

**PUBLIC ACCOUNTS COMMITTEE**

**WESTERN AUSTRALIAN INFRASTRUCTURE PROJECTS:  
FOLLOW-UP INQUIRIES: OAKAJEE PORT DEVELOPMENT**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 6 APRIL 2011**

**Members**

**Mr J.C. Kobelke (Chairman)  
Mr J.M. Francis (Deputy Chairman)  
Mr A. Krsticevic  
Ms R. Saffioti  
Mr C.J. Tallentire**

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**Hearing commenced at 10.09 am**

**NOLAN, MS ANNE,**  
**Director General, Department of State Development, examined:**

**McGOWAN, MS GAIL**  
**Deputy Director General, State Initiatives, Department of State Development, examined:**

**The CHAIRMAN:** Good morning. Thank you. We are starting right on time or a fraction early so obviously we can let you get away because you have other commitments.

**Ms Nolan:** Thank you very much. Sorry about that.

**The CHAIRMAN:** If I can go through the standard procedures. On behalf of the Public Accounts Committee I would like to thank you for your appearance before us today. The Public Accounts Committee has nominated the Oakajee Port development as a project for follow-up subsequent to its inquiry into the planning, delivery and funding of major infrastructure projects in Western Australia. The purpose of this hearing is to assist the committee in gathering evidence for this follow-up inquiry.

We have already introduced the members of the committee to you.

The Public Accounts Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as contempt of Parliament.

This is a public hearing and Hansard will be making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you would provide the full title for the record. Before we proceed to the questions we have for you today, I need to ask you a series of questions. Have you completed the "Details of Witness" form?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you understand the notice at the bottom of the form about giving evidence to a parliamentary committee?

**The Witnesses:** Yes.

**The CHAIRMAN:** Did you receive and read the "Information for Witnesses" briefing sheet provided with the "Details of Witness" form today?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you have any questions in relation to being a witness at today's hearing?

**The Witnesses:** No.

**The CHAIRMAN:** Clearly you were of assistance to us with our inquiry last year in providing information, particularly relating to Oakajee. I am wondering if you could give us an outline of how things are going with the bankable feasibility study, because clearly the time lines you gave us then have not been met. I understand there are good reasons for that, but what are now the time lines in terms of having that completed?

**Ms Nolan:** I commence by saying there was a sunset date under the state development agreement. That was 31 March. There has been an extension of that sunset date to 31 December 2011, which is

the end of this year. As a consequence of that, the government and the joint venture partners agreed that by 31 December the partners will have finalised all the feasibility studies and made a commitment to proceed, demonstrated they have in place contracts with the foundation customers, that is the miners, and reached agreement with the state regarding the construction of the project and operation of the infrastructure. That is the agreement on a state implementation agreement with the JV partners.

In terms of progress, you made the comment that the time lines have not been achieved. I think that goes to reflect the nature of the project as much as anything. There has been generally good will of all the parties to proceed, but it is challenging in terms of the diversity of the projects and getting the synchronicity of those projects happening. That has been challenging. We have always known that would be the case, but it has resulted in some delay.

In terms of the impact on final construction date and opening date, we are anticipating that will still be 2015. So the government in making the decision to extend the sunset clause was very mindful of the fact that it wanted to be kept fully informed of progress throughout the year and I think, quote unquote, has placed exacting conditions on the parties, particularly OPR and its joint venture partners, to report regularly to the state, both in verbal briefings as well as written briefings and, interestingly and importantly, provide the state with an early warning if the progress is not as anticipated and/or the project is not looking like it will be viable to enable the state to take action if and when required.

**The CHAIRMAN:** Clearly with any delay normally the cost goes up, whether it is just standard inflation or other factors. So can you update us in terms of what you are looking at in terms of the cost structures now?

**Ms Nolan:** Obviously the cost of the entire project being the mines, all the infrastructure, is subject to cost pressures that are of the normal nature that happens and also reflecting the strong economic activity in the Western Australian economy at the moment. In terms of more specifically if you are referring to the common user infrastructure, that cost estimate of \$678 million was originally developed in 2008 and has been escalated to the \$678 million number in 2012 dollars. At the moment we are in intense conversation with OPR on the revised cost of that common user infrastructure. They have provided us with information and numbers—they are their numbers. They are not the estimates of the cost of the common user infrastructure. We continue to work with them to look at the costs. There could well be cost increases. I think it would be unrealistic not to expect that there is potential for cost increases as all projects are experiencing cost pressures. The state's objective is very much to reduce the impact on both budget as well as users of that infrastructure. Therefore it is incumbent upon the state to undertake a very detailed and robust due diligence process. That is what we have commenced.

