

## **Frequently asked questions about the James Point Port**

**(updated 2<sup>nd</sup> November 2011)**

### **When did the James Point Port proposal begin?**

James Point Pty Ltd (JPPL) was founded in 1997 to respond to an international call for Expressions of Interest to build, own, operate and finance additional port infrastructure in Cockburn Sound. Following a Request for Proposals, JPPL was selected and awarded a contract (known as the “Operating Agreement”) which was signed with the State Government in 2000.

### **Will it be a “private port”?**

Although often called a “private port”, it is important to appreciate that it will be a “common-user facility” available to exporters and importers using ships that can berth at the port. It is private in terms of who finances it, owns it, builds it, and operates it.

### **So who actually owns JPPL?**

JPPL is a privately-owned WA Company with five shareholders. All are “substantial shareholders” under the corporate definition thereof.

### **But it’s often been described as the “Buckeridge Port” hasn’t it?**

Portrayal of this as the “Buckeridge Port” is very misleading. Len Buckeridge is the largest shareholder, but as Len himself is always the first to agree, all five shareholders collaborate very closely in developing strategy and progressing the port.

### **What infrastructure will be available at the James Point Port?**

The Operating Agreement defines a 240 ha area of water to be excised from the Fremantle Port Authority, within which the James Point Port will be developed “in several stages”. It is located in the heart of the Kwinana Industrial Area between the BP Refinery and the Kwinana Power Station.

The first stage will be a Bulk and General Facility which will include 14 ha of seabed reclamation. The second stage will be an International Container Facility which is the commercial cornerstone of the overall investment. An initial 73 ha of seabed reclamation is proposed, and a further 30 ha as demand increases. Subsequent stages are also envisaged in the Operating Agreement.

### **How much progress has been made since 2000?**

JPPL commenced the approval process for the Bulk and General Facility in 1999, but it was not until 2004 that environmental approval was given. And it took until 2009 for the necessary change to be made to the Metropolitan Region Scheme. More recently, Development Approval was given for

dredging and reclamation work – but only after JPPL went to the State Administrative Tribunal to appeal the WA Planning Commission’s earlier rejection of its application.

To say that progress on the first stage has been slower than envisaged would be a masterly understatement! One can only hope that there will be no further delays.

With respect to the International Container Facility, the EPA has required that an Environmental Review and Management Program be prepared. In December 2010, the EPA signed off on the associated Environmental Scoping Document, enabling JPPL to commence scoping a range of studies that will be required.

### **Where is the project at now?**

On 27<sup>th</sup> May 2011 JPPL gave formal Notice under the Operating Agreement to the Hon Minister for Transport that it proposes to commence construction of the first stage on 2<sup>nd</sup> January 2013. This required the Government to promptly arrange for the excision of the port area and its lease to JPPL.

JPPL also advised the Minister that it would be expending \$15 million on final studies and design prior to the commencement of construction.

A Stakeholder Reference Group to advise on environmental aspects is now in operation.

### **When will the port be operational?**

In its advice to the Minister on 27<sup>th</sup> May 2011, JPPL advised that construction would take up to eighteen months, meaning that the first stage of the port was expected to be operational by mid 2014.

### **So why has JPPL now issued a writ in the Supreme Court?**

In recent correspondence from Government, it would appear that Government does not intend to honour its contract with JPPL.

JPPL’s writ can be found at:

[http://www.jamespoint.com.au/\\_arquive/jppl-full-document-writ-27-09-11.pdf](http://www.jamespoint.com.au/_arquive/jppl-full-document-writ-27-09-11.pdf)

and a précis can be found at:

[http://www.jamespoint.com.au/\\_arquive/jppl-writ-precis.pdf](http://www.jamespoint.com.au/_arquive/jppl-writ-precis.pdf)

The writ seeks a declaration from the Supreme Court that the contract remains valid, and directions that Government should facilitate and co-operate in the development of the Port.

JPPL’s commitment to developing the Port is undiminished.

### **How confident are you of the demand for new bulk and general facilities?**

For bulk and general products, there is general recognition that there are insufficient berths and facilities in the Outer Harbour. This has been the case for many years. According to Fremantle Ports' 2011 Annual Report, 61% of ships were unable to obtain a berth on arrival at the Kwinana Bulk Terminal, and they suffered an average delay of 158 hours (ie almost a full week). This uncertainty and the associated demurrage costs represent a significant handbrake on the State's economic development, and act as a big disincentive to start-up ventures.

