

Pilbara Ports Authority —

Mr P. Lilburne, Chair.

Mr D.R. Michael, Minister for Ports.

Mr S. McSkimming, Chief Executive Officer.

Mr N. Sarandopoulos, Chief Financial Officer.

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

[Witnesses introduced.]

The CHAIR: This estimates committees 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.

The 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: There are probably a lot of questions to ask, but I will start with something that caught my eye in the “Outcomes and Key Performance Indicators” table on page 654 of the *Budget statements*. I refer to the line item “Ship revenue earned per visit” under the heading “Outcome: Maximise regional benefits through management of existing and future ports”. For the coming year, the port of Port Hedland’s ship revenue earned each visit is \$168 684 compared with the port of Dampier’s figure of \$22 449. What does that figure represent and why is there such a disparity between the two ports?

Mr D.R. MICHAEL: The port of Port Hedland provides more services to vessels, such as helicopters and pilots—obviously those two things are linked—and other vessel services. Private proponents primarily do those jobs themselves in Dampier.

Mr R.S. LOVE: I refer to the Port Hedland voluntary buyback scheme on page 653 of the *Budget statements*. Can we get an update on the status of that scheme and when or whether it might be complete?

Mr D.R. MICHAEL: The first part of the scheme ended on 31 December last year. That was the first two years. Before that, the government made a decision to extend the scheme and make minor changes to it. It added a small element of risk for anyone who is retaining their property who thinks the price can never go down, if that makes sense. The price gets indexed every year and there is no downside. We have added a downside, so if property prices decrease in Port Hedland, there is now a risk. We understand there are quite a few international investors in that area.

In terms of an update, more than 63 per cent of eligible residential properties, which is 247, have been settled to date. More than 85 per cent have been valued, with more than 22 per cent of eligible non-residential properties involved. To date, two per cent have accepted an offer. I think those non-residential properties have only been since 1 January. That is part of the change we made to allow the purchase of non-residential property in a complex that is connected to residential properties. Obviously, it would be hard to do anything with that property if there was one hold out. It was a voluntary buyback. It was never anticipated that all properties would be acquired. We recognise that the best option for each owner will depend on their circumstances. We extended it in late 2023 to include non-residential properties. We changed the value mechanism so that any downturn in future market value will be reflected in price offers. Since 1 January, which is when the scheme extension came into place, another 18 properties have been acquired, which is a really good result in only a few months. There are an additional six properties expected to be settled and acquired by the middle of this year. It is encouraging to see that number start ticking up, which will allow future planning to take place on what happens in the area.

We started a new initiative at the end of last year, with a new steering committee to oversee the project. The Hedland Maritime Initiative, which is run by Pilbara Ports Authority, does the purchasing; however, there is a new steering committee, which is chaired by the Pilbara Development Commission, to look over the whole scheme and future planning. I think it will have its first meeting relatively soon. It includes the council, Pilbara Ports and others, and will start planning for the future of the west end.

Mr R.S. LOVE: What was the rationale for the inclusion of non-residential property in the buyback? I want to get further clarity. My understanding is that the port is a safe working environment but not a safe place to live 24 hours a day.

Mr D.R. MICHAEL: There are 22 properties in the area, including holiday lets—a business that looks like a house—and there are properties that are attached to residences. Imagine a block of flats—for want of a better term—that

might have a commercial property at the bottom. We could purchase all the residential properties, but the block would be sterilised because there would be a commercial property unsold in it. There are only 22. They are not all commercial properties in the west end. It is only the 22 properties that meet the criteria.

Mr R.S. LOVE: What happens to properties that the owners do not wish to sell and will not sell? At some point, will it stop being a voluntary buyback and become a compulsory acquisition? Is that the minister's plan?

Mr D.R. MICHAEL: The current scheme ends on 31 December 2025. The future of the scheme after that point will be a policy decision for government leading up to that date, notwithstanding that some planning has to be done by the steering committee, and that will probably involve the Western Australian Planning Commission at some point.

Mr R.S. LOVE: I know a price was set and a premium was put on the price at a certain point—in 2019 I think it was. Could the minister give me an idea of the value or the median price that the government has paid as part of the voluntary buyback?

[3.10 pm]

Mr D.R. MICHAEL: I cannot believe I got the number. The median price is \$648 000.

Mr R.S. LOVE: I want to get an idea of the situation with the container port at Lumsden Point. How will additional shipping be accommodated? As I understand, at the moment, the port is only a tidal operation. At certain times of the day, ships cannot navigate into the port. How will that busy bottleneck accommodate the general freight going into the development at Lumsden Point?