We have not been able to properly progress that due diligence as quickly as we would have liked to be in a position to provide a stronger estimate of what we believe the cost of the common user infrastructure will be. That in part reflects the progress on the BFS by OPR, which has been slower than anticipated and we have not got the final BFS. As a consequence we have been careful to focus mainly on the technical aspects of the common user infrastructure, the design, and ensuring that is appropriate rather than relying on their cost estimates at this stage, because they are of a preliminary nature.

**The CHAIRMAN:** So have there been any significant changes in the common user infrastructure?

**Ms Nolan:** There are changes in the cost estimates.

**The CHAIRMAN:** Sorry, in the actual design. We are still working on the same design?

**Ms Nolan:** On the design, sorry. My apologies. Basically it is the same design. We are very much in that process of technical review to see if there are alternative ways of perhaps reducing the cost. The most expensive aspect of the common user infrastructure is the breakwater, which is an

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extensive breakwater. That is the aspect we are looking at. But the concept of looking at that cost is two way—are there ways of reducing that cost and is the structure a viable structure? Is it the right structure? So there is a two-way analysis of the technical work.

**The CHAIRMAN:** When do you think you would have the technical work finalised, because obviously that could have a major impact on your cost structure?

**Ms Nolan:** Yes. The technical work—we have actually approached OPR very recently to ask them whether that is at a point of maturity in analysis that we can actually do the most intensive of our due diligence, because we do not want to do it too early, find there have been changes by OPR, and then have to double-handle the work. We are in that conversation now and we anticipate that as they are getting their BFS finalised, from mid this year is the OPR's anticipated time line that they have stated, as a consequence—and we are in March now—we would anticipate that between March and June we would have firmer work to go on, both on the technical basis but importantly also the cost basis, because by June for their BFS they will have more detailed cost information. At this point I am not in a position to provide an updated estimate of the common user infrastructure costs, because it would just be premature.

**The CHAIRMAN:** I assume internally you have cost estimates.

**Ms Nolan:** There is a range of numbers around that relate to the nature of the common user infrastructure.

[10.18 am]

**Ms R. SAFFIOTI:** In relation to the cost, I know that you are saying that the state government has not gone through to assess the current costing for the common user infrastructure. It was reported, I think about a week and a half ago, that a letter sent to the department or to the government suggested that the common user infrastructure had increased to \$930 million and that is OPR's estimate in the letter. Is that correct?

**Ms Nolan:** I do not believe that we ever received that letter, but the \$930 million has been reported in the media and I have seen that number. I do not think it was ever actually provided to us.

**Ms R. SAFFIOTI:** Has the OPR put any number on this current estimate?

**Ms Nolan:** Yes, they have provided a range of numbers.

**Ms R. SAFFIOTI:** Would \$930 million be —

**Ms Nolan:** \$930 million is not one of the numbers, interestingly; there are other numbers. There is a conversation occurring regarding exactly what is in the common user infrastructure, what overheads are allocated that OPR is undertaking in terms of its entire project, what gets allocated to the common user part of that development and also the question of services and facilities that go to support the common user infrastructure; for example, power and water. So, we have a range of issues about what is included in common user infrastructure. Even though we can say that we have got a constant definition of common user infrastructure, we would have to refine the detail to actually get the base and clarify between the two parties. Then, of course, we have got the issue of whether that is the right number. So, it has been absolutely premature to make a comment on what that revised number looks like.

**Ms R. SAFFIOTI:** But, you expect a revision upwards significantly from \$678 million?

**Ms Nolan:** I would expect a revision upwards, yes.

**Ms R. SAFFIOTI:** In relation to the agreement, the state government is obligated to fund the entire common user infrastructure; is that correct?

**Ms Nolan:** The state has committed to, in conjunction with the commonwealth government, paying a 50 per cent share of the \$678 million cost of the common user infrastructure.

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**Ms R. SAFFIOTI:** So the agreement between OPR and the state government, is that the state government in a sense, or “all” government, would fund the entire common user infrastructure? And then there is an agreement with the commonwealth that the commonwealth will fund 50 per cent of the \$678 million? Is that how the agreements are structured?

