

**Southern Ports Authority —**

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr N. Fertin, Chief Executive Officer.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witnesses introduced.]

**The CHAIR:** I give the call to the member for Scarborough.

**Mrs L.M. HARVEY:** Further to the decision by Cleveland–Cliffs to close its mining operations at the end of 2018, has any analysis been undertaken of the financial impact that this will have on Esperance port?

**Ms R. SAFFIOTI:** What page is the member referring to?

**Mrs L.M. HARVEY:** Southern Ports Authority is on page 547 of budget paper No 2. There has been significant asset investment. We have minor works programs factored into the out years.

[2.10 pm]

**Ms R. SAFFIOTI:** Sorry, on page 547? Unless I am missing something, I have Western Power.

**Mrs L.M. HARVEY:** Southern Ports Authority, budget paper No 2, volume 2.

**Ms R. SAFFIOTI:** With regard to the Southern Ports Authority, negotiations and discussions are ongoing about the Cliffs' operations issue. Again, things are happening at the moment with other parties involved in the whole process. I am not able to provide further advice about what would happen in volume or trade because it is all happening at the moment.

**Mrs L.M. HARVEY:** I would have thought that for the budget, some analysis on this impact would be factored into the revenue streams coming back to government from the port.

**Ms R. SAFFIOTI:** In chapter 3 of budget paper No 3, headed "Fiscal Outlook and Strategy", Treasury outlines a number of spending risks. It states at page 63 that one of the risks for the Southern Ports Authority is the early closure of Cliffs' Yilgarn operations. As I said, it is not as though I want to avoid discussing this in detail, but very commercially confidential discussions are currently happening about those operations and what is happening at the Southern Ports Authority with prospective volume changes, so I cannot elaborate at this time. I also want to outline that the cut-off date for the budget was the first week of April. At that time, there was some early understanding of what was happening, but since then things have progressed significantly, and other commercial parties are involved. Those discussions are in the process of being finalised and should be finalised soon.

**Mrs L.M. HARVEY:** Could the minister elaborate on what those discussions are about? Are they about another customer through the port or the sale of the assets? The minister was a bit unclear about what those discussions are about.

**Ms R. SAFFIOTI:** They are discussions about Cliffs' operations that would impact the port. Discussions are happening about the future of Cliffs. Those discussions would ultimately impact the return to profitability and the ownership of assets at the port, but I cannot describe that in any great detail at this point in time, if the member knows what I am saying. Parties are involved that are currently in negotiations about Cliffs' assets and future operations.

**Mr W.R. MARMION:** Without the minister saying what the discussions are about, is there a possibility that the operations of Esperance port will continue along the same lines?

**Ms R. SAFFIOTI:** Yes, a lot of possibilities are being discussed. They are decisions partly of government, but more of the private entities involved, so the government is being represented through a joint effort between the Southern Ports Authority, the Department of Jobs, Tourism, Science and Innovation, the Department of Transport, the Department of Mines and Petroleum, and the Department of the Premier and Cabinet—a joint effort across government to see what can be done to facilitate a continued export of iron ore in that area.

**Mr W.R. MARMION:** I have a general question about operations. When I was briefly Minister for Transport, one of the issues that the Southern Ports Authority had at Esperance was that someone—it may have been Cliffs—had a lease on a shed that was empty, and someone else wanted to use that shed, but they could not use it. If indeed it is Cliffs, will the minister consider in future negotiations about leasing property at Esperance port—through experience now learnt—that if someone is not using a shed, there is some sort of clause that would enable someone else to use the shed in order to get more exports out of Esperance port?

**Ms R. SAFFIOTI:** It is a good point. It is one of those factors being considered at the moment about control over assets that could potentially be used by other parties. It is definitely an issue that is in front of us. It is pretty

complex—some very big players are involved at the moment that are trying to secure a future. I cannot elaborate any more because I do not want to jeopardise future operations.

**Mrs L.M. HARVEY:** A further question on where we were previously. With regard to the cross agency collaboration the minister was talking about, is that a formal task force?

