

Esperance Port Authority

The Award Winning Port



SUBMISSION TO THE ECONOMIC REGULATION AUTHORITY

RE: Goldfields Water Supply Project

Background

The Esperance Port Authority services industries in the Goldfields Esperance Region. In the 2004-05 financial year, the Port handled a record 7.7 million tonnes of cargo with iron ore, bulk minerals and grain being exported and fuel and fertilisers being imported. This figure will rise in the coming years.

Over the past five years more than \$100 million has been spent on infrastructure at the Port, with Esperance now the deepest Port in southern Australia, capable of handling Cape Class ships up to 180,000 DWT.

Currently a capital works program worth more than \$37 million is being undertaken to meet the needs of the expanding mining sector, particularly BHP Billiton's Ravensthorpe Nickel Project. The Esperance Port will be handling Ravensthorpe product in early 2007, which requires the installation of a shore-based gantry crane to handle containers.

The Port is a major employer in the Region with a workforce of 75 permanent workers and, along with its customers, is a major user of scheme water.

Opportunities

The Esperance Port Authority believes the United Utilities project will provide many opportunities to the Goldfields-Esperance Region, which would directly benefit the Port of Esperance and the economic prosperity of the State.

The enormous potential of the Region's mining industry is well documented, as is the major impediment to further development of that industry being an unlimited supply of quality water. Such a supply is required for the processing of minerals and for plant maintenance, and its availability will see new mines developed, the cost of maintenance reduced, and the lives of many mines extended.

While the Port is exporting increased tonnages of grain, enormous opportunities exist for farmers who could source water from United Utilities. Farmers would have access to unlimited quantities of quality water for spraying, which currently is a major issue for many farmers, as well as for animal husbandry.

A reliable supply of quality water could provide farmers in the region with the opportunity to diversify into horticulture, viticulture, floriculture and aquaculture as well as provide the opportunity to develop an equine industry. This is at a time when the Port is preparing to handle containers. High value products such as seed potatoes, cereals, vegetables and stock feed could be produced in the region and shipped out of the Port.

Furthermore, a quality water supply would provide the opportunity to develop niche industries that provide long-term economic and social benefits to the Goldfields-Esperance Region, provide increased employment opportunities, and a significant financial return to the State.



CASE EARTH AWARDS
A CASE GROUP COMPANY



GOLDEN GECKO
Awards for Environmental Excellence
2002 AWARD RECIPIENT



Transport Achievement of
the Year Award
2001/2002



ECONOMIC
DEVELOPMENT

In particular, the continued development of the Region's mining industry will see the further utilisation of the Port's current and proposed infrastructure.

Shark Lake Industrial Park – Facilitation of Trade

The Port Authority is a partner with the Esperance Shire Council in the Shark Lake Industrial Park. The Park is strategically located on the Esperance-Coolgardie Highway, alongside the major rail link to the Goldfields and the natural gas pipeline. What is missing is a source of quality water. The proposed Goldfields Water Supply pipeline would be located in the adjacent road-rail easement, and the water would be available to the Industrial Park.

A quality water supply at the Industrial Park is paramount to attracting new value-added industries, which could include the downstream processing of minerals and the manufacture of chemicals that would be exported through the Port.

Power Costs

The Esperance Port Authority buys power directly from the private power provider, Burns Roe Worley. Under the terms of the contract the cost of power to the Port will be reduced should a large base load user of power be connected to the system. The proposed desalination plant constitutes a large base-load user of power. The advantage of a large base-load user for the power provider is that it enables the more efficient and cost effective production of power.

The Port Authority currently spends more than \$3 million annually on power, an amount that is continuing to grow as new exports come on line. Even a modest reduction in power costs will result in significant savings to the Port and, therefore, its customers.

Summary

The Port Authority believes that the Economic Regulation Authority's draft report into the Cost of Supplying Bulk Potable Water to Kalgoorlie-Boulder fails to consider the opportunities that the Goldfields Water Supply will bring to the Region.

Strategically, this project provides for the economic and social growth of the Goldfields-Esperance Region, and it relieves pressure on Perth's climate-dependent water resources by extinguishing demand from dams and ground water supplies. At the same time people living and working in Kalgoorlie-Boulder will no longer suffer water restrictions.

Furthermore, United Utilities will provide a new source of water to the Region independent of WA's declining rainfall.

This can only enhance existing agriculture and mining industries by improving production and reducing costs, as well as providing the opportunity to develop new industries without the burden of water quotas being imposed. A new, reliable, quality water supply will be the impetus for new and diverse industries that will bring long-term economic and social development to the Goldfields Esperance Region.

Any new economic developments in the Region have the potential to benefit the Port.

The Port also gains significant energy savings from the connection of the large base-load power user onto the local power grid.

The Esperance Port Authority believes that the Goldfields Water Supply Project should proceed and, furthermore, that the Economic Regulation Authority's final report should strongly recommend that the State Government gives the go-ahead to this important project.

Colin Stewart

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a long horizontal stroke that ends in a small upward hook.

CEO
Esperance Port Authority