**Ms Nolan:** The agreement itself refers to the funding of the common user infrastructure; I think that the word is “all”, as per the definition. In terms of the \$678 million, that was the state’s best estimate of the cost at that time and the conversation in the negotiation with the commonwealth was based on that number and they provided the 50 per cent contribution.

**Ms R. SAFFIOTI:** So, is the commonwealth contribution capped at 50 per cent of the \$678 million or is it 50 per cent of the total cost of the common user infrastructure?

**Ms Nolan:** I think that it would be premature to make a comment on that, but at this stage the number in the forward estimates is half of the \$678 million.

**The CHAIRMAN:** I will just get clarification on what was said then, or one aspect of it. With respect to the common user infrastructure, does the agreement require the state, with the assistance of the commonwealth, to meet the full cost?

**Ms Nolan:** The SDA indicates that the state will fund the common user infrastructure and, secondly, to that is an understanding with the commonwealth that they will pay half of the \$678 million, which was the best estimate of the number. I think the question is going to that point of: is the commonwealth likely to pay any more? We do not actually know the answer, because we have never approached the commonwealth, because we have not yet finalised what that number would be if we were to have that negotiation with the commonwealth.

**The CHAIRMAN:** Just making up a totally hypothetical number, if the cost of the common user infrastructure is \$1 billion, then the state would have to pay that?

**Ms Nolan:** No, the Premier of Western Australia has committed only to paying half of the \$678 million.

**The CHAIRMAN:** No, I am saying, is the nature of the agreement such that if the cost of the common user infrastructure is \$1 billion, then the state is obligated to pay that with the assistance of the commonwealth?

**Ms Nolan:** We would need to look at the range of options that would be available to the state in terms of looking at the extent of the common user infrastructure, staging of common user infrastructure—we will look at the variety of options that are available. If that number was in excess of \$678 million, then the state government and the commonwealth government would need to come to a conclusion on how much they were prepared to fund.

**The CHAIRMAN:** What I am getting at, the bottom line is, from what you are saying, and I am implying this, but I want to get it absolutely clear, is if the cost is \$1 billion, and that is a totally hypothetical figure, then the agreement obligates the state to meet the cost. Because the commonwealth could pull out, their money is conditional. Hopefully that is not going to be the case. So, what I want to get absolutely clear is that the state is obligated to meet the cost of the common user infrastructure.

**Ms Nolan:** The relevant clause in the state development agreement states that all financing for common user infrastructure at the port will be provided by the state and/or the federal government except as otherwise may be agreed by the state and the infrastructure provider. So, part 1 is all financing, but as otherwise agreed.

**Hearing suspended from 10.24 am to 10.28 am.**

**The CHAIRMAN:** We were dealing with those issues of the bankable feasibility study and costing et cetera. I think Rita had a question.

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**Ms R. SAFFIOTI:** Just finalising on the cost issue: so the state development agreement says that the state government and/or the commonwealth government have to fund the common user infrastructure unless it is otherwise agreed. Can I just ask about the cost issue? OPR is doing the costings of port, so they are the ones actually determining the cost of each of the components. They are sending them to your department. How do you work out whose costs are correct? Basically, the cost will be the cost in this sense, eventually, but as in currently, how do you work out which cost estimate is going to be correct?

**Ms Nolan:** There are two parts, what is in the cost —

**Ms R. SAFFIOTI:** So the scope?

**Ms Nolan:** That is the scoping issue that you still need to go through in great detail.

**Ms R. SAFFIOTI:** Was it ever stipulated in any agreement or any appendix or attachment to an agreement?

**Ms Nolan:** It is just normal negotiation of what is in it. The second part is whose is the best estimate and we obviously employ the relevant consultants to analyse for technical and cost information. But ultimately, the cost will be the cost and the intent is to try to get as good a cost estimate as we possibly can, and that involves a lot of work.

[10.30 am]

**Ms R. SAFFIOTI:** That all has to be finalised before the bankable feasibility study is finalised as a component of it.

**Ms Nolan:** It is an integral part of the implementation agreement. The implementation agreement would obviously inform the bankable feasibility study that has been undertaken by OPR as well.

