

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Innovation, Industry, Science and Research Portfolio  
Additional Estimates Hearing 2010-11  
23 February 2011

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**AGENCY/DEPARTMENT:** INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** Oakajee Port and Rail project

**REFERENCE:** Written Question – Senator Pratt

**QUESTION No.:** AI-29

Does the existence of the following clause in the State Development Agreement, agreed by Oakajee Port and Rail Pty Ltd and the State Government compromise eligibility to the EPBS scheme?

*Clause 3.3 Chinese involvement*

The infrastructure Provider agrees with the State to use reasonable endeavours to secure the involvement of private and state owned Chinese companies in the Project (Oakajee) in the following areas:

- The provision of rail cars;
- The provision of fabricated structural steel;
- The provision of engineering and construction services' and;
- The provision of debt financing;

To meet the requirements of the project.

**ANSWER**

In order to be eligible for the Enhanced Project By-law Scheme (EPBS), project proponents must meet a number of requirements which include the development and implementation of an approved Australian Industry Participation (AIP) Plan. The AIP Plan must demonstrate how a project proponent will provide full, fair and reasonable opportunity to Australian industry to supply goods and services to the project, and how they will endeavour to maximise opportunities for Australian industry to participate in all aspects of the project.

The clause listed above does not provide sufficient information to determine whether full, fair and reasonable opportunity will be provided to Australian industry. A requirement that contracts must be awarded to overseas manufacturers would not be consistent with AIP principles. A requirement to explore a range of supply options, in Australia and overseas, would not be inconsistent with AIP Principles.

The AusIndustry delegate considers all aspects of a project's AIP Plan, including procurement strategies and processes, to determine whether full, fair and reasonable opportunity will be provided to Australian industry.