**Ms R. SAFFIOTI:** I am not sure whether it has been named anything, but the Department of the Premier and Cabinet is coordinating our response to proposals being put to us. In doing that, it deals directly with all the relevant agencies to ensure everyone is working together to achieve the same outcomes. The Department of the Premier and Cabinet is coordinating the effort, linking through our office to the Southern Ports Authority, which is minister Johnston's area, and of course through the Premier's own department of JTSI. It is a coordinated effort to make sure that we have timely and accurate information in front of us in our dealings, and also making sure there is an understanding across government about the proposals.

**Mrs L.M. HARVEY:** There were some issues at Bunbury port with the methanol storage facility and Iluka Resources having a conflict with the proposed location of the cruise shipping platform. Where are those negotiations up to?

**Ms R. SAFFIOTI:** I will just talk broadly and then I might refer to Nicolas on those particular things. The whole waterfront stage 3 proposal is looking at how to utilise that area of Bunbury port to facilitate further tourism activities, including the enhanced cruise ship visitation. A part of that has been working with existing industrial companies that are located there. We have already seen some movement, but we are continuing discussions about the potential movement of some of the industrial infrastructure to the other part of the port. This is all being picked up as part of the Bunbury Development Committee and a business case is being developed for the entire Bunbury waterfront. Stage 1 has been delivered, stage 2 is underway, and stage 3 is at the business case process, working through the Southern Ports Authority, LandCorp and the South West Development Commission to develop and finalise a business case for stage 3 of the Bunbury redevelopment. I will refer to Nicolas for further details about those two particular companies.

**Mr N. Fertin:** We worked hard at relocating the trade that is facilitated at the outer harbour, being methanol import or Iluka mineral sands. In recent months we have worked with Iluka to demolish some tanks that are not normally being used. We are working with LandCorp, the Department of Planning and the City of Bunbury to find a way to continue the relocation while continuing to increase cruise ship operation.

**Ms R. SAFFIOTI:** We are very cognisant not to jeopardise jobs, in particular. We are working with companies, and it is all part of a longer-term vision for the waterfront. The previous government committed to stage 1, and I think we helped contribute to stage 2, so a lot of work has already been undertaken around that entire area, and by working progressively with the community and industrial proponents we will continue to facilitate the new waterfront project and also increase visitation by cruise ships.

[2.20 pm]

**Mrs L.M. HARVEY:** How many cruise ship companies have indicated an interest in visiting Bunbury?

**Ms R. SAFFIOTI:** That is probably tied up more with the Minister for Tourism. One of our issues with cruise ships is the need to sell the overall package. From what we have seen with the upgrades to Fremantle port and the further development of a marquee port at Broome, it is all about trying to increase the continued presence of cruise ships in WA so that places such as Bunbury get more visitation. It is an entire package and it is about making sure that Fremantle continues to play its role and the cruise industry has a reliable and predictable place to visit. The continued works we are doing in Fremantle plus the development of Broome are the two sort of key —

**Mr V.A. CATANIA:** Not Exmouth.

**Ms R. SAFFIOTI:** As the member knows, Exmouth is a longer-term proposition. Again, if there were an easy answer, it would have been done.

**The CHAIR:** We are talking about the Southern Ports Authority.

**Mr W.R. MARMION:** Can the minister advise whether there are any plans to expand Bunbury port; and, if so, does it require any change to the Preston River mouth?

**Ms R. SAFFIOTI:** Nicolas will answer that question.

**Mr N. Fertin:** In 2009, the inner harbour structure plan was approved, and that planned for the relocation of Preston River. We are working with the electoral commitment to do an amendment to the 2009 inner harbour structure plan to find a phased approach to unlock the land, and we believe that this will resolve the issue with Preston River.

**Mr W.R. MARMION:** Does that mean that in the long term we will leave Preston River in its location? For any future expansion, can we deal with it in its present location? Is the minister saying that we do not have to move it?

**Extract from *Hansard***

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 24 May 2018]

p406b-408a

Mrs Liza Harvey; Ms Rita Saffioti; Mr Bill Marmion; Mr Vincent Catania; Chair

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**Mr N. Fertin:** We are considering alternatives to minimise the cost of the relocation. Marine experts are considering several options and the Department of Water and Environmental Regulation is working with us to find a solution.

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