

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

**INQUIRY INTO SAFETY-RELATED MATTERS
RELATING TO FLNG PROJECTS IN AUSTRALIAN WATERS
OFF THE WESTERN AUSTRALIAN COAST**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 12 MARCH 2015**

Members

**Mr I.C. Blayney(Chair)
Mr F.M. Logan (Deputy Chair)
Mr P.C. Tinley
Mr J. Norberger
Mr R.S. Love**

Hearing commenced at 1.07 pm

Mr STEPHEN WOOD

Director General, Department of State Development, examined:

Ms NICKY CUSWORTH

Deputy Director General, Strategic Policy, Department of State Development, examined:

Ms JENNESS GARDNER

Executive Director, Browse, Department of State Development, examined:

The CHAIR: On behalf of the Economics and Industry Standing Committee, I would like to thank you for your appearance before us here today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into safety-related matters concerning FLNG projects in Australian waters off the Western Australian coast. You have been provided with a copy of the committee's specific terms of reference. At this stage I would like to introduce myself and the other members of the committee here today. I am the Chair, Ian Blayney. With me are Peter Tinley and Jan Norberger. The Economics and Industry Standing 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 a contempt of the Parliament. This is a public hearing and Hansard is 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 inquiry-specific questions we have for you today, I need to ask you the following. Have you completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIR: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

The Witnesses: I do.

The CHAIR: Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

The Witnesses: I have.

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

The Witnesses: No.

The CHAIR: Do you have an opening statement for us?

Mr Wood: No, I do not.

The CHAIR: Jan, do you want to lead off?

Mr J. NORBERGER: Sure. Thanks, guys, for coming in. I appreciate that. I suppose to kick off, it would be really good for the committee to understand the level of the department's understanding of the Prelude facility, particularly in relation to the number of people who will be on board and the operator's emergency evacuation plans.

Mr Wood: I will turn to Ms Gardner in a minute. At the moment we are still collecting information from Shell. They promised it to us by mid-March, so I am waiting for some further information. But then to turn to your question directly, are you aware at this stage?

[1.10 pm]

Ms Gardner: We have a broad outline but, frankly, it is what is in the public domain. What we are asking for is a little bit more detail and a little bit more information, particularly with respect to evacuation procedures and, as my director general has indicated, we have not received that yet.

Mr J. NORBERGER: What is your understanding in relation to what is in the public domain? It would be interesting to know at what point you are trying to get more information on—what do you know in relation to the evacuation procedures?

Ms Gardner: What they are planning on doing is, fundamentally, keeping the vessel in place during a cyclone or other episode and they would remove limited numbers of people. What we are trying to understand is precisely how many people, how they would do that and on what basis. But we do not have that information. All we have got is that is the broad outline of how they would go about dealing with an emergency on board.

Mr P.C. TINLEY: When did you ask Shell for this additional information? I presume it is additional to what they provided in —

Mr Wood: Sure. I have not tracked the correspondence and discussions, but —

Ms Gardner: It is an ongoing dialogue at the moment.

Mr P.C. TINLEY: Is that a formal dialogue? Is it an exchange of correspondence?

Mr Wood: It is a formal dialogue. We have had meetings and we have requested information, yes.

Mr P.C. TINLEY: And that is documented, the information you requested that they provide?

Ms Gardner: How do you mean, sorry?

Mr P.C. TINLEY: The request that you put to Shell, is that documented? In relation to the detailed information —

Ms Gardner: Part of what we have been trying to do is actually agree on exactly what information would be provided so that they are clear about the request by the department. Most of that has been occurring verbally.

Mr P.C. TINLEY: So clarifications, yes.

Ms Gardner: Yes, that is right. We believe they are clear on what is required, so that is why we are waiting for the next iteration from them, which we expect, hopefully, in the next week or so.

Mr J. NORBERGER: When did these conversations start?

Mr Wood: When did they start?

Ms Gardner: Second half of last year. We have been talking to all of the operators, potentially, in the Browse Basin irrespective of whether they are FLNG or not, so it is a process that we are rolling out with all of them.

Mr J. NORBERGER: So does that mean that for none of the operators in the Browse Basin you have any detailed information at the moment?

