects of rail across the midwest, south west, great southern and the wheatbelt. Some of that work is identified in the other work that is happening and being shared by Transport. If we can and need to influence some of the work that is happening at the Geraldton port to facilitate more freight on rail, we will do that.

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