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07 March 2019

Chief Executive Officer
City of Karratha
PO Box 41
KARRATHA WA 6714

Attention: chris.sayer@karratha.wa.gov.au

Dear Chris,

RE: LOT 531 CINDERS ROAD, BURRUP – ASCO RELOCATION PLAN

We refer to the resolution of Council at its December 2018 Ordinary Council meeting regarding Planning Application DA18114 to defer consideration to allow additional time for ASCO to submit a relocation plan in support of its development application.

This letter and supporting plan forms the basis for ASCO's proposed relocation plan with Council Officers. We would appreciate the opportunity to discuss the merits of the plan as presented and refine it further based on feedback from the City. The relocation plan is consistent with ASCO's strategic Market Outlook Report for the region and ASCO's business strategy. Copies of both these documents are attached as they give direction and focus to ASCO's intent to implement a staged reduction of the Cinders Road work site aligned to retaining and growing its work force to provide safe operations from an as yet to be identified location in the Burrup Peninsular.

1. Current Situation

ASCO acquired Bonnie Rock due primarily to the businesses specialist service provided to the oil and gas sector as opposed to broader transport operations. Since the acquisition, ASCO has steadily refined the focus of the business to service the offshore oil & gas industry through its specialised fleet which enables transfer of liquids from Mud Plants on the Burrup to marine vessels.

The reduction in the businesses focus is enabling the progressive relocation of materials in storage on the site which takes up a large portion of the premises. Many of these arrangements are legacy arrangements with ASCO's clients. The relocation of these assets or consolidation into a smaller area will take some time to coordinate.

ASCO has actively sought to obtain leases over land identified suitable for their operations in the Pilbara Port Authority Boundary. Suitable land is unlikely to be available in the short-term given long-standing leases within the boundary held by Toll and others, many of which appear to only experience intermittent use if at all.

2. Offshore Supply Base Service Growth

The prospects of a significant increase in offshore activity are likely to trigger heightened demand for supply base type activities. If land availability is not resolved in the Port, there is a risk such activities could be served from alternative locations including Onslow, Geraldton, Broome or even Perth.



ASCO initially forecasts growth in potential increases in their activity of 25 – 30% as a result of the heightened drilling activity alone. The company is currently developing a longer-term understanding of the potential flow-on impacts in terms of supply base operations at Dampier. A draft report is attached.

3. Proposed Relocation and Transition Plan

ASCO recognises Bonnie Rock's historical operations from the premises were always intended to be temporary and has commenced planning to relocate the operations from the site. Minimising disruption to their services during the relocation, particularly recognising the likely increase in demand to support offshore operations, is important to ASCO and its clients.

ASCO is committed to compliance with all legislation its business operates within.

The proposed transition of the business from Cinders Road into the Port Authority Boundary, therefore, seeks to balance the company's commitment to compliance with minimal disruption to the offshore supply chain. The key elements of this plan are summarised in the table below.

Relocation Plan	
Company Strategic Plan	ASCO has integrated relocation of its operations into the company's global and Australian three-year strategic plan. This demonstrates a measure of commitment from the organisation and ensures the entire company is aware of facilitating the timely relocation of the business from Cinders Road. A draft of the Plan is attached
Company Internal Business Forecasts	ASCO will furnish the City of Karratha with annual industry forecasts regarding vessels movements and how this may correlate to heightened demand/ output for supply base operations. The goal of this information would be to assist the City engaging with the Port Authority and State Government to invest in land development and availability to consolidate Dampier as the primary supply base centre for the North-West Shelf.
Bi-Annual Updates on Negotiations with the Pilbara Port Authority (PPA)	ASCO will provide the City with all correspondence between the PPA and regarding progress to acquire suitable land in the Port Authority Boundaries.
Staged Consolidation and Remediation	<p>ASCO proposes to commence consolidation and remediation of the site over four stages, with the first stage commencing 1 July 2019. The staging plan attached shows reduction and remediation of the lease footprint from 6 ha by 1 ha per year moving generally east to west. The final stage area reflects the absolute minimum operational space required for operations.</p> <p>The period for consolidation and remediation of the site would see full relocation occur by 2023 in line with current lease terms for suitable land in the PPA boundary. As indicated during discussions with the City, this would not preclude ASCO from a faster outcome if land can be accessed in advance of 2023 through negotiation with the PPA.</p>

ASCO intends to have finalised copies of the Strategic Plan and initial Industry Trend Report before the end of April for consideration of the City alongside this Transition Plan.