Ms Gardner: There is only one proposed operator of an FLNG facility at this point in time that has actually made a final investment decision and that is, obviously, Prelude. We have received information from Ichthys, who are not a FLNG vessel, but we are interested in what their impact will be in Western Australia more broadly, but I think that is outside the scope of what we are discussing here. We have received some information from the Browse joint venture, but the Browse

joint venture, obviously, are in pre-FEED, let alone making FID so the nature of the information they have provided at the moment is, as you would expect, fairly high level.

Mr P.C. TINLEY: This inquiry is particularly interested in the safety case, but I presume the nature of the information that you are seeking is beyond just this. It is in relation to a range of other —

Ms Gardner: We are not actually focused on safety directly.

Mr P.C. TINLEY: At all?

Ms Gardner: No, we are focused on the impact in Western Australia and in particular on infrastructure usage irrespective—that is actually more of our interest. We do not have a role in regulating safety.

Mr P.C. TINLEY: The principle thing that relates to infrastructure that relates to safety, of course, is land basing. What can you tell us about the discussions with Browse particularly that identifies the land basing choke points, I suppose, or bottlenecks?

Mr Wood: At this stage, for Browse it is difficult to answer that question and it is difficult for them to answer that question. We have had quite a lot of detailed discussion with them on this and we have also had our own assessments which I think, from memory, I mentioned last time in terms of what we think might work or might not work, but the difficulty is you are at the very early phase of that project. Once you define your requirement, how you translate that into sort of something that is a build or a commercial proposition is another issue. In addition to that, whether the actual project launches at all, of course, is part of the assessment at the moment. It is very difficult to answer that question with any sort of specifics at the moment.

Mr J. NORBERGER: Mr Wood, I understand what you are saying, but, I mean, Prelude is underway and we mentioned pre-FEED for Browse—no issue with that, but Prelude exists; it is nearing completion and if we are going to talk about any kind of an infrastructure requirement, like you said, by the time you then formulate it, plan it, find out how or who is going to fund it, tender for it, award it, build it, are we not cutting it a bit fine if we are at this stage where we do not even know what we need, if we need anything at all?

Mr Wood: Would I have liked the Prelude information sooner? Yes. Do I hope I get it this month? Yes. Hopefully, I get it in a state that we can be much clearer about some of the things that you are likewise interested in.

Mr J. NORBERGER: Ms Gardner, you are the executive director for Browse?

Ms Gardner: Yes.

Mr J. NORBERGER: How many people are in your team?

Ms Gardner: I do not know how many off the top of my head. I think we are about five or six, something like that.

Mr J. NORBERGER: If you do not mind, what are their capabilities? What roles are those people playing?

Ms Gardner: In broad we have a mixture of skill sets. We have skill sets in native title. We have skills sets in project management, we have skill sets in engineering and we have skill sets in economics—and commercial; I forgot about my own.

The CHAIR: So, moving on, what impacts would you see a major accident—or major incident, I suppose they would call it, wouldn't they—have on the region's infrastructure and services.

Mr Wood: Again, it really depends on the nature of the incident. If the nature of the incident is, for instance, a wellhead leak, then it is obviously a quick containment procedure. If it is a cyclone, as

indicated earlier, the intention of Prelude is to effectively leave a fair bit of crew sitting on—sorry, you will have to excuse my inelegance—the vessel.

The CHAIR: That is all right; that is the term they use.

Mr Wood: I am not quite you would call it a ship or a boat or a vessel.

The CHAIR: You are not allowed to call it—no, it is a not a ship.

Mr Wood: Yes, I know.

The CHAIR: Facility, that is the one.

Mr Wood: I was going to say “boat”.

Ms Gardner: They do not like “boat”; “vessel”.

Mr Wood: They like vessel; okay.

You can see I have transgressed in this space before—the “facility”. The intention is to leave—to take off people as they can. So if that is the case, then it is the safe transportation and really the early transportation of people for that purpose, and their evacuation procedures and their logistics chain have to accommodate that level of removal at that sort of speed into locations, you know, on coast, be it Lombadina or elsewhere. I have not got the detail of either the number or the precise logistics of that at the moment.

Mr P.C. TINLEY: It seems to me that the intersection here with what you are primarily interested in around infrastructure—I know that simplifies overly what you are getting to, but the intersection here, or the nexus, is between the operations of a standard offshore facility, and I hope, I would imagine, you would be looking towards the future of potentially a number of FLNGs off the coast, and that would always be in the back of the mind. But this crossover here of the operations and the in extremis event management, if you like, is where the safety case comes in, and its crossover with the land-based infrastructure is the principal thing that we have, sort of, on all the inquiries we have done—and we are over gas.

