

PORTS LEGISLATION AMENDMENT BILL 2013

Second Reading

Resumed from 4 December 2013.

HON KEN TRAVERS (North Metropolitan) [9.14 pm]: I am glad we have finally got to the Ports Legislation Amendment Bill 2013. It has taken a considerable time for it to be brought on for debate. It was some time ago that —

Hon Nick Goiran: It was 4 December.

Hon KEN TRAVERS: When it arrived in this place?

Hon Nick Goiran: Yes.

Hon KEN TRAVERS: It is interesting that the bill has some provisions that allow for port authorities to do things before the formal amalgamations allow the boards to take actions. We are now almost at the time the amalgamations will occur. I look forward to Hon Nick Goiran's speech on this bill. I am sure it will enlighten the chamber.

Hon Nick Goiran: It really depends on how long you take.

Hon KEN TRAVERS: Is that right? If I take too long, Hon Nick Goiran will take a longer time to respond; is that what he is saying?

Port authorities are very important to the operation of a state like Western Australia, which is a trading state. Having an effective and efficient mechanism for operating our port authorities is very important. One of the things that we have been told is that this legislation came after a number of reviews had been conducted by the government. It is unfortunate, though, that at least one of those reviews—I think it was the 2011 port governance review—has never been released. I noted in the debate in the other place that the Minister for Mines and Petroleum suggested he would look at whether that could be released. It is certainly my view that it should have been released by now. To my knowledge, that review has not been released. I would certainly ask the parliamentary secretary to provide a copy of that port governance review. The new Minister for Transport might be more willing to be open and transparent on these matters, as was the former Minister for Transport. It is really important to clearly understand what it is, rather than just introduce amending a piece of legislation such as this. We need to fully understand the government's intention and what it hopes to achieve through the amalgamation process.

The bill contains a range of provisions that tighten up bits of legislation and respond to previous reviews. One of the fundamental things it does is provide for the amalgamation of a number of port authorities. I understand that at a later stage the government intends to bring in a number of ports that will not be covered by port authorities but will be run by the Department of Transport. They will eventually be brought into these amalgamated port authorities. Under this legislation, the Fremantle Port Authority will remain the same and the Geraldton Port Authority will become the Mid West Ports Authority. At the moment that would simply entail a name change to the Geraldton Port Authority. In the longer term, should the Oakajee port be established, the Mid West Ports Authority will include Oakajee. A number of ports came up regularly, including Useless Loop. I still remember fondly, when I was a Customs officer the first time I ever heard of Useless Loop, thinking what a fantastic name it was for a place.

Hon Simon O'Brien: It was a very appropriate descriptor, don't you think?

Hon KEN TRAVERS: Unfortunately, I never got a chance to go out there. It was when I was in accounts and we used to sign off the travel claims for everyone who travelled out there on a regular basis to see the salt ships go in and out. The names Useless Loop and Cape Cuvier came up regularly.

Of course, the Pilbara Ports Authority will be established. It will effectively be a combination of the Port Hedland Port Authority and the Dampier Port Authority and, eventually, the amalgamation of a couple of administered ports. The Kimberley Ports Authority will come under the Broome Port Authority, again with the eventual bringing in of a number of administered ports such as Wyndham and, I expect, Derby. The amalgamation process is one thing. The other issue, of course, when dealing with ports is: what are we doing about continuing to ensure that we have sufficient ports to meet the trade demands of the state of Western Australia? In a bill such as this, the first thing to remind ourselves about is the traditional functions of ports in Western Australia. They very clearly have a trade facilitation approach, although it is probably fair to say that in more recent times the current government has seen them more as a cash cow for raising revenue. Certainly, in recent times, this government has not only increased the dividend paid by port authorities from 50 to 65 per cent, but also brought in a range of mechanisms to increase the general revenue that goes through port authorities and

is returned to the government as dividends. Although there are some amendments in the bill to the functions of the port authorities, the main functions that I want to refer to tonight are not intended to be changed by this legislation. Section 30(1) states —

The functions of a port authority are —

- (a) to facilitate trade within and through the port and plan for future growth and development of the port; and
- (b) to undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the port and related facilities; ...

It is interesting to note that section 30(2) states —

It is also a function of a port authority —

...

- (aa) to use or exploit its fixed assets for profit so long as the proper performance of its functions under subsection (1) is not affected; ...

Although it is clear that a port authority can make a profit, its first and fundamental role should be to facilitate trade within and through the port and to undertake a range of activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the state. It is in that context that we need to view this legislation and to look generally at the way in which this government deals with ports.