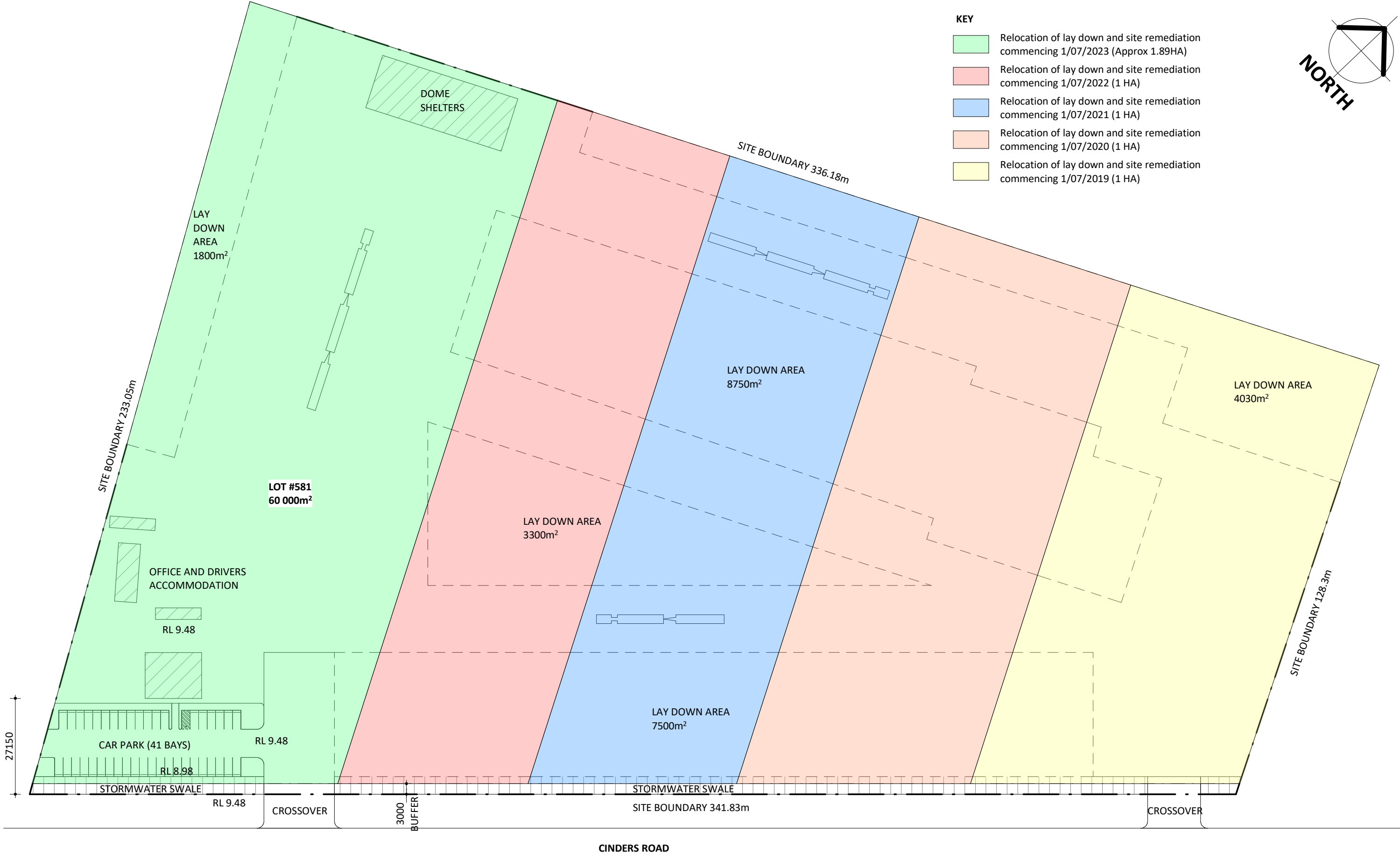
We consider this approach provides a fair balance between a stable supply chain for Karratha's offshore industry and relocation to an alternative, suitable and compliant premises. We look forward to consideration/ discussion of the above with the City and welcome the opportunity for feedback on this approach.

We welcome the opportunity to discuss this with you further and should you have any queries please contact me on 0407 684 337 or owen@rffaustralia.com.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Owen Hightower', with a long horizontal stroke extending to the right.

Owen Hightower
RFF



1 Site
1 : 1000

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D	For Information	08/03/19
C	For Information	21/11/18
B	For Information	20/08/18
A	For Information	15/08/18
REV	DESCRIPTION	DATE

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CLIENT BRT
PROJECT ADDRESS Lot 581 Cinders Road, Burup WA

DRAWING TITLE
Site Plan
PROJECT TITLE
Cinders Rd

DRAWN: JM	SCALE @ A3: 1 : 1000
APPROVED: CW	DRAWING No. A001
PROJECT No. 18112	REV D