The CHAIR: No, you are over gas.

Mr P.C. TINLEY: I am over gas!

The CHAIR: I like gas.

Mr P.C. TINLEY: But what strikes me is when we look at things like the safety case, which has, when we look also at economic opportunity from FLNG for example, things like land-backed wharves and intermodal hubs at airports—and we are seeing intermodal transfers from fixed-wing to rotary-wing—are all common to all those things. The way I have described that, is that the way the department is looking at it?

[1.20 pm]

Mr Wood: Yes, that is a fair description. What we would look at is: what is that componentry and what is the cumulative impact on that componentry on the basis of an as-best estimation as we can make, right. So then, you know, we might say, “Okay, give us that information,” and for the reasons just expressed I do not have all of that information.

Mr P.C. TINLEY: Sure.

Mr Wood: Then, rightly, people then work out, in terms of location, the logistics and the commerce whether they can in fact do it better, which is part of the FEED process, whether the numbers are such as they thought they might be, you know, whether there are other ways of handling that, and then what locations are ready and available on timetable, because that is the other part that is important for them.

Mr P.C. TINLEY: It is the time-phasing.

Mr Wood: Time-phasing, yes; and to know that if they move to execution, they can move to execution smoothly.

Mr J. NORBERGER: If I may, I suppose it ties in, because you mentioned again that lack of information, and you have been in dialogue with them in about the second quarter of last year, you know, to about eight or nine months. I mean, the committee's own experience with dealing with Shell is that they have been very forthcoming, and we really have not experienced any delays whatsoever. When we ask for information, we get it fairly quickly. What do you think is the cause of your issues that you seem to be having with Shell where it has been nine months and you are not in a position to have the information that you would like to have?

Mr Wood: Well, I would not quite put it that way; but it is not unusual for us to have a contest with a company about the level and the detail of information and dialogue that we want. That is usual business. So I am not making a complaint about it.

Mr J. NORBERGER: Yes. I mean, sorry, it just seems that the only information that you have is what was publicly available, which, even as a committee, I would suggest, if that is the case, we could be informing you on a fair bit because they have been phenomenally forthcoming, very rapidly, with quite detailed information, and even in our first report, obviously in closed sessions, getting right into the financials and trigger points and tipping points. It just seems that—you know, we might be a parliamentary committee, I accept that, but the Department of State Development, that is quite up there, you would have thought with the Premier as the minister—I would not have thought that they would have played too many games. So I am just surprised that you have not had the same level of success that we have had.

Mr Wood: Let me answer your question, because I do not characterise it that way as “games” of the sort. I do not know what the committee has got; and clearly parliamentary committees have more power than I do on a daily basis. Your opening statement and the documents you gave us would suggest that. I do not know what you have. I know what the dialogue has been; I know where I want to take it, and that is to get to the point that you are talking, which is not just one, but it is cumulative and it is also potential forecast.

Mr P.C. TINLEY: It is also timeliness.

Mr Wood: It is also timeliness, sure.

Mr P.C. TINLEY: Because the last thing we want to see is another project go to the Northern Territory.

The CHAIR: This one will not, I guess!

Mr P.C. TINLEY: I know that is a derogatory statement.

The CHAIR: Can I ask a question?

Mr P.C. TINLEY: Give him a chance to answer that.

The CHAIR: Do you want to answer that?

Mr Wood: Likewise, but you are an FLNG inquiry; the issues around Inpex going to the Northern Territory, I do not want to go over for the purposes of this inquiry.

Mr P.C. TINLEY: Absolutely.

The CHAIR: The safety case, which as we know is federal, but the aspects of the safety case that relate to as soon as they have crossed back over into state waters and then onto Western Australian territory, does the Western Australian government get asked by the commonwealth to basically sign that off? Do we have a formal role in there, or is the fact that it is happening out there in commonwealth waters sort of overrule the state's powers?

Ms Gardner: I do not have a comment on that. If the state has been asked, we have not been asked.

The CHAIR: Well, they have not got the safety case yet, have they?

Mr Wood: It is an engagement between the federal authorities and DMP—that is why I am hesitating.

The CHAIR: Okay.

Mr Wood: To be truthful to you, I do not know exactly what that level of engagement is between those two agencies.

The CHAIR: Okay.