As I say, the amalgamation of ports per se is not necessarily a bad thing, but a range of questions arise. Firstly, do we have the right combination of ports? Again, one of my concerns with the process of the amalgamation of ports is that it has been driven with a fair degree of secrecy. We know that the former Minister for Transport operated with immense secrecy. He did not openly engage with the community or stakeholders in the operation of his portfolio. He would often keep reports and the like completely secret. My view is that there should be a proper, open and honest debate about the best way to run and operate our ports in Western Australia. There is also clearly a need to ensure that we have capacity within our ports. Port authorities on the east coast of Australia have failed to keep up with growth, and that has become a constraint on trade on the east coast. Fortunately in Western Australia, virtually all our ports have had significant spare capacity over a number of years, but it is clear that a number of ports are starting to reach capacity. I understand that the Geraldton port's capacity is fully allocated. As a result of some variations done by the previous Labor government, it has been able to allow for the growth that has occurred in the mining industry in the midwest, but it is now at a point at which it will need further expansion ultimately to get Oakajee up and running. We also know that the government has completely messed up the development of the Oakajee port. It has completely failed the people of the midwest in the way in which it has operated that development because federal government money was made available to us. It was not clear from the answer to a question asked by Hon Alanna Clohesy last week whether the government still intends to make a payment into the special purpose account for that port; and, if it does not, that suggests to me that it does not see that port occurring in the foreseeable future, in which case what will happen to the \$339 million of commonwealth money? Will we see yet more money being ripped out of Western Australia as a result of the change to a Liberal government? We have lost the \$500 million for public transport. Will we also lose the \$339 million for the expansion of ports?

We know that there has long been talk about the Esperance port. In fact, from memory, I think that when Hon Simon O'Brien was Minister for Transport, he visited the Esperance community and told the people that the expansion would be up and running by 2012. Of course, it is long past 2012 and there still has not even been an announcement of a preferred proponent. Recent media reports suggested that that would be done by the end of last month. I accept that there has been a change in minister, so I look forward to hearing from the government in the very near future about what is happening. Of course, even though there will not be an announcement of the preferred proponent, the other question is: what exactly will be the upgrade and how long will it be until we see that upgrade occur?

Hon Jim Chown: The port access road has been completed and there has been the realignment of road and rail.

Hon KEN TRAVERS: Absolutely, and I am glad, even though this government delayed that project from the original time line proposed when the funding was negotiated by Hon Alannah MacTiernan with Hon Anthony Albanese.

Hon Jim Chown: So you're not happy to see that completed?

Hon KEN TRAVERS: No.

Hon Jim Chown: So what are you saying?

Hon KEN TRAVERS: Hon Jim Chown, I said that I am very glad to see it finally completed despite this government's delays to the original timetable. The thing I have loved the most is watching Warren Truss, having been one of the key Nationals in the federal Parliament who opposed the Nation Building Program of the previous Labor government, claim credit for the projects that are now coming out of the Nation Building Program. I love to see people converting on the road to Damascus. That is a great one to the point at which the federal Liberal–National government has completely embraced the nation building agenda of the previous government, except for public transport of course. In terms of roads, it has now completely adopted the plan that was developed and funded by the former Minister for Infrastructure and Transport, Hon Anthony Albanese. I am very glad that the parliamentary secretary was able to go down to Esperance and open that road, despite it being late; it is better late than never. It is great to have it finally completed. We have the great access road and the great rail corridor. Of course, Hon Jim Chown, hopefully, part of the grand plan is that we will also see an expansion of the port. Part of the reason the government was able to delay the road and the rail in the way it did was that it was hopeless about expanding the port. The road has now been completed, but we have not seen any movement on the port. I hope that when we get out of Parliament at the end of this week, the parliamentary secretary gets on a jet and goes down there with the minister to announce the next stage. I assume that that is why they went down there to announce the first part and that they will go back there this week or next week—whenever they have a spare moment—to announce the port expansion or the preferred proponent. We are all waiting; we have been waiting for a very long time. We are patient, but the people of the Esperance community are not.

We have heard about Anketell. We have heard the Premier talk about supply bases, but of course we know that in the government's original submission to Infrastructure Australia back in 2008—that was in the last decade; in fact, we are almost halfway through this decade—there was a proposal for a supply base at Point Torment. Does Hon Jim Chown remember that?

Hon Jim Chown: I've never heard of it!

Hon KEN TRAVERS: No; that is exactly right. Hon Jim Chown has said that he has never heard of it, and that is exactly the case. It was listed at fourth or fifth in the government's submission to Infrastructure Australia back in 2008 or 2009. Not only has Hon Jim Chown never heard of it, but also no-one else has ever heard of it. It is a classic example of what has happened to port planning under the Barnett government. We talk about the complete dysfunction and chaos in transport because there has been constant changing of not only ministers but also plans. I feel sorry for the public servants who are very diligent and work very hard in developing plans for the government only to see, just as they get one plan completed, that it has been torn up, and they are told to develop a new plan. It must be incredibly frustrating for the officers at the Department of Transport who spent four years building the Metro Area Express light rail plan only to have it torn up to become the “now we are going to develop an airport rail plan”. Of course, there is also the plan for the Thornlie–Mandurah line that is being developed and the public transport draft plan that has been torn up. The government's planning of transport is a case of constant dysfunction and chaos because it does not listen to the experts.

