

**STANDING COMMITTEE ON LEGISLATION**

**PILBARA PORT ASSETS (DISPOSAL) BILL 2015**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
FRIDAY, 13 MAY 2016**

**SESSION TWO**

**Members**

**Hon Robyn McSweeney (Chair)  
Hon Ken Baston  
Hon Dave Grills  
Hon Robin Chapple (substituted member)  
Hon Ken Travers (substituted member)**

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**Hearing commenced at 11.42 am****Mr COLIN PATERSON****Chief Executive Officer, Brockman Mining Australia Pty Ltd, sworn and examined:**

**The CHAIR:** Before we begin, on behalf of the committee I would like to welcome you to the meeting. You have already taken either the oath or affirmation. You will have signed a document entitled “Information for Witnesses”. Have you read and understood that document?

**Mr Paterson:** Yes.

**The CHAIR:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record, and please be aware of the microphones and try to talk into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and mean the material published or disclosed is not subject to parliamentary privilege.

Would you now like to make an opening statement to the committee?

**Mr Paterson:** I would like to thank you for the opportunity to appear before this committee to discuss Brockman Mining’s interest in the Pilbara Port Assets (Disposal) Bill 2015. My name is Colin Paterson, and I am an executive director of Brockman Mining Limited—a company listed on the Hong Kong and Australian stock exchanges—as well as the chief executive officer of Brockman Mining’s Australian operations. I will initially provide a summary of our operations before discussing Utah Point in more detail.

Our principal, 100 per cent-owned projects include the Marillana and Ophthalmia iron ore projects, which are both located in the East Pilbara region of Western Australia. The Marillana project, which has more than one billion tonnes of JORC-compliant ore reserves, is located approximately 100 kilometres north west of Newman. It is the single largest deposit outside of the majors, and can support a 20 million tonnes per annum operation for more than 20 years. It has good product quality, with iron grades of 60.5 to 61 per cent iron. Our plan is to stage the development of this resource by embarking on an initial 2.5 million tonnes per annum project, which is a road haulage operation using new road trains with increased payloads to transport the ore to the Utah Point port facility for export. This initial development phase—dubbed the Maverick project—will establish Brockman as a producer, promote the Marillana product in the market and generate cash flow as our first step towards developing the larger Marillana iron ore project. We are aiming for first production from Maverick in quarter 4 of 2017, with construction to commence in quarter 1 of 2017. Brockman requires C-class capacity allocation and a stockyard lease at Utah Point to facilitate this project. We have been in discussions with the Pilbara Ports Authority in regard to our requirements, and we hope to secure an allocation soon to support our project financing needs. We understand, based on our discussions with PPA, that any new lease at Utah Point that they give us will be commercially balanced and will include take-or-pay or use-it-or-lose-it provisions or similar. However, we still have no certainty at this stage that we will be given any allocation at Utah. We are still waiting on the port to come back to us as to whether there will be capacity available at the end of 2017.

In relation to the main business of this committee hearing, being the inquiry into the Pilbara Port Assets (Disposal) Bill 2015, Brockman has stated in its submission previously that it supports in principle the state government policy of selling or leasing Utah Point. We also stated in that submission our potential interest in the sale of Utah Point as both a potential user of the facility and also a potential purchaser of the facility. We believe there are significant benefits to the state in the sale or lease of Utah to the private sector, given the current capital constraints on the state government.

As part of our Maverick project, we have established a close working relationship with Qube Ports and Bulk—the current stevedoring operator at Utah Point. Based on discussions with Qube—Qube is willing for me to name them in this hearing—Brockman is of the view that private sector investment could improve the capacity and efficiency of the port, delivering more opportunities for juniors to use and benefit from the facility; the type of opportunity we are now seeking for our Maverick project. Further, it is my understanding that a private operator and owner would be incentivised to invest in upstream infrastructure developments to increase the potential pool of customers for the expanded facility. Neither of these things is likely to happen if the port remains under state ownership.

In early 2014, we tried to develop a similar two million tonne per annum project at Marillana, but we had to shelve that proposal at the time because we could not secure stockyard space at Utah Point. At the time we believed that to be due to complexities and inefficiencies in the operation of the port. At the time, we asked PPA what their queuing policy was to get into the queue for capacity once it became available, and we were advised that PPA did not have a queuing or allocation policy for potential new throughput at Utah Point. As a potential user, Brockman is obviously relying on Utah Point to facilitate the shipment of ore from Marillana. This requirement will remain whether the port is state or privately owned. We believe that our participation in the facility at Utah Point will be in the best interest of the state, whether, again, they sell it or keep it.