Mr J. NORBERGER: I suppose my next question is predicated on my assumption that because it is a mega-project, the reason we have the Department of State Development is that when you have large projects that potentially have requirements from multiple government departments, there is that one, you know, common contact. So you are waiting on some further information from Shell; I have no doubt it will come. You said what you were working towards. So whilst that has been happening, what kind of dialogue have you had with, I suppose, regional stakeholders such as the Broome hospital, the Kimberly Port Authority, where we see, one would hope, that you would have been able to get information a little bit more quickly because they are the government agencies?

Mr Wood: The Browse team would be up in the area relatively regularly. In terms of Broome hospital, I do not know that there have been any.

Ms Gardner: No, we have not, and we are also not the lead agency for the Prelude, so we do not have that role.

Mr Wood: But in terms of coming back to your earlier question, looking at the port discussions with the port, what is available, what is possible, who is holding what leases and those sorts of things are part of the regular assessment. To come to the next part of your question, what we tend not to do is to have too much of a discussion with a range of agencies when we are not clear about what the actual shape is, because all that does is generate not misinformation, but sorts of expectations that —

Mr P.C. TINLEY: Inefficient work.

Mr Wood: It is inefficient, but the mere fact you are asking us the questions you would like us to put in the profile, we say would make some sense; likewise, if I was having a discussion with a shire, they would likewise have that as well. We do spend a fair bit of time with people who sort of say this is how it is going to happen and what have you. That is more an anecdotal tale more than anything.

Mr J. NORBERGER: I accept that, but coming back to what I said before, and in all fairness, my concern is that if we discovered something—I am not suggesting we have, so this is a hypothetical—and let us say that because something is going to be happening up in Browse, the hospital really needs another wing or whatever, which it does not, or there is a particular need at the Broome port, the lead time for these things is, as we know, significant. We are talking about a project that is nearing the point where it will be here and be commissioned. So you are saying that you do not want to go out there and ask the questions because you do not know what we want. I would have thought we will go out there and have the discussion so we can discover what we need or want. Also, I suppose, on the back of that, you said you are not the lead agency. Who is the lead agency—DMP?

Ms Gardner: For Prelude? I do not know if they have got one to be perfectly honest.

Mr Wood: Can I just come back to something you said? I am not saying that we do not want to go out there and ask the questions. The issue was: has there been discussion with various people? That is what the question was. The answer to that is: not with the Broome hospital, but yes with the Broome port on a regular basis.

Mr J. NORBERGER: So what is your understanding of what the Broome port may or may not need? Tell us about Broome port. Is it good to go?

Ms Gardner: The Broome port has a substantial capacity available to support what it has foreseen, and a study that we participated in with the Department of Transport has foreseen for the foreseeable future in supporting offshore oil and gas irrespective of how it works. There has been quite a substantial process looking at what capacity the Broome port has to be able to provide the support there.

Mr J. NORBERGER: So they are pretty much good to go; there is nothing holding them up.

Ms Gardner: We do not believe so.

Mr J. NORBERGER: Just to confirm, you mentioned that there may not actually be a lead agency for Browse.

Ms Gardner: I am sorry; I would have to confirm, but I am not it.

Mr P.C. TINLEY: We can find that out.

Mr J. NORBERGER: Irrespective of that, even if there is a lead agency, obviously it is DSD; otherwise, we would know.

Ms Gardner: I would hope so.

Mr J. NORBERGER: What do you see as DSD's role then? We know you are not the lead agency. There may actually not be a lead agency at all, but, irrespective of that, where do you guys fit in?

Mr Wood: To come back to the question you asked and the answer I gave on that, at the moment, it is the issue about working out exactly what we believe the impact might be on a cumulative basis. In addition to that, with the actual Browse joint venture project, clearly that one is in more detailed negotiation at the moment.

Mr J. NORBERGER: What is your ultimate goal? The information you are seeking will help you to flesh out potential needs and shortcomings and whatnot, but, that aside, obviously you would have gone into this with a specific goal for the state. What is the outcome that you guys are hoping to achieve?

[1.30 pm]

Mr Wood: In relation to Browse?

Mr J. NORBERGER: Yes.

Mr Wood: To go to the Premier's public statements in relation to Browse, there is both supply chain and also domestic gas requirements on that project to make sure that if it is to be FLNG, there is that benefit that sits there with the state. In addition to that, there is a lot of work we would do in respect of the DMP process. The DMP process in relation to retention leases has many facets and we would be in dialogue with DMP on a regular basis.

