

Kimberley Ports Authority —

Mrs L.A. Munday, Chair.

Ms R. Saffioti, Minister for Ports.

Mr L. Westlake, Chief Operating Officer.

Mr P. Abromeit, Senior Policy Adviser.

Mr P. Laing, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: The 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: I refer to page 653 of budget paper No 2, volume 2, and the table under the asset investment program. Under the heading “New Works” is the item “Supply Base”, which totals \$45 million, with \$5 million expected to be expended this year. This is obviously the new supply base that has been announced. Can the minister outline how that development will integrate into the overall port of the Broome master plan?

Ms R. SAFFIOTI: This supply base will help support the offshore oil and gas industry off the Kimberley coast. We are in negotiation with potential users of that supply base. We have allocated those funds to the project. We will be able to say more once negotiations with potential users are successful. It is really about supporting the oil and gas sector offshore so that WA will get an increased economic benefit from some of those oil and gas operations off the Kimberley coast.

The CHAIR: Is this the same question?

Mr R.S. LOVE: I have a further question. The funding is being supplied, basically by government all the way through. Is it expected that industry will support this amount of money at some level in terms of a recoup? What is the expectation of this investment? Will it be paid back in a certain time frame or is there any work around what the business will generate?

Ms R. SAFFIOTI: I do not know the detailed negotiations and I probably would not be able to disclose them if I knew them. There will be some levying and a charging system. There are two ways of doing all maritime or common-user infrastructure projects. They can be totally funded by the private sector, and then they will of course be dictated by the owner of the asset or the facilitator of the asset; or it is common-user infrastructure funded by the government and then those moneys are recovered, particularly through charges over time. In the port space, the government supports government-funded infrastructure and then funds are recovered over time. It also assists with the profitability of the port, which can come back through dividends and so forth. There are different ways of recovering the revenue. I suspect some charges will be laid, and they will come back through the port as dividends to the state’s taxpayers.

Mr R.S. LOVE: On the funding, I should have explained that that is the government’s portion. Is this not some sort of public–private partnership? Maybe I have been misled, but the Kimberley Ports Authority website shows a \$110 million support base investment and only \$45 million is funded by the state.

[11.20 am]

Ms R. SAFFIOTI: A couple of things are happening. There is this project, the marine services hub and also the Kimberley Marine Support Base project that is being led by the private sector in the Kimberley ports space and is a private sector investment.

Mr R.S. LOVE: Is that separate?

Ms R. SAFFIOTI: Yes, that is separate.

Mr R.S. LOVE: Okay. That was my mistake.

I have a further question on the use of the facility. When does the minister think she will make some arrangements or have a firm idea about how and what the facility will be used for?

Ms R. SAFFIOTI: As I said, the negotiations are ongoing, so we expect that probably by the end of the year we will have some certainty about the time frame for developing this space and also of who the users will be.

Mr R.S. LOVE: There are a number of offshore projects in that area already, and potentially Browse and others might be redeveloped. What will the port's capacity be in the future to meet that greater demand in that area than is currently available?

Ms R. SAFFIOTI: I suspect the project will be built to facilitate a lot of users, but, primarily, a key proponent will underpin the time frame for the delivery of the project. As I said, the commercial negotiations are currently underway. Do I need to take my mask off or can I keep it on?

The CHAIR: Whatever suits you. I can hear you perfectly well. Can the member for Moore hear the minister?

Mr R.S. LOVE: Yes.

Ms R. SAFFIOTI: I might keep it on, just to be safe. It is probably easier than taking it on and off. Sorry.

The provision here is basically pending some successful negotiations. I suspect that this project will happen, but the time frame will be underpinned a little bit by a major commitment from the first user.

Mr R.S. LOVE: Thank you, minister. I think this has been an ongoing matter because I remember asking questions around this a couple of years ago. I refer to the integration of Wyndham and all the other ports into the one port authority and the operating subsidy, which I think is \$2.5 million a year throughout the forward estimates. Can the minister explain the basis for how that subsidy is calculated, what it provides and why it will be needed to make that port integrate into the one authority?

Ms R. SAFFIOTI: I will make some preliminary comments about the integration of Wyndham into the Kimberley Ports Authority and then refer to Mr Westlake to make some more comments. As I recall, the Kimberley Ports Authority has contracted out the running of the port to the existing operator. A lot of different proponents are looking at how they could use Wyndham port into the future. We think this is an exciting opportunity for new industries in that area of Western Australia. We also think there are a lot of opportunities to create more jobs at the port and to have a much more sustainable port and create local jobs for local Aboriginal people too. A proponent of a major resource project has recently shown a lot of interest in that port and also with what we can do to assist with local Aboriginal employment in that region. I will now refer to Mr Westlake.

Mr L. Westlake: Wyndham port has been operating at a loss for a number of years. The operating subsidy is primarily to cover some of that loss because the Kimberley Ports Authority, as a whole, has been operating at a loss as well. The good news is the potential for future developments and that we are probably even tracking ahead of the current budget compared with where we expected to be.

Mr R.S. LOVE: What types of different industries is the minister anticipating? The minister spoke before about different, exciting uses. Is there a particular industry that might be a white knight for the port?

Ms R. SAFFIOTI: Sorry, member, but whenever companies come and talk to me about these things, I am never quite sure how commercial-in-confidence it is. Is it commercial-in-confidence, Mr Westlake?

Mr L. Westlake: I probably would not go into too much detail, but certainly a couple of mine sites want to export their products through Wyndham at the moment.

Ms R. SAFFIOTI: As I said, this is exciting because I think it will create a sustainable and long-term future for Wyndham. Many industries that are talking to us are not the types that turn on and off very quickly. They are more long-term, sustainable investments. The Kimberley Ports Authority is in negotiations with those industries about how to facilitate that trade. Sorry. If I had clarity, I would tell the member. It is not a secret; it is just that I never want to jeopardise anyone's commercial negotiations.

Mr R.S. LOVE: That is fine.

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