[11.50 am]

While we are supportive of the policy position of the sale, we also fully support the AMEC submission that the facility must remain a junior miner facility. More specifically though, we would encourage the state to ensure that the facility has an very open and transparent access and pricing regime to ensure that it is open to all emerging miners in the Pilbara, not just a select few. The negotiate–arbitrate access regime described in the Treasury submission appears to be similar to the existing Railways (Access) Code 2000. As one of only three access seekers to have ever made an application for access under the rail code, we have a unique perspective on the rail code, its operation and deficiencies. Effectively, we were forced to make application under the access code only because we were unable to negotiate a haulage agreement with the infrastructure owners.

Our experience under the rail access code has brought to light genuine deficiencies in the current form and enforcement of the rail code, and its inability to achieve the original intent of the legislation. I have included a short addendum that gives more detail on some of our experiences; I will not read it because you have a copy. But, essentially, our main concerns about the code are that there is a lack of appropriate prescription, and the light-handed approach taken by the ERA creates ambiguity and enables delay and hindrance of the means by which access to third party declared infrastructure is to be achieved. It is imperative that those deficiencies are not duplicated in any access regime put forward for Utah Point. The proposed Utah Point access regime, as briefly described in Treasury, while having admirable objectives, does not appear to address any of the deficiencies that we have experienced in application of the rail code. In fact, it imposes time limits on negotiation that could be used by the infrastructure owner to justify cessation of negotiations with an interested party—being a junior—and thus facilitate negotiation with a non-junior. Further, it appears that the ERA would be the regulator of the Utah Point access regime. Based on our experience with the railways code, the enforcement of obligations under a Utah access regime

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will be fundamental to the effectiveness of that regime and, to date, such enforcement has not been demonstrated by the authority. The Utah Point regime must ensure all Pilbara junior iron ore aspirants have commercially realistic and transparent port capacity queuing and access arrangements available to facilitate commercially sensible and orderly access to spare capacity. We would like to ensure that the facility is open to all emerging miners in the Pilbara. That would apply whether it is sold or kept in state hands.

Historically, Pilbara iron ore companies have not demonstrated a willingness to provide access to excess capacity on vital infrastructure which has concentrated ownership of such essential state resources and minimised the development of the junior iron ore industry. The very fact that the state government had to invest in the Utah Point facility to facilitate junior mining diversity in the world's premier iron ore district is testament to that fact. In the documents we have seen to date, there does not appear to be any restriction on the potential purchasers of Utah Point, so we would argue that the legislation must be drafted to cover all possibilities.

As we also stated earlier, Brockman also believes that there must be a transparent pricing regime for the port, and again that should apply whether state or privately owned. I think a lot of the discussion today has talked about how, even under state ownership, there is a strong argument that the price has not reflected a fair return. Such a pricing regime should reflect an acceptable return on capital and normal commercial contractual arrangements. It must also prevent an incoming owner from arbitrarily increasing port charges. There also needs to be careful thought given to the battery limits of the sale assets to ensure that there is no capacity for double dipping on port charges. It was interesting because our main point in saying that actually related to the road that you were just discussing, because if that is excluded from the sale process there is the opportunity then for the PPA to levy a maintenance charge of \$1 or \$2 a tonne on that road, which then gets passed on to the private owner which then gets passed on to the users.

We were aware that AMEC was preparing a detailed submission on pricing on behalf of the users. We were not part of that as we are not a current user of the facility, and it had not been loaded onto the website last night so I guess this morning was my first hearing of a lot of that. Having seen the Treasury and other submissions from 26 April, we were again of the view that regardless of ownership, the current charges, with the cost relief package in place, should be sufficient to provide an adequate return to the owner provided risk is better balanced in commercially realistic contractual arrangements. We assumed, based on Treasury's submission, that there were no take-or-pay agreements in place. Obviously, based on some of the discussion this morning, there are obligations in place; so even using the Treasury's submission where it states that there is room for lower charges if risk is transferred to users, it appears that that risk already sits with the users. They are almost arguing that there should be lower charges. We fully support the AMEC submission. We have not done the detailed assessment that they were doing, and we will be interested to see it once it is made public, to get the full detail.

