



Background to the Esperance Port Multi-user Iron Ore Facility Project, the Process and Approach to Procurement

Introduction

In February 2012, the Minister for Transport announced the undertaking of a market sounding exercise to determine private sector interest in financing, designing, building and operating a new multi-user iron ore facility at the Esperance Port. This decision followed a report on the analysis of forecast demand for iron ore export facilities at port sites in Esperance and Kwinana to handle iron ore from the Yilgarn Region. That study identified the Yilgarn Region's iron ore export potential, the shortage of export infrastructure to handle forecast demand and that the preference of most iron ore exploration companies and miners operating in the region was to export their product through the port at Esperance.

Esperance is the deepest Port in Southern Australia and is capable of handling cape size vessels to 225,000 tonnes. While the Government owns the Port and will continue to own the Port, the private sector will finance and operate the new facility for a specified term.

Market Sounding Exercise

To achieve its aim of developing a privately funded, constructed and operated multi-user iron ore facility in the shortest possible time frame, Esperance Port embarked on a Market Sounding Exercise in the second half of 2012. This Phase of the project identified that the private sector was interested in participating in the process, established the likely feasibility of proceeding to procure a preferred proponent to design, finance, build and operate the new facility, and identified suitable models to inform the ensuing procurement process for the procurement of the proponent.

The Market Sounding also identified those mining company's likely to be in a position to proceed to export and/or, enter into suitable financial arrangement with the successful MUIOF proponent' and the key project risks. A Business Case and a Procurement Plan were then developed, informed by the findings of the Market Sounding Exercise, reviewed by a Steering Committee comprising representatives from EPSL, Treasury and the Department of Transport, and approved by EPSL's Board. This culminated in a recommendation from EPSL's Board that it proceed to procurement which was approved by Minister for Transport and the Minister for Planning on behalf of the Treasurer.

Procurement Phase

In line with expert procurement advice, EPSL has adopted an approach to procurement which will start with the Registration of Interest and Pre-qualification (ROIP) of potential proponents which will be followed by a Request for Proposal phase(RFP).

The ROIP was announced on January 31, with parties to register their interest by March 1, 2013. The purpose is to identify companies and consortia with the experience and financial capability to undertake the project. An evaluation panel informed by technical advisers will

develop the shortlist from which entities will be invited to participate in the Request for Proposal phase. This will be by the end of April.

The RFP Phase will enable the short listed entities to prepare their bids, along similar lines to a tender process, to finance, design, build and operate the MUIOF at the Esperance Port. This Phase will be completed by the third quarter in 2013 after which the preferred proponent will be appointed. Work on the new Facility will begin in early 2014 and be completed by early 2015.

EPSL is committed to a fair and competitive selection process and the procurement process will be conducted in a manner to ensure the best possible outcomes for potential users of the facility and the State as the owner of Esperance Port.

For further information contact Richard Grant on 0418 789 318.

To register your interest for pre-qualification, please contact
Matthew Payne MUIOF Project Manager
on 08 62177184 or 0427446624