**Ms R. SAFFIOTI:** Can I tie up the time frame of the bankable feasibility study? That is due 31 December this year?

**Ms Nolan:** The OPR has indicated the bankable feasibility study is likely to be available midyear. But in terms of the state's extension of the state development agreement, it says all feasibilities and a commitment to proceed would have occurred by the end of this year.

**Ms R. SAFFIOTI:** The commitment to proceed—is that the same as final investment decision, or FID?

**Ms Nolan:** There is a bit of a wording issue there, but what we have been saying there is a commitment by the equity owners to proceed. That may not mean that they have all their financing in position, because that takes some time, so it may not necessarily equal FID in that sense.

**Ms R. SAFFIOTI:** So basically the owners of the project have to have a financial commitment, but the total financing of the project does not need to be finalised by—

**Ms Nolan:** It may take a little while longer. That is normal.

**Ms R. SAFFIOTI:** So we are looking at possibly next year. There are a lot of reports and different dates. That is why I am trying to get it clear in my head. Other people talk about FID being moved to 31 March next year, but that is not a date that you are familiar with.

**Ms Nolan:** That is a date that has been talked about in terms of, "Would all the financing be in position by that date?", but we have not actually focused on that date in our conversations or our agreements with OPR.

**The CHAIRMAN:** Perhaps you could help clear up some confusion. If they do not actually have the finance until early in 2012, how can they present to the government contracts for the construction in December 2011?

**Ms Nolan:** They are conditional on approval of appropriate financing.

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**The CHAIRMAN:** They will actually have the tenders all finalised, and contractors?

**Ms Nolan:** They will have the cost estimates in place. They will have done some tendering. They may not have done all tendering. It will be on the basis of cost estimates. Given the construction period will be three years, some early items may have already been let. Other tender items may still be let over that period of time.

**Ms R. SAFFIOTI:** About the cost issue for the cost of the total port now, because we have just talked about the common user infrastructure; again, there has been a lot of reports about the total cost of the port moving from, I think, \$4.4 billion to somewhere around \$6 billion. Again, has that been a figure, or has the department been advised of the total cost of the port and rail project?

**Ms Nolan:** Just clarifying, I think that was the private-use port and the rail part of the project. We are certainly aware of the media comments. We have had also what has been reported by the joint venture partners. They, I guess, are also in that process of doing their bankable feasibility study and trying to firm up their costs. As has been reported, they have indicated it is premature to estimate what the total cost of that project will. But there is certainly speculation on that number.

**Ms R. SAFFIOTI:** Can I ask about the department's point of view or the government's point of view? The total cost will impact on the charges, being both on the rail and the port. What role has the department got in ensuring that those charges do not become so exorbitant as to reduce access to other parties?

**Ms Nolan:** There are two parts to that. In terms of the common user infrastructure, we obviously are looking at the cost and the cost recovery mechanism that the state would put in place for its common user infrastructure, if at all.

The second part is the discussion on the tariffs and the OPR infrastructure component. It is the fundamental aspect of the supply chain agreement conversation and negotiations that are occurring between OPR, Karara, Sino and Crosslands. The nature of the foundation proponents is such that they are effectively the countervailing force with respect to OPR's costs going too high, because they cannot put on board their project tariffs that will sink them. There is healthy tension and negotiation between OPR and the foundation customers as to how to get the most cost efficient infrastructure in place. It is not really the state's place to enter into that conversation, discussion, negotiation. Certainly the foundation proponents are vitally interested.

**Ms R. SAFFIOTI:** That is all feeding into OPR's feasibility study for the entire project.

**Ms Nolan:** Similarly, it is also feeding into the feasibility studies for the mines.

**Mr C.J. TALLENTIRE:** I am keen to know what the current tipping point is for the viability of those mines in terms of dollars per tonne of iron ore.

**Ms Nolan:** That is not something they have shared with us.

**Mr C.J. TALLENTIRE:** The notional figure, I think, is around \$70 a tonne. If that is the value of iron ore, then their product is no longer competitive with Pilbara product, and so they are not viable themselves, so the whole project could be underway, under construction—or the common user facility could be under construction—but for no useful purpose.

**Ms Nolan:** I do not anticipate we would get to that point. The decision to go ahead with the common user infrastructure would be dependent on having a road, a rail and a private port and port infrastructure that supports it. Your comment about what price would a mining company consider is its break-even or its commercial rate of return is certainly not a number that they will share with the state government.

**Mr C.J. TALLENTIRE:** Is it not something that you are watching, though? If we do hit that point, then you do not have the customers that are justifying the project.