In regards to our potential aspirations for ownership of Utah Point, we have participated in discussions with Treasury but to date all they have provided us with essentially is a time line of the sale process and advised that things would become available at that time. Most of the key documents, such as access regimes and pricing, we would have to honour existing contracts, which we would not actually know the terms of those contracts until we got into a DD process for the sale.

**The CHAIR:** Blind faith, you might say.

**Mr Paterson:** You do not put in your price until you have done the DD.

Whether we ultimately participate in the process would most likely be as part of a consortium with strategic investors in Asia and/or Australia and will obviously depend on the terms and conditions attached to the sale process.

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To summarise, we support the sale of Utah Point subject to certain conditions. We believe that the capital constraints on the state government prohibit more efficient utilisation of the facility and a private owner will be more incentivised to accommodate new users at the port. However, it is important, and we fully support AMEC's submission, that the port is restricted to junior miners and that there is a transparent, robustly legislated and strongly enforced access regime in place ahead of the sale for the benefit of all junior miners in the Pilbara. There needs to be a transparent pricing regime that reflects an adequate return on investment, is reflective of the risk profile of the facility and cannot be arbitrarily increased in an improved metal price environment. Those conditions should apply whether or not the facility is sold or remains in state hands. I am now happy to take any questions.

**The CHAIR:** I think that is a really good paper.

**Hon ROBIN CHAPPLE:** I am interested in your comments which in some regard do not deal with the port but the whole regime of access to third parties' infrastructure. I think that has been a bugbear. Mr Forrest indicated that he was going to make his rail line open to the general public. Has that been forthcoming?

**Mr Paterson:** No. We lodged an application for access. I cannot remember the exact date, but it is probably almost three years ago this week.

**The CHAIR:** Only that short a time!

**Mr Paterson:** So far we have had to fight two Supreme Court actions—an initial action plus an appeal. We have won both of those. In March this year TPI applied for leave in the High Court to appeal that decision again. Essentially, the argument that he is presenting at this stage is really whether we have filled in the application form correctly.

[12 noon]

**Hon ROBIN CHAPPLE:** Thank you.

**Hon DAVE GRILLS:** As a potential purchaser, have you liaised with the other junior miners, the other operators?

**Mr Paterson:** We have not in relation to the purchase of the facility, no.

**Hon DAVE GRILLS:** If that regime was put in place and the costings and all that was good to go and you purchased it, how would you, with the other operators, be a good landlord? Would you take on board what they say and operate with that? How would you reduce that —

**Mr Paterson:** I guess that is what we are saying. We are, I guess, probably 90 per cent confident that we will become a future user of the facility. Whether we are the owner of the facility is probably a much lower percentage. Our argument is that it needs to be in the legislation and the process put in place first to stop us from being a bad landlord. That is the problem with, if you say TPI, where before the infrastructure was built, they were saying that, "We will give access to anyone that wants it and we'll do the right thing", but once it is built and owned and they see how they can control and create barriers to entry for others, they change their mind about what a good citizen they want to be.

**Hon ROBIN CHAPPLE:** One hundred and forty million dollars to Roy Hill.

**Mr Paterson:** That is where we are saying we think it needs to be in place first to stop us from being a bad landlord, if we are. But the price that we would bid for the facility would be determined on what those conditions and pricing regimes are.

**The CHAIR:** I cannot work that out. The government puts all these conditions on you, who wants to buy it—there are going to be a lot of conditions, from what we hear from Treasury—so where is the benefit to a buyer? I am sort of answering my own question. The benefit to you would be, as

a junior miner, that you can then come in and clearly use the Utah port, but where is the benefit to you if you buy it, or where is the benefit to any buyer—not you, just a broad buyer?

**Mr Paterson:** Our major shareholder is a shipping company that also owns a 50 per cent interest in some berths at Tianjin port in China, which is one of the biggest ports in China.

**The CHAIR:** Yes; I have been there.

**Mr Paterson:** They, basically, currently run shipping—they have six VLOCs, I believe, on long-term charter with FMG. Our interest in it would be as only a minority part of a consortium with either infrastructure funds or other persons that are interested in operating ports. The return is that ports are long-life infrastructure assets; most infrastructure assets have a return of less than 10 per cent, but it is a long-term asset. If there is cheap funding available, it gives you a secure return on investment in a very low-return environment.