Mr P.C. TINLEY: What, if any, impact have you calculated for the potential privatisation of ports, particularly Broome port, obviously?

Mr Wood: I have not.

Mr P.C. TINLEY: That does not factor in at all?

Mr Wood: I have not done any work on the privatisation of Broome port.

Mr P.C. TINLEY: No, but you would have to consider it as a possibility in your investigations.

Mr Wood: I have not considered any in relation to the privatisation of Broome port.

Mr P.C. TINLEY: Or its potential impacts; okay.

The CHAIR: This is quite hypothetical, so I do not know if you will want to answer it. What time frame is your current thinking about development of Browse?

Mr Wood: The public statement of the Browse joint venturers is that they would like to make FID by the end of, I think, 2016. I have to assume that is what they are seeking to do. I have to assume also that they are seeking to go into FEED sometime early this year rather than later by about mid this year.

The CHAIR: When would that most likely have them beginning to operate?

Mr Wood: I think if FID is taken by the end of this year, then you get commencement of development in about 2018; I think that is the way it works.

Ms Gardner: A bit later now. It is three years basically for the build of the vessel.

Mr Wood: In terms of letting the contract and stuff.

Ms Gardner: Yes, the first one.

Mr Wood: Not in terms of start of operation.

Mr J. NORBERGER: The state retention leases have not been renewed yet, have they?

Ms Gardner: That is correct.

Mr J. NORBERGER: Is your agency dealing with that?

Mr Wood: No, DMP.

Mr P.C. TINLEY: With the air infrastructure in the Kimberley coast, what are the key parts that you looked at that are important to this particular coast?

Mr Wood: It is mostly to do with helicopter transfer and training for the purposes of helicopters.

Mr P.C. TINLEY: Management.

Mr Wood: That is the bulk of it.

Mr P.C. TINLEY: What have you discovered?

Mr Wood: It is what I am still discovering.

Mr P.C. TINLEY: So far.

Mr Wood: So far, yes. I do not have a precise number or figure on that at the moment in terms of the traffic that is currently there. There is enough facility there. There is a question that —

Mr P.C. TINLEY: It is capacity.

Mr Wood: There is a question that some people are asking in respect of the facility for training and that is a discussion being had with the Department of Transport and has been for some time.

Mr J. NORBERGER: Are you aware of the incorporation within the strategy of Prelude from an evacuation point of view of Lombadina airport?

Mr Wood: In what way—the use of Lombadina do you mean?

Mr J. NORBERGER: What happens at the moment is that because of the distance that Prelude is from Broome, depending on the weather and depending on the load that they are carrying, they have to fly first from Broome to Lombadina to refuel and then from Lombadina to Prelude. So Lombadina airport is, under certain weather and under certain load set-ups, a critical part of their infrastructure requirements.

Mr Wood: Yes.

Mr J. NORBERGER: So you are aware of that aspect of it?

Mr Wood: Yes.

Mr J. NORBERGER: Are you aware of any issues for all-year access in relation to Cape Leveque Road, which is a road between Broome and Lombadina?

Mr Wood: Yes. For the purposes of fuel dumps and the like, that road will be inaccessible in certain conditions.

Mr J. NORBERGER: Is anything being done about that?

Mr Wood: It is not a matter of what State Development will do about that; that is a matter for the project proponent to make sure they have got the logistics chain right for the purposes of their fuel servicing.

The CHAIR: You do not sort of look at that; it is not part of your brief to look at something like that and sort of pass a recommendation on to Transport that they look at sealing that road?

Mr Wood: The question was: is anything done about that, in other words from State Development?

The CHAIR: Yes.

Mr Wood: But it is a project proponent cost.

The CHAIR: You would see that entirely as the job of the project proponent to build that road?

Mr Wood: That would be my first answer on something like this, yes. Why should government be putting their hands in the pocket for what is actually a part of their logistics chain?

Mr J. NORBERGER: And that is fair enough.

The CHAIR: It is everyone else's road as well. It is not like they are —

Mr Wood: It is for their purpose is what the question relates to.

