



# Major Infrastructure Proposal Assessment

Geraldton Port Maximisation Project  
Summary Assessment Report



Infrastructure WA

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February 2022

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### **Acknowledgment of Country**

Infrastructure WA acknowledges the Traditional Custodians of Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

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# Major Infrastructure Proposal Assessment Summary Report

## Purpose

This summary assessment report has been prepared in carrying out Infrastructure WA's (IWA) legislative function to assess and report to the Premier on major infrastructure proposals. The assessment is of the Mid West Port Authority's (MWPA) Geraldton Port Maximisation Project (PMaxP) business case, plus additional supporting information received and consultation undertaken by IWA.

## 1. IWA observations

Infrastructure WA (IWA) considers that the Geraldton Port Maximisation Project (PMaxP) business case and supporting information, prepared by the Mid West Port Authority (MWPA), contains sufficient information and is of a suitable standard to inform a Government investment decision. It presents a sound case for investment, however it is not without risks.

The proposal has a strong financial basis based on MWPA's projections of future export throughput and asset utilisation. Revenues are forecast to substantially exceed the current estimates of project capital and operating costs. Beyond these financial results, broader economic benefits are also forecast including jobs, business investment, royalties and taxes.

The primary risks associated with the proposal are the commercial viability of the various new mining operations, and aspects of the deliverability remain uncertain or at an early stage of development. The project will face the capacity constraints that are currently impacting the broader construction market, and this is a significant risk to the project budget. Progressing project design and cost estimation work, and further consideration of additional issues, can help reduce project risks.

## 2. Context

### 2.1 Project background

PMaxP is a \$350 million program of works to upgrade roads, install new truck unloaders and conveyors, a new storage shed and to replace two ageing berths that are currently not in use.

The business case seeks WA Government funding for \$332 million to complete the project. This is in addition to \$18 million allocated over 2021-22 and 2022-23 in the recent 2021-22 WA Government Mid-year Financial Projections Statement.

It is anticipated that an increase in the throughput of several commodities will exceed the current capacity of the port. The MWPA forecasts growth in export of iron ore, mineral and non-mineral sands, urea (fertilizer) and spodumene concentrate (lithium).

## 3. Strategic merit

### 3.1 Alignment

The existing Geraldton Port is a strategic location for investment in import and export facilities given its relative proximity to commodity extraction in the Mid West region of Western Australia, and the nearby lack of alternative facilities for bulk export between Kwinana to the south and the Pilbara to the north.

The development of common use facilities has strategic merit given the diversity of existing and proposed smaller resource sector operations in the Mid West region. Common use facilities allows

multiple proponents to access the same port infrastructure, which can result in higher utilisation and greater return on investment.

There is broad alignment between the PMaxP proposal and MWPA's Strategic Asset Plan and Port Master Plan.

### **3.2 Problems and opportunities**

Current port capacity constraints, efficiency and commodity separation problems limit the MWPA to cater for forecast growth in trade of various commodities in the Mid West region.

The project enables MWPA to facilitate an export path to expand and diversify resource sector activity in the Mid West region. The increased trade facilitated by PMaxP is forecast to result in significant financial and economic benefits, including additional dividend, tax and royalty revenue, along with associated employment and business investment.

## **4. Options assessment**

A detailed assessment of strategic options was not completed, however the business case contains limited discussion on a 'long-list' of alternative options to the PMaxP scope. This includes development outside of the current port footprint, expanded use of inland storage and inter-modal facilities, or 'non build' options.

Given its high profile, the distinction between the nearby Oakajee Port proposal and PMaxP should be more clearly communicated. Geraldton Port can continue to cater for smaller, diverse producers over the short to long term horizon. In contrast, Oakajee is a larger scale and longer-term proposal, focused on potential hydrogen and iron ore opportunities.

Project sub-options analysis focused on the location of storage, material handling and berth infrastructure. A robust shortlist assessment was conducted and is contained in supporting information. MWPA should work directly with State transport agencies to consider all road and rail implications associated with the PMaxP.

## **5. Societal impacts**

### **5.1 Economic and financial assessment**

The business case financial analysis forecasts a positive net cash flow of \$1.4 billion (nominal) over 15 years, a positive Net Present Value of \$606 million, and a 5-year payback period. These forecasts are dependent on the future commercial viability and assumed export volumes of the proposed mining company users of the port.

Additional economic benefits will be generated from associated resource sector business investment, construction and operating jobs, along with royalties and broader associated revenues to the State.

### **5.2 Social assessment**

A key positive social impact will arise from the increase in local jobs at the port and the mine sites that will be facilitated by the port expansion, however these are not detailed.

Increasing local jobs can help to boost local population, and achieve greater economies of scale for service delivery. It can also help to reduce reliance on fly-in fly-out employment for local firms and residents, which can have additional social benefits on local communities.

The MWPA plans to apply local procurement principles, and to create a regional hub for training and Aboriginal business engagement opportunities.

### 5.3 Environmental assessment

Environmental approvals are required to allow for an increase of throughput through the port. Supporting information provided to IWA identifies a schedule for undergoing environmental assessments. The PMaxP is within the current port boundaries, which is likely to have less impact than a broader expansion. The project will have a positive impact on noise and dust levels.

Environmental issues such as storm surge management, and climate change mitigation and adaptation, are not discussed in detail in the business case.

## 6. Recommended option and project definition

PMaxP is a program of upgrades, new assets and asset replacements to improve the efficiency and increase the throughput capacity of Geraldton Port. Key elements of the PMaxP scope are listed and shown in Figure 1 below.



Figure 1: Geraldton Port Maximisation Project (PMaxP) scope of works

## 7. Deliverability

In general, the deliverability content in the business case is limited, though significant additional supporting information has been prepared by MWPA. Further design and cost estimation work is being progressed as part of the \$18 million allocated in the 2021-22 WA Government Mid-year Financial Projections Statement. The project will face the capacity constraints and associated cost escalation that are currently impacting the broader construction market, and this is a significant risk to the project budget. Further work on project risk mitigation, governance arrangements and stakeholder consultation will assist in delivering the project successfully and achieving forecast project benefits.