**Hon DAVE GRILLS:** So that would be that market that was spoken about with regard to the smaller cape-class ships utilising that? That shipping company, would they have that? Would that be part of it so you could actually optimise that part of the business?

**Mr Paterson:** I think they have some mini capes; I do not think it is a very big part of their business. They have the shipping from panamax right through to VLOCs. But I do not think the mini cape is a big part of their business; it is not a real driver for them to get the shipping out of Utah Point.

**Hon DAVE GRILLS:** Because that is part of the incentive I would look for, what a purchaser would look for, whether you are actually the purchaser who was going to look to get into that part of the business with the mini capes and that, because they said that there were some ports that had that. To me if you had that set up and it was going to happen like that, that would be a good incentive to actually do that to optimise that part of the market.

**Mr Paterson:** Yes, they are expanding their cape and VLOC shipping, and Tianjin port is geared to capes and VLOCs. If they were a part owner of Utah, they might try to get some of the shipping to get some flowthrough on that, but, as I say, I do not believe that the mini cape is a major part of their shipping fleet at the moment.

**Hon ROBIN CHAPPLE:** You have been restrained to that by the tunnel.

**Hon KEN TRAVERS:** I am assuming that ultimately your usage of Utah Point is a transitional time, where you would use it for a period of time for cash flow until you get your bigger project up, at which point you would need to—are you part of the north west infrastructure group?

**Mr Paterson:** Yes.

**Hon KEN TRAVERS:** So you would move to South West Creek or need to find another port operation that would be operating at a far higher level than what you would get through Utah; am I correct?

**Mr Paterson:** Yes; that is right.

**Hon KEN TRAVERS:** You mentioned earlier that you hoped to get capacity at the end of 2017, and you also talked about improving the throughput of the facility. That capacity that you would be looking to at the end of 2017, is that through increased throughput of the facility or through one of the existing users not taking up their current access?

**Mr Paterson:** No, I guess we reinvigorated the small tonnage project after talking to Qube, where they sort of indicated that they said there should be capacity at the port.

**Hon KEN TRAVERS:** Qube is the current stevedore that operates the facility, is it not?

**Mr Paterson:** Yes. The sale process is saying that the port has a capacity of 23 million tonnes. Qube is suggesting that it can do slightly more than that with minimal investment, but with more

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investment it could do more. So, we are expecting to get into the current port without any capital investment.

**Hon KEN TRAVERS:** Using capacity that is already there that is just not allocated to a miner at this stage?

**Mr Paterson:** Yes, it is there.

**Hon KEN TRAVERS:** Not at the expense of anybody else—the additional capacity on top of what is there?

**Mr Paterson:** Yes, additional.

**Hon ROBIN CHAPPLE:** What is that spare capacity?

**Mr Paterson:** They are running at about 21 at the moment. Qube feels they can do 23 to 24.

**Hon ROBIN CHAPPLE:** So there is a lay-down area that is suitable to take that?

**Mr Paterson:** The key requirement, which stopped us from getting in there in 2014, was stockyard space; it was not berthing—my understanding is that it was not restraints on the berthing and the ship side, the marine side. I understand that there are two pads available now that have been cleared off at Utah.

**Hon ROBIN CHAPPLE:** Who had those pads originally?

**Mr Paterson:** I understand that one of them was Mineral Resources, and they relinquished that because they could ship their tonnage through more efficiently with less pads and so it was a cost saving for them. I am not sure who the other pad was for.

**Hon KEN TRAVERS:** In your presentation to us today you concluded with the fact that there would need to be a robustly legislated and strongly enforced access regime in place of the sale. I assume when you talk about access, you are also including pricing, because I think the two go together—is it fair enough to say that it is a legislative pricing and access regime or are you talking purely access regime?

**Mr Paterson:** It needs both—I mean, whether they are two separate regimes or one coherent integrated regime.

**Hon KEN TRAVERS:** Earlier you also talked about a transparent pricing regime for the port, and that was whether it was state—I think we got a good example even when it is in the state ownership it is not necessarily transparent—or privately owned, and that such a pricing regime should reflect an acceptable return on capital in normal commercial contractual operations. It strikes me that that then comes into two points: the first point is what is an acceptable return on capital? We had the debate this morning about whether it should be six to eight per cent or whether it should be 12 per cent. Do you see that as something that should be legislated—what the capital rate of return is? Is it possible to legislate that?