Mr J. NORBERGER: And I suppose in our negotiations, and I understand Prelude is purely in commonwealth waters, so we do not have the same amount of leverage as we do, you know, with the other Browse field. But obviously we do communicate with the commonwealth, you know. We have seen them and they do want to take our viewpoints on board. So, is that something that you are going to be suggesting that when the commonwealth evaluate the safety case, that that is something that they may want to scrutinise? And, I suppose, I do not know, I mean given that, say, a state road is a public asset; they cannot just rock up one day with their own bitumenising gear and just go ahead. I mean, it is our road, so I do not know whether those discussions need to start occurring. But the issue at the moment is you are quite right: there is a substantial period of time throughout the year where you are going to really struggle to restock the fuel loads at Lombadina, and yet that airport is critical for evacuations and other operations.

Mr Wood: I am not aware whether they have had any direct discussions with the Department of Transport about that, but are you?

Ms Gardner: No.

Mr Wood: But I am very happy to —

Ms Gardner: The response from the Broome International Airport at the moment has been that the fuel tanks at Djarindjin are of substantial size to negate the risk, so that has been the view of the operator of the airport. Whether or not that is the case, I do not know and I cannot comment.

Mr P.C. TINLEY: The assumptions that they based that on would be very interesting to understand. Going back to sort of capacity building, we discovered that there is a 58-hectare parcel of land around the Broome port that is currently going through native title. In fact, it has been going through native title for seven years.

Ms Gardner: I am not sure that it has not been completed.

Mr P.C. TINLEY: Okay, that was my question.

Ms Gardner: The most recent conversation I had with Broome port was that they were feeling quite pleased about the progress of their native title negotiations and they had actually been completed, but I would need to confirm that.

Mr J. NORBERGER: Because we spoke with him last week and the information we got was that it had stalled, and that, like I said, it has been a semi-frustrating seven years and it is, in their opinion, critical to the expansion capability for any hope of a supply base, any hope of a laydown yard. So, on one hand we are pushing to get a supply base to Broome. They are saying, “We are pretty much at capacity now unless we get the 50-hectare parcel of land. It’s taken seven years. It doesn’t look like it’s going anywhere in a hurry.” And in the meantime —

The CHAIR: In fairness, we would have to say that everybody gave us a different answer.

Mr J. NORBERGER: Yes, but everyone else was not the Broome Port Authority. So, the answer from the Broome Port Authority—I mean, that is the horse’s mouth as far as I am concerned—was that there was not a definitive end date in sight. And the concern really is that Darwin on the flip side, if you go to Darwin and say you want to build a supply base, you will probably have a plot of land inside six months; they will bend over backwards to take and get more work. The Kimberley Land Council, when we asked them how long these sorts of processes should take, they indicated to us between 15 and 18 years as an average, which worried me.

Mr Wood: Can I ask in terms of the evidence with the Broome Port Authority who it was?

Mr J. NORBERGER: Yes. Who was it? Who did we have as a committee?

The CHAIR: We would have to go back. Off the top of my head, I cannot say. It was a briefing actually, it was not a hearing so we do not have a transcript or anything.

Mr Wood: Okay, we are very happy to check that.

Mr J. NORBERGER: Yes, that would be great.

[1.40 pm]

Mr P.C. TINLEY: The thing is whether it is accurate or part accurate to underscore some concerns that we are picking up in relation to it. But you are onto, from what I can tell, the totality or the cumulative effect of the development of the Kimberley, if you like, as a general term as there is an onshore potential as well, which would be also in the recesses of your mind that there are going to be bottlenecks that are not timeliness or in a time-friendly way going to be sorted. It is just a bit of a concern; that is all.

The CHAIR: Someone else, when we were talking, and this had slipped my mind, I think it was the council that said that the issue with the land at the port was actually to do with water management. They said the native title issue was out of the way, but to utilise the land it requires —

Mr J. NORBERGER: An order management plan.

The CHAIR: — a development agreement with the native title holder, the Yaru people I think it is, is it not? It was really stark to us when we were in Darwin that they sort of pointed to the land and said, “No problem; we work directly under the Chief Minister and basically all that land is available, all the clearances are done on it. If you want land, there it is”, sort of thing; whereas the vital piece of land in Broome, as I said, we got three or four different answers about where it is up to.

Ms Gardner: I would be really interested in reviewing whatever it is that you had on that front, because that is not consistent with my understanding of the access to areas at Broome port.