### **What cargo do you expect?**

For the Bulk and General Facility there is heightened interest from mineral exporters, grain exporters, livestock exporters, clinker importers, and a wide range of other general cargo. All of these will have new opportunities when the James Point Port is developed.

### **And the demand for container facilities?**

For containers, there is a longer lead time to develop facilities that will supplement the Inner Harbour once it reaches its capacity. There are many examples around the world where Governments have failed to plan well ahead, which has led to unacceptable levels of congestion - unacceptable that is, economically, and socially. This is especially true for ports like Fremantle that are historically located in an inner metropolitan area.

### **So when will the Inner Harbour be at capacity for containers?"**

This will be determined by the capacity of the road and rail linkages leading in and out of the Inner Harbour (and not any shortage of space once inside the port itself!).

In 2010-2011 Fremantle handled nearly 600,000 TEUs (TEU = "twenty foot equivalent unit" – in the somewhat mysterious lexicon of ports and shipping!).

When throughput has grown by 50% from now (ie it reaches around 900,000 TEUs per annum), JPPL believes that the levels of congestion will be at the maximum sustainable level, and this may well be the situation within five years.

### **How do you work that out?**

The throughput of almost 600,000 TEUs in 2010-2011 represented an increase of 7.4% over the previous year.

If the same growth rate is maintained, 917,000 TEUs will be reached in 2016-2017: ie just five years from now.

But if growth reverts to historical levels, then 892,000 TEUs will be reached in 2015-2016 – just four years from now.

### **So why is the Company working on the container proposal now?**

It will take a good five years for a new container facility to be developed (designed, approved environmentally etc, and constructed).

That's why JPPL is continuing the work on its container proposal right now. It can just be ready in time.

### **How will exporters and importers benefit?**

In two ways. First, much-needed additional capacity will be provided. This will lead to a reduction in delays and costs, and realistic opportunities for start-up ventures. Second, competition and choice for importers and exporters will be introduced. The ending of the monopoly position of the Fremantle Port Authority is certain to bring out the very best from both the Authority and JPPL in terms of service quality and price.

### **And how will taxpayers benefit?**

Quite simply, the James Point Port will be fully funded by the private sector, and the Company has confirmed with Government that investment dollars are already available for the first two stages. The first stage (ie the Bulk and General Facility) will cost about \$150 million. This is money that the State will not need to provide to fund essential economic infrastructure.

### **Are there issues that remain to be resolved with Government?**

First, as noted earlier, JPPL is seeking a declaration from the Supreme Court that the contract remains valid, and directions that Government should facilitate and co-operate in the development of the Port.

There are two specific issues that will then require resolution. First, JPPL requires about 17 hectares of existing Government-owned land immediately adjacent to the area to be reclaimed for the first stage. This will be used for port purposes only (eg road, rail, cargo handling and storage facilities). Assertions that JPPL is unwilling to pay a fair price, or wants the land for other purposes are absolute and perhaps mischievous furbies! JPPL has repeatedly made it abundantly clear to the Government that it will accept the valuation of an independent expert, and will accept the land being constrained by covenant to port uses only. Second, agreement is needed on road and rail access to the port boundary. The Company expects both of these issues to be resolved as a matter of priority, in accordance with the contract with Government.

### **How would you summarise the current situation?**

After an unnecessarily long period of time, a number of key aspects are in alignment. There is significant unmet demand for bulk and general facilities. There's imminent and foreseeable demand for additional container facilities. There is a shortage of taxpayer funds for infrastructure, but an eager private funder for this essential port infrastructure. Key approvals are now lined up for the Bulk and General Facility (environmental, MRS amendment, Development Application). Users want competition and choice. The funds are available for both the Bulk and General Facility and the International Container Facility, and

JPPL is very keen to proceed forthwith in accordance with its contract with Government. All good news for the State's prospering economy!

It is very ironic that the Government should have chosen this moment in time to advise JPPL that the contract has been terminated.

**Where can I get further information?**

Email the Chairman Dr Chris Whitaker on [chris.whitaker@jamespoint.com.au](mailto:chris.whitaker@jamespoint.com.au)