**Mr Paterson:** Yes, under the rail access code the ERA has to determine a WACC for various assets and for the TPI railway, so they have to go back and determine every couple of years what they believe the WACC for the various assets should be, and they actually end up with different rates. I think in their recent review they ended up with different rates of return for TPI's railway as per the Brookfield railway in the south.

**Hon KEN TRAVERS:** For those, I assume that we are talking weighted average cost of capital when we talk of the WACC?

**Mr Paterson:** Yes.

[12.10 pm]

**Hon KEN TRAVERS:** Ironically, I am going for a visit to Brookfield this afternoon—one of those small ironies of life, but anyway. I guess in that sense you are saying that the pricing regime needs

to be really transferred to a body like the ERA that would then determine it, but you have also said to us that in terms of the rail access there is not a particularly strongly focused—the ERA is not as strong as you would like?

**Mr Paterson:** Yes, it is the enforcement of the code; so, I guess that has been an issue. They sort of take a light-handed view that says that if you have recourse to legal action under the system, we leave it up to you to take legal action.

**Hon KEN TRAVERS:** Rather than them being the initiator of some process to say: this is what we expect you to do; get on and do it?

**Mr Paterson:** Yes. In the rail access we have had occasions when we have had to take out Supreme Court injunctions against TPI to provide information which it is supposed to provide to the ERA on a regular basis.

**Hon KEN TRAVERS:** Is that something we can do by legislation or is that really about the people who head up the ERA changing their attitude?

**Mr Paterson:** That is really more about enforcement; that is right.

**Hon KEN TRAVERS:** Is it about the personnel at the ERA or is it something that needs more legislative—is it there capacity for the ERA to take that stronger handed approach?

**Mr Paterson:** There is a capacity for it to do that, yes.

**Hon KEN TRAVERS:** So it could if it chose to?

**Mr Paterson:** It chooses to take what it calls a light-handed approach; whereas the regulators on the east coast take a heavy-handed approach.

**Hon KEN TRAVERS:** That is the ACCC predominantly, is it not?

**Mr Paterson:** They have state regulators as well.

**Hon KEN TRAVERS:** I am trying to get to the point of how you legislate for these things. I guess the final issue is the fact that you talk about “robustly legislated”. Obviously one of the great debates is going to be about should that pricing and access regime be spelt out in the act or should it be spelt out by regulation and whether or not you have a view as to which of those provide the greater protection for yourselves.

**The CHAIR:** It is unlikely to be in the act, from my point of view.

**Hon KEN TRAVERS:** We are hearing that the Fremantle Port Authority Act will be legislated into the act. Obviously one of the things we have to do is determine whether we make a recommendation to the house. The first question is the policy right and, secondly, can you put in place legislation that protects people and, if so, what form should that take? That is what I am trying to get to.

**Hon ROBIN CHAPPLE:** Just from my perspective —

**Hon KEN TRAVERS:** Sorry; can I just get an answer to the question about whether you see that as being by regulation or legislation that that needs to be.

**Mr Paterson:** I guess I do not have a strong opinion on that, whether it is in the legislation or under the regs.

**Hon KEN TRAVERS:** Are regs robust enough for what you are asking for?

**Mr Paterson:** I do not have the legal background to be sure of it.

**Hon KEN TRAVERS:** It is just because you talked about that, I wanted to see if you knew.

The final issue in all of that is obviously the commercial terms, at least part of that in working it out is how you factor in take-or-pay contracts. I assume for an operation like yours, because of the length of time that you would probably want to be there before you moved on, how does that fit in?



If they said to you that you have to take a 20-year take-or-pay contract because that is the last of the asset because it needs its next major overall, would that be something that you could manage or would you be wanting smaller blocks of three or four-year take-or-pay contracts?

**Mr Paterson:** I guess our project is actually geared on a five-year plus a two-year option for that. We would only seek a lease for that period of time. We will have similar obligations with Qube for the haulage because they have to gear up with trucks so we will have take-or-pay obligations with them as well.

**Hon KEN TRAVERS:** Which may then impact on price, of course, which is the risk that they factor into what they do at the end of that period of time.