The CHAIR: That is the only big piece of land that is available. It is just that it was quite a stark contrast, we felt, because when they decide to go ahead and build something, they are not going to want to wait around for 10 years. If Darwin has got it there ready to do, they are going to go to

Darwin; they cannot sit and wait. So, it was just something we wanted to bring to your attention that if we were not getting a straight answer, I do not think they will be getting a straight answer either.

Mr Wood: I am very happy to go back and check what the constraints from the Broome port actually are.

The CHAIR: Yes.

Mr Wood: But this is an exercise which has been ploughed through for some time by ourselves and the Department of Transport. And the only other point I would add in respect of that is quite often there is a difference between what people say should be the size of what you should have available, as opposed to what is actually required in the foreseeable future.

The CHAIR: Yes, appropriateness.

Mr J. NORBERGER: Coming back to one of your earlier comments that really if you believe that Broome port is good to go, and put the land aside because it is a port but you know what I mean, that is more for a supply base and whatnot. When we were down there, again it is a great facility and obviously really good to see what they do and they really are a very mixed-use port: everything from cruise ships to cattle ships to supply vessels and the like. And I understand there is a refurbishment going on at the moment because the port itself is quite old. That is certainly the viewpoint of the Broome or the Kimberley ports, and they are very proud of their little patch and I am very encouraged actually by the professionalism of it. But it was that really at the moment they needed the next phase of expansion to really put themselves in a good position to handle, not only Prelude but also the potential development of Browse; because even now if a cruise ship comes in, it will take up the entire berth and they cannot take any other vessels. The day we were there, there were two supply vessels there just in support of what operations are already there. So, this is before Prelude, before Browse, which took up the whole lot. Their only crane facility was a mobile crane which was limited in what it could lift, which has already prevented them from taking full advantage of some of the inbound material, which could not come via Broome; it actually had to go down to Dampier or Karratha and then had to be trucked up because their crane was not up to it. And I believe they have got the planning for an expansion to the port; they just do not have the funding. So, I just want to pass that on to you.

Ms Gardner: Yes, I have heard of a viewpoint expressed along those lines as part of the review that was conducted by the Department of Transport into Broome port, its operations and its future needs, but that was not a conclusion of the review.

Mr Wood: There is also a figure attached to that of about \$300 million, and that is not a figure that we would say is supported in any way. In addition to that, there is the other issue raised previously; that is, if there are some additional facilities that are required for a particular proponent, why should that facility not be accommodated by the proponent, rather than built by government in the hope that the proponent will have a development and contract to that particular port for that particular development?

Mr P.C. TINLEY: The trick is to have just in time—publicly funded and just in case. This is probably a wider question which does include the terms of reference in which the safety case features that this inquiry is about. Does DSD have an ultimate objective in terms of a master plan for infrastructure for the Kimberley; a best case scenario that would facilitate the balance between attracting business and meeting the minimum needs? We are talking about a minimum and maximum, and your \$300 million is a really good point. Is there an overarching strategy here?

Mr Wood: Clearly the department, in concert with the government, was seeking to have a strategy of a land-based arrangement.

Mr P.C. TINLEY: It sure did, true.

Mr Wood: It built all of the profile in terms of the logistics chain around that. That did not conclude, for all the reasons you have seen publicly, and I am sure have had evidence on, so now you are at early phase. You have got one FLNG development which is going ahead, and a new phase in terms of whether another one can in fact go ahead. To come back to your question, yes we are in the process of building that, but what the exact level of activity is that can justifiably be garnered, even in the Kimberley or broader, is what we are trying to do at the moment. Out of that, we have done some work to say, “Yeah, okay we’ll look at what’s actually available; who holds the leases; what level of activity does that tolerate; does it have a proper lift” and those sorts of things. Yes, we have got some views on that, but until we get a better definition project-wise that would marry, you cannot match that with what we think about location. For any location, of course, also you have got to treat questions about native title; you have got to treat questions of timeliness because it takes a long time to deal with the native title issues.

Mr J. NORBERGER: This may be a philosophical question, if I may. You have mentioned a few times now that where additional infrastructure requirements are needed, be it a road or a port, it seems to be almost a default position that pushes that onus of responsibility back to the operator. Do not get me wrong, there is an element of that that I understand; we cannot go out and build everything. But remembering also, I suppose that, you know we are competing with the Northern Territory and other places where we want to get the economic flow on effects of becoming an oil and gas hub. We keep getting told that that is what we all want to become, but if it is always going to be the proponent that is responsible for building infrastructure, why did we build the AMC? Why did we not ask industry to build that themselves? I would have thought that that is a classic example where that was government expenditure, and I would suggest a highly successful bit of government infrastructure if you have a look at the industries that have been built up around it now. I would have to question if we had said that we were not going to build it—and unless proponents build it, tough—whether we would have it right now.