Mr D.R. MICHAEL: Lumsden Point is an incredibly important project for our state and definitely for the Pilbara. It will be a multi-user facility and logistics hub in Port Hedland and will facilitate the export of battery minerals, the import of renewable energy infrastructure and the growth of direct shipping services. I am told that the tidal issues, which are very well managed already by the Pilbara Ports Authority, are not a constraint to the use of Lumsden Point.

Mr S. McSkimming: We can put additional vessels on every tide relative to what we are doing now. That would not be one of the operating constraints at Lumsden Point.

Mr R.S. LOVE: When will the development at Lumsden Point be final and complete? Is there an update on the development itself? Has the minister done any modelling on expected cargoes through that port, and is that modelling available to the opposition?

Mr D.R. MICHAEL: I will talk briefly about where we are at with the construction. I might ask the CEO to add to my answer. I was in Port Hedland a few weeks ago with our member for Pilbara, Kevin Michel. The first stage of construction is now complete, with a seawall successfully created. That is a crucial step to enable the dredging and subsequent construction stages to progress. There are two ponds down a road where the causeway is with a seawall around them. They will be filled in with a dredge spoil to create the land at the back of the berths. Pilbara Ports Authority has also recently awarded two major construction contracts for the dredging, reclamation and causeway construction packages. Construction of the causeway is now underway, with dredging and reclamation expected to begin in a few months' time. The delivery of the project includes dredging of the channel access and turning basins, construction of two new multi-user berths and construction of a central access road and service corridor connecting to Great Northern Highway, enabling private sector investment. The landside logistics hub is an enormous piece of land behind Lumsden Point. We have heard the demand for it is quite high, even though at the moment it is just sand and a massive area. I do not know whether the CEO wants to mention when we think Lumsden will be ready, as well as any of the trade forecasts if we have them.

Mr S. McSkimming: In answer to the member's question, as the minister mentioned, we have completed the seawalls and are currently working on the causeway. The dredging will start midyear. Once those works are complete and the landside portion of the project is finished, the next major piece of work is the construction of the berths. We are at tender for that at the moment. The tender will inform our view on timelines in terms of the construction industry's capacity to support that. Regarding the member's question about the demand forecast, there are two predominant trade purposes for Lumsden. One is the export of battery metals, predominantly lithium. I refer the member to the government's announcement that Pilbara Minerals and Mineral Resources have already signed up for that export capacity. The other use is imports, predominantly containers, general freight and renewable energy. There is an extensive business case available on Infrastructure Australia's website that includes quite detailed trade forecasts that the member would have available to him.

Dr D.J. HONEY: Going back to page 651 and revenue from operations, there is quite a significant increase in revenue from 2022–23 through to the 2023–24 estimated actual. What has driven that increase?

Mr D.R. MICHAEL: There is a one-off \$60 million contribution within that from industry for dredging.

Dr D.J. HONEY: That significant increase persists across the forward estimates, so there must be some other factor that has driven that. Is it simply an increased volume of trade or some other factor? It is a good thing, by the way—a good problem.

Mr D.R. MICHAEL: It is a good thing. There is an expected increase in trade. As we go along, Lumsden will factor into that. There is an expected increase in the volume as well. Yesterday was the first transshipment for Mineral Resources out of the port of Ashburton, which comes under the Pilbara Ports Authority. Within there as well will be some revenue derived from the Barrow Island port, which is currently a Department of Transport port. It is expected that that will transition into the Pilbara Ports Authority over the next year or so as part of the port amalgamation.

Dr D.J. HONEY: My question derives from the answer just given. Could the technology adopted by Mineral Resources for its Onslow operations potentially provide a simpler solution to exports from the midwest? It just seems to be quite a revolution from the typical deepwater approach.

Mr D.R. MICHAEL: That is a commercial decision a company has taken. It is difficult for us to answer. With my other hat on, as Minister for Mines and Petroleum, I get the odd proponent talk to me about wanting to run similar operations in a very remote area around the state nowhere near a port. Whether or not it will ever be commercial or they get finance for those things, I cannot speak to that. It is a commercial decision.

Mr R.S. LOVE: On page 652, under “Financial Changes”, there is an adjustment for the iron ore transshipment at the port of Ashburton. What does that figure represent? Is that a contribution from the state towards the transshipment or is it the cost of running the port?

[3.20 pm]

Mr D.R. MICHAEL: That is additional revenue from those operations.

Dr D.J. HONEY: I will go back to the Hedland Maritime Initiative referenced on page 655 and the special-purpose vehicle for the buyback scheme. How much of the \$245.8 million that is forecast has been expended in that buyback scheme to date?

Mr D.R. MICHAEL: I am happy to provide that as supplementary information.

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

Mr D.R. MICHAEL: Is the member happy if I provide the spend to date on the acquisition of properties?

Dr D.J. HONEY: Yes; thank you.

[*Supplementary Information No A24.*]

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