Several members interjected.

The ACTING PRESIDENT (Hon Liz Behjat): Order, members! This is a second reading debate; it is not the time for a communal discussion on places such as Damascus and other things. We are talking about ports in Western Australia, if we could all stay on topic.

Hon KEN TRAVERS: I suspect that if we were trying to get a port analogy, we would probably have to go through the Suez Canal and go to the Alexandria port to get through to Damascus or maybe somewhere in the Gulf.

Hon Simon O'Brien: Have you ever been to Damascus?

Hon KEN TRAVERS: No, I have not. I have been to the Gulf of Eilat or Aqaba, though.

Hon Peter Collier: We sort of knew what you meant!

Hon KEN TRAVERS: Going back to the Ports Legislation Amendment Bill 2013, let us be clear about this: it is one thing for the Premier to say that the government wants to have a supply base in the north of the state, but where will it go? The Premier is in China for the next couple of days to talk about the future Anketell port. That is another port proposal that we have been waiting and waiting for. Through five, almost six, years of the Barnett government, we have been waiting for these developments and all that has been achieved is a piece of legislation to amalgamate some ports and for the government to turn the port authorities from trade facilitation organisations into profit centres, which has a history of secrecy. Therefore, I make it clear that we ask the

parliamentary secretary to, if he can, as part of his second reading response, table the 2011 port governance review.

As I said, the amalgamation in the midwest at this stage does not make much difference because it is about potential future acts. I think that everyone probably accepts that Geraldton port and Oakajee port, if it gets up and running, would have a symmetry in the way that they would operate and it is logical to put those two ports together.

I think it is probably fair to say that for many in the industry, the nature of the beast and the way in which the world has changed in the Pilbara is such that the Dampier Port Authority and the Port Hedland Port Authority already work quite closely together and have offices just up the road from Parliament House. The nature of those ports is that they operate in a similar way. There could be some benefits to the reform of the state's port authorities, but I have yet to see the government clearly demonstrate the financial benefits. It is a bit like the government's approach to local government reform in this state; the government just makes claims but does not deliver them. However, I can certainly see some clear benefits from creating the Pilbara Ports Authority.

At this stage, the Kimberley Ports Authority will effectively be the port of Broome. At some point in the future we may see other ports brought in, but at this stage it is effectively changing the name of the Broome Port Authority to the Kimberley Ports Authority. The Fremantle Port Authority will stay as it is under this legislation.

Finally, there is the amalgamation of the three southern ports into the Southern Ports Authority—namely, Esperance, Albany and Bunbury. These are the ports for which we, on the Labor side of Parliament, have the most concern about this legislation and its potential impacts. We are concerned about a range of areas. Our final position on this legislation at the third reading stage will depend on the assurances that we can get from the government. However, we are happy, as I said earlier, to support the second reading of the bill. We are looking for assurances on how the government will ensure that the current close connection between the community of Esperance and Esperance Ports Land and Sea, Albany and the Albany Port Authority and Bunbury and the Bunbury Port Authority will be maintained. Unlike the Pilbara, where the Port Hedland and Dampier Port Authorities are important parts of the community but do not dominate them as sizeable commercial operators, in Albany, Esperance and even Bunbury, the port authorities are one of the bigger employers and one of the major organisations within those towns. They play a very important role in and work with those local communities. Those port authorities have a very strong interaction with their local communities.

The southern ports are, I might add, all in their own way, quite different ports. In fact, I would probably argue that there is more symmetry for the Bunbury Port Authority with the Fremantle Port Authority than there is with Esperance and Albany. Not only are the southern ports disparate, but also the distance between them is such that management of them will always be extremely difficult. One of the assurances that we are looking for from the government is about where the Southern Ports Authority head office will be located. We are told that it will probably be in Bunbury, but how can we guarantee that it will remain in Bunbury? My concern is that the government is saying that it will be Bunbury at this stage to get the legislation through, but over time people will start to argue that it is too hard to manage it. We know that this government gave up on the need to have Horizon Power operate as a regional power provider based in the regional centre of Karratha. It simply walked away and gave up because it thought it was too hard; the government did not persevere because it lacked that commitment to the economy of regional Western Australia. It has already done that with Horizon Power and I can see over time an argument being put to the minister that being based in Bunbury is all a bit too hard because people have to drive to Perth to get on a plane to Albany or Esperance, and, therefore, it would be a lot easier if the head office was moved to Perth, and that this government will simply cave in. I want to know how the government will ensure that our regional port authorities continue to have their head offices in regional centres of Western Australia, not to mention the management of them. How will the government ensure that the strong community connection between the port authorities and their local communities remains? We are told that there will be local community committees, but they do not have any formal power. As far as I can tell, they will not have any formal power or a formal budget. Port authorities often sponsor the local community and they have local people involved in them. The reality is that even with the expansion, under this legislation, of the membership of the boards from five to seven, it will be very difficult to get all the necessary expertise and the regional representation that we need on a port authority to ensure that there are people who know, understand and live in those local communities. Again, we will look for how the government intends to ensure there is that local connection with the board and the location of the port authority headquarters.