Mr Wood: Well, if you want to go back to the origins of the AMC, and I am familiar with some of the origins, because I was responsible for securing 85 million bucks from the commonwealth for that.

Mr J. NORBERGER: We could be attempting at least to do the same now.

[1.50 pm]

Mr Wood: I am quite happy to deal with that issue. We deal with industrial estates in that way. We outline industrial estates; we get improvement plans for industrial estates. It is a question of how much reticulation of power and water depends on the sequence, but obviously with industrial estates you set aside decades in advance and then you go through the process of how you get activity on the industrial estate. We have done the same in respect of, for instance, Wheatstone—you know, select your location, if you can agree on a location, and see what the elements are, see what should fall to the project and see what might legitimately fall to government. Typically, the services fall to government, and not the actual infrastructure the project needs for its own purposes. The last thing I will say on that is, by all means, if the government wishes to put in my budget a large amount of money for a build and go and say that is what we want, then that is what we will go about doing.

Mr J. NORBERGER: Have you asked for it?

Mr Wood: No, because no government that I have seen has put a large amount of money in DSD’s budget for the purposes of going out building a whole lot of infrastructure.

Mr J. NORBERGER: Thank you for your answer. I think you hit the nail on the head about three minutes ago when you said that some of these decisions are made decades in advance, because you cannot build something overnight, but does that not come back to the whole purpose of your

need to have a long-term vision and strategy in place, of where do we as a state want to be in 10 years from now? If we are not doing the planning and the preliminary planning and the vision casting for that now, is it going to be too late? What is your 10-year vision for it?

Mr Wood: Again, it is horses for courses in terms of what decisions governments make. So, for example, the extent of de-risking that any government wants you to do for a particular area or a particular project differs depending on how the government views it. We have done a lot of de-risking in relation to Anketell, and spent money for that de-risking in respect of the native title deal because, at that period of time, and it still remains true, an outlet for the west Pilbara ore would be required, or would be required into the future. So we have done all that in concert with the port, we have done all the master planning for that, and we have done the de-risking in terms of the ILUA to actually facilitate the land. So it depends on where you are; similarly on the industrial estates. At the moment, in terms of Broome, if you are asking me would I be recommending to the government that they spend a whole lot of money in Broome, the answer is no, because I do not have anything tangible above the existing level of activity that I can say will in fact be there. If you say, why do we not build something like Darwin, I have got to query where the money for Darwin actually came from to actually build, but if the government wishes that to occur, that can be done very easily.

Mr P.C. TINLEY: So if you take Broome—James Price Point, for example—taxpayers spent a lot of money de-risking James Price Point, and I am sure there is more to go, so the recommendation to government may well be that you would go to James Price Point before you would play too hard in Broome.

Ms Gardner: Depending upon what activity was required —

Mr P.C. TINLEY: That is right, but we are talking supply bases, and supply bases are integral to the safety cases of every proponent, particularly large laydown areas for water support stuff and all that sort of thing. This program itself is a massive beast.

Mr Wood: Currently in Broome you got a fair amount of exploration and servicing that operates in Broome currently. Do you have enough for the purposes of servicing an offshore vessel with supplies? Yes, you do. In terms of additional laydown areas, at the moment what is it we are going to lay down; what project are we actually going to service for the purposes of laydown? That is the question but —

The CHAIR: I am going to have to call this to a halt. The good thing about being in here is that you know that things are going to end. I would like to 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 by these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence.

Mr Wood: Can I ask you one question?

The CHAIR: Yes.

Mr Wood: In relation to the checking in on the native title issue, or the native title/water issue, is that a supplementary question you would like information to come back to the committee on?

The CHAIR: It is not really directly related to the safety one, which is what we will be handing down fairly soon, but from the point of view of infrastructure, yes.

Ms Gardner: Do you want native title, or do you want access to land?

The CHAIR: If you are able to give us a summary of exactly where that land is up to, that would be very useful.

Mr Wood: We will deal with the native title question then.

The CHAIR: Thanks for that—much appreciated.

Hearing concluded at 1.56 pm