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**Ms Nolan:** Certainly many commentators and ourselves look at the price of iron ore on a regular basis to ascertain what the price is. There are many different variations and views on what the long-run average price of iron ore will be into the future and therefore what is your benchmark return. As to the cost structures that go to the port, rail and mine cost structures and what that adds up to, we can make some guesstimates, but we would not be so bold as to be able to actually forecast whether that would go to their profitability or not—whether it be positive, or what rate of return.

The other part of that comes down to what actual contracts they can strike with the off-take agreements. We will not be party to those off-take agreements. They may reflect what we would say is a long-run average. It may reflect the benchmark cost. It may reflect some other costing mechanism. What the impact is on the financial viability of the mines, we need to be mindful and keep the costs as low as possible, but we are not in a position to ascertain what that final financial rate of return would be.

**The CHAIRMAN:** I certainly hope the project goes, because it would be a great boon to the state in that area, but there has been discussion, even in the Parliament, regarding the situation if the project does not proceed and the options that exist with respect to acquiring intellectual property. Could you explain how those options work and what the likely costs would be in the event that the project did not proceed?

**Ms Nolan:** I am going to hand over to Gail.

**Ms McGowan:** Within the state development agreement there is a regime outlining what might happen should the project not proceed for any particular reason. The costs and things vary, and they are subject to confidentiality there. However, the rationale for having those sorts of provisions in—in one sense, it makes sense to have provisions about what happens in the event of termination for a variety of reasons—is very much around, should there need to be a revisiting of any aspect of the project, you are not throwing all of that information out. Intellectual property is one of those aspects in terms of the regime in terms of the project —

**The CHAIRMAN:** What I was trying to get was some detail as to what would be the effect of those options and the potential costs currently. If the state decides to take up the option and acquire that intellectual property, what would be the current estimate of the value of that?

**Ms McGowan:** I think there are some indicative ranges and a cap on any costs, but we would not anticipate it getting to that particular stage. One of the reasons—

**The CHAIRMAN:** I hope it does not either, but the issue is that it has been in the media. I think \$48 million was mentioned. I am trying to find out what is the department's current estimate of what the cost would be if the government took up that option.

**Ms McGowan:** I think there has been a range around about the \$70 million mark that has been talked about, that, as I say, is subject to a range of provisions under a range of circumstances.

**The CHAIRMAN:** Because the state sees it as an important project and the fact that if it did not get up now—which we hope it will—and they still want to keep it alive, then they have the option of actually purchasing all that intellectual property.

**Ms McGowan:** Yes. One of the aspects of the exacting conditions, as we say, for extending the sunset date was to make sure we have that capacity to get early warning if there are some real danger signals that the current structure and arrangements will not work, so that we can actually have conversations about how to adapt to meet those circumstances.

**The CHAIRMAN:** What would the situation be—whether it be a change of ownership or non-proceeding with the project—if the current holder of that intellectual property, OPR, actually asked the government to take up the option? Would the government then be obligated to take up the option?

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**Ms McGowan:** To my knowledge, no. I think it is part of an agreed position in the event that there were circumstances in which they could no longer proceed.

**Ms Nolan:** I think Gail is right; it is wrong to probably pre-empt that. In terms of the mining companies, they are very keen for the project to go ahead. They are aware that the Premier has made comments regarding potential for other investors. That is probably a more likely outcome rather than we would see at the end of the year a cessation of the arrangements with OPR.

**The CHAIRMAN:** I agree, and I think the likely outcome is it will go ahead. That is not the question. The question is: what is the obligation of the state under the current agreement? If OPR actually requested the government to take up the option, then is the nature of the agreement such that the government would actually have to pay that \$70-odd million for the intellectual property?

**Ms McGowan:** If it does not proceed because of a state default, then there are some obligations there. But in the event of an OPR default or a no-party default, I think those provisions allow some flexibility there.

**The CHAIRMAN:** Let us move now, if we can—I think you have already mentioned some of these things with respect to the change of the deadline date from 31 March this year to 31 December. Can you outline the variations to the agreements? What is the nature of the document? Is there a whole new agreement or is there one or more documents of variations to the agreement? What are the key components?

**Ms Nolan:** I will start and Gail can probably take over. There are some amendments to the state development agreement itself. They relate to some of the conditions under which—do you want to keep going?