**Hon ROBIN CHAPPLE:** Just talking about regulation over drafting of the bill, the problems with regulations—I am deputy chair of the Delegated Legislation Committee that deals with regulations—is that they are a very, very loose instrument and actually can be quite dangerous. I would be advising to try to get it in legislative form because you never know what you are going to get through a regulatory form. It depends how the act is written in relation to regulations how they are then imposed or not. As somebody who deals with regulations in a large part, we like to see things in the act which make it much clearer for us.

**Hon DAVE GRILLS:** I have one final one. With regard to logistics and things as such, you said that there have been two new warehousing areas cleared.

**Mr Paterson:** That is our understanding.

**Hon DAVE GRILLS:** Lithium has been mentioned and we look at other products that might go through junior miners through that court. Would you think that it would be a reasonable plan for companies doing that to start putting something in place that would allow some expansion and allow that capacity to exist? Would that be something you would see or would it be specifically iron ore or whatever else?

**Mr Paterson:** We did talk to Qube because when we were first talking to the port about trying to get in, they were suggesting that if capacity became available, they might go to an expression of interest process. We queried if anyone else had expressed interest. I guess our understanding is that nobody has. We spoke to Qube about whether lithium was a potential user. Their view was that it would be very hard to put lithium over Utah and it would most likely go out over the other public berths. The tonnages that they are talking about for lithium are very low compared with iron ore.

**Hon DAVE GRILLS:** You are just talking about increasing the capacity to 24 000 tonnes and expanding the port internally with what product goes through, but an increase all the same?

**Mr Paterson:** If it is required for iron ore or for bulks, lithium probably fits into that category. Whether it is a bulk or not, it is a much lower tonnage.

**Hon ROBIN CHAPPLE:** Lithium is about 94 per cent waste and six per cent product but it all goes out as one and it is stripped out elsewhere. You still have to have a significant laydown area. Your commodity is very small within the total.

**Mr Paterson:** I think that Pilbara are talking about 300 000 tonnes of shipments.

**Hon ROBIN CHAPPLE:** But that would mean it would have to go over on one or three, which is right up against the town and lithium is not particularly good to be breathing in. I would think that would be a concern into the future.

**Mr Paterson:** As I was saying, when we spoke to Qube, they said that they did not think that lithium would go out through Utah.

**Hon ROBIN CHAPPLE:** Utah has some ability to expand but it is constrained on all sides by water. If you were to expand, you would most probably have to do quite a lot of reclamation.

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**Mr Paterson:** Yes. I think they were talking about more efficient utilisation and mechanisation of stockyard 1, for instance. It requires a capital injection, which the government is not going to do. It needs to be carefully managed because you cannot just kick out the existing users while you do that work.

**Hon KEN TRAVERS:** I have one last question. Traditionally, these sorts of pieces of infrastructure are normally often looked at in a block pricing approach, which I think in roundabout terms we have talked about. Obviously the argument that is put about Utah Point is that because of that risk, you cannot go to a block pricing approach. Do you have a view about whether or not you could engage in a block pricing approach for setting user fees for Utah Point?

**Mr Paterson:** How you have described the block pricing, what do you mean?

**Hon KEN TRAVERS:** That traditional system of working out basically what the cost of the capital is and then just getting a rate of return on that, but of course the argument that is put against that traditional block pricing approach, which is what I think you are talking about for the rail access and the like where you just get a return on your average weighted cost of capital effectively, is that there is too high a risk on this facility. I just wondered whether —

[12.20 pm]

**Mr Paterson:** There are two risks that we saw on the facility, which was what the life and the continued use of the users in the market for the juniors was. The second one, which is probably more brought about through Treasury's submission and has been quite strongly refuted this morning, was that there were no take-or-pay contracts in place. The buyers will have to assess those risks. Certainly one of the things we were told is that whoever buys it will have to honour existing contracts, which includes, I assume, the rights that Qube has to be the stevedoring operative. You cannot just buy it on the assumption that you are going to move in there and start operating it yourself. If those existing contracts have take or pays in them, that reduces the risk, but in terms of the block pricing, I guess I do not have a strong view on that.

**The CHAIR:** Are there any more questions? You got away with it very easily, did you not, compared with the other two and a half hours! Thank you for attending today. A transcript of this hearing will be forwarded to you for correction. If you believe that any corrections should be made because of typographic or transcription errors, please indicate these corrections on the transcript.

**Hearing concluded 12.21 pm**

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