The former Minister for Transport in the other place was, I think, implying that there is clearly an intent by this government to further privatise our ports. There is already a fair degree of private operation in our ports. Fremantle is a case in point in that the stevedoring companies are privately run, but a range of activities also occur that are port authority activities done with port authority labour. Again, each of the three southern ports have quite different cultures and processes in place. However, all of them, as far as I understand it, where they

have direct employment of the port authority, employ people from within the local community. One of my grave concerns about the amalgamation, particularly of the southern port authorities, is that it is about trying to aggregate up the size of the port authority contracts to make them more favourable for privatisation. That is a grave concern if that is what this government's agenda is about, because privatisation could lead to starting to have fly in, fly out workforces in these regional centres. If anyone does not think that sounds right, I can assure them that where this government has contracted out work to private contractors in regional WA, we are already seeing fly in, fly out workers into communities where traditionally the people doing that work would have been locally based. The opposition wants a commitment, an assurance and an explanation from the government about how it will guarantee into the future the provision of local employment and maintenance and that this is not about privatising the operations and giving a single operator the job of running those three ports that will ultimately lead to the loss of local employment in towns like Esperance, Albany and Bunbury, and a loss of local sponsorship.

Those are some of the opposition's concerns about the bill. It seeks government assurances, not only in words but also how it will guarantee the delivery of those important issues in this legislation. The opposition is more than happy to support the second reading, but unless it is assured that this bill will not damage towns like Albany, Esperance and Bunbury and the roles that port authorities play in those areas, it will have to consider its position on the third reading.

HON COL HOLT (South West — Parliamentary Secretary) [9.41 pm]: I want to make a brief contribution on the bill. I have listened intently to what Hon Ken Travers has had to say, and the National Party shares some of his concerns about how regionalisation of these services will play out in reality in regional Western Australia. As a regional party, the National Party is cognisant that services should not be centralised without very good reason, that local decision-making is preserved as much as possible and that the people on the ground responsible for services and activities remain and have the responsibility and decision-making to make those services work. I do not see any difference with port authorities per se. This bill is about amalgamating a large number of port authorities and ports around the state and bringing in some natural synergies, which the National Party does not have any issue with. It thinks that there are some synergies and regional outcomes to consider when looking at the whole picture of ports and how they deliver into those areas. One example is around the south west, which I am most familiar with, when talking about the southern region's ports and the three very different ports of Bunbury, Albany and Esperance which, as identified, play very different roles in their communities. I have been a vocal opponent of Bunge Limited wheat coming out of Bunbury port. Although I was obviously not involved in that decision, I believe that the Albany port would have been a better solution for Bunge wheat. Perhaps if there had been an amalgamated port authority at that time, it could have looked at the complete picture and how that would have fitted within the three ports.

Hon Ken Travers: The government did not even consider the road connections into Bunbury port when they made that decision, though.

Hon COL HOLT: That is where my opposition has come from. When we look at the catchment area from where Bunge will gather its wheat, it will potentially drive its wheat directly across a tier one railway line to get to the port. If a port authority had covered that region, there is a chance that some of the synergies of how those ports were used could have been looked at more closely. That is an example of some of the advantages of a more strategic subregional approach.

When looking at some ports further to the north, there will be some obvious synergies in the Kimberley where some of the very small ports may well benefit from a larger resource looking at port operations. Although the distances in the Kimberley are great, they will have to overcome those distances just as they do in the south west. Even though Hon Ken Travers talked about the potential risk of bringing a southern port authority based in Bunbury into Perth, that reasoning does not stack up when in some other places around the Kimberley or the Pilbara just as large distances are involved. Perth is a central hub for transport out to those regions, but even in other places those sorts of things will happen also.

Hon Ken Travers: I am not suggesting it does not happen in the other places. The first one where it is most obvious is in the south.

Hon COL HOLT: I disagree.

Debate adjourned, pursuant to standing orders.