**Ms McGowan:** Basically there are some fairly high-level amendments in the state development agreement itself. Then there are a range of conditions by way of letters between the parties. Anne talked about the—

**The CHAIRMAN:** Which then become part of the agreement, do they, those letters?

**Ms McGowan:** They are not a formal part; they are a side letter to the agreement, yes.

**The CHAIRMAN:** But legally, they would be an obligation to meet those requirements.

**Ms McGowan:** They do not have the same binding force as the SDA, but they certainly provide lots of measures by which the state can monitor the progress very closely, including some of those arrangements about the monthly written and verbal reports, the early notification in the event of anything not proceeding as we would plan and getting to their final bankable feasibility and the dates that have been indicated et cetera. The circumstances have been put that it would only be in the most exceptional of circumstances that any of those dates would push out further.

**The CHAIRMAN:** What are some of the new requirements or these variations to the agreement?

**Ms Nolan:** Just for clarification there, so there is an amended state development agreement; there is an amendment and restatement of deed to actually give effect to changes to the state development agreement itself; and then there is a letter between myself and OPR. Effectively what that does to the state development agreement, it amends the sunset date to 31 December. It establishes a narrow set of exceptional circumstance conditions under which further extension of the sunset date could be granted. Already the document had a whole raft of conditions under which it could be expanded, and this was now an example of that. We have shrunk that degree of circumstances to exceptional circumstances. The cap on the Geraldton iron ore port exports will not commence until the Oakajee port is operational. That had caused some angst previously. There is also a revised timetable for the completion of various implementation agreements.

[10.45 am]

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**The CHAIRMAN:** The Premier made some statement in the chamber, as I recollect, regarding involvement of other partners. Is that one of the variations to the agreement, that it be opened up to other potential partners?

**Ms Nolan:** That is not a variation to the agreement. That has been relayed in earlier letter correspondence between the Premier and the JV partners, that he was encouraging of them to consider other equity participants to increase the viability of the project, and he has encouraged them to do so. And as part of the conditions of monitoring we will be monitoring where they are on those discussions to the extent to which they have looked at other equity partners or other equity partners may have actually approached them.

**The CHAIRMAN:** What obligations does that place on OPR?

**Ms Nolan:** It places on them an obligation to consider. It is inappropriate to make definitive statements regarding who should be the equity participants, but it has an obligation to consider.

**The CHAIRMAN:** So, where does that leave them if they do not find any other equity partners?

**Ms Nolan:** If the project is successful and they get a bankable feasibility study, it is a comment to the effect that we are of the belief that that would improve the prospects for the project being successful.

**The CHAIRMAN:** So, there is no actual obligation on them to do it?

**Ms Nolan:** Obligation to consider.

**Ms McGowan:** If they can conclude the project in their present structure, then that is perfectly acceptable as well.

**Ms Nolan:** Yes. We do not have any preconceived ideas as to who should be in their equity ownership; rather that we would just like the equity to be appropriate to ensure the project goes ahead.

**The CHAIRMAN:** Earlier you indicated that by 31 December, as the new deadline, there are several things that had to be done. One of those was contracts had to be in place; so, is that part of the variation to the agreement?

**Ms Nolan:** It is in the letter exchange.

**Ms McGowan:** But, of course, to get to a stage where the project would be bankable, they must have those final supply chain agreements and other contracts in place because that pre-supposes the next step.

**The CHAIRMAN:** And issues such as the commitment to proceed, the feeding back of information on progress or problems they run into, is that just in the letter exchange or is that in the variation to the agreement?

**Ms Nolan:** In the main it will be in the letter of exchange, but there is a basic requirement to keep the government informed, I understand, in the state development agreement.

**The CHAIRMAN:** I thank you very much for the evidence you have given. I have some short formalities to close off. Clearly, as I have indicated, it is a very important project and we appreciate the work that State Development is doing to try to bring it to fruition.

Thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of the evidence cannot be altered. Should you wish to provide additional information or elaborate on any particular point, please include a supplementary

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submission for the committee's consideration when you return your corrected transcript of evidence. Again, thank you very much for your evidence here today.

**Ms Nolan:** Thank you, and I hope you cannot transcribe coughing!

**Ms McGowan:** Thank you.

**The CHAIRMAN:** Congratulations on your new job.

**Ms Nolan:** Thank you.

**Hearing concluded at 10.48 am**

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