

**PILBARA PORT ASSETS (DISPOSAL) BILL 2015**

*Second Reading*

Resumed from 17 March.

**HON KEN TRAVERS (North Metropolitan)** [2.16 pm]: When we last met I went through a number of issues on the Pilbara Port Assets (Disposal) Bill 2015. I went through the fact that selling this asset just does not make economic sense. The government has not made a case to demonstrate that the state will be better off financially in the long term. I suspect most of us have houses with mortgages on them and we all understand that we cannot get a quick fix when someone has created the sort of debt that we have in this state; there has to be a long, slow process. In fact, assets like this will help us pay off the debt over the long term.

*Visitors — Sterling Business College*

**THE PRESIDENT (Hon Barry House)**: Excuse me, member, I meant before I gave you the call to acknowledge some important visitors in our gallery; I am sorry to interrupt your remarks. I welcome into the gallery students and staff from the Sterling Business College. I understand you are students completing your legal and ethical framework units, which makes the Legislative Council a very important place to visit. Welcome to the Legislative Council.

*Debate Resumed*

**Hon KEN TRAVERS**: Mr President, whenever you welcome anyone from the North Metropolitan Region, I am happy to be interrupted, and I, too, welcome the Sterling business students along here today. They are studying in a great region of Western Australia.

I just outlined the first issue: why would the government even be selling this asset in the first place?

The second issue I went through was the pricing and access regime. In the time available to me I want to refer to some questions I asked of the Department of Treasury as part of the estimates process last year regarding the sale of Utah Point. One of the questions I asked was —

*what consultation will occur regarding an access regime for the facility?*

That is absolutely crucial if we are going to sell it. There is no advice in the bill and I wanted to know about the access regime, so I asked what consultation would occur. The answer I was given is —

Designated working groups have been established to consider the views of multiple departmental stakeholders and port representatives in the scoping study process to identify and resolve key policy issues including access and pricing, to inform advice provided to Government.

Further consultation may occur with other stakeholders as appropriate.

There is a lot of gobbledeygook in there, but my reading of it is that the government has talked only to itself; it has talked only to government agencies but it said last year that other stakeholders would be consulted as appropriate. I want to know from the minister handling this bill whether he has actually talked to the users of this facility. Has he consulted them about the issues and how the sale will affect them in respect of the access regime? The question that I think would concern any potential user of this facility is the second question I asked, which was —

*what consultation will occur regarding the mechanism for the setting of fees and charges?*

The answer to that is —

The user charges that currently apply at Utah Point have been established through commercial negotiations with relevant users. Accordingly, the charges are not 'set' but rather they are the product of negotiations with the respective users. It is anticipated that this process will continue in the future.

Again, we need to get a very clear explanation from the government about what the pricing regime will be, how the government has talked to the users of this facility and whether they are happy with the potential future pricing regime. It is certainly set for the next couple of years, but beyond that, according to this, it will be subject to commercial negotiations. As I have said before, until Hon Troy Buswell got hold of them, ports had taken the approach that their role was trade facilitation and to encourage new jobs and new industry in Western Australia. They were there to facilitate and get a relatively small, but reasonable, rate of return on the government's money invested in them. The government turned that into increasing the rate of return so that the ports were more profit focused. However, when this asset is sold, it will become clear beyond all reasonable doubt that the purchaser

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will have one goal, and one goal only. In fact, if it is a publicly listed company, it will have only one goal by law—namely, to maximise the return for its shareholders. What protections are in this Pilbara Port Assets (Disposal) Bill and within this process for those people? If people on the other side of the chamber care for a second about jobs and employment in Western Australia and the future of places such as the Pilbara and the opportunity for small miners to become large miners, they should be asking these questions. In light of the more recent concerns that members on the other side have finally worked out about Fremantle port, I cannot believe that they do not have concerns also about this sale.

The other issue I talked about is the Harriet Point agreement.

**The PRESIDENT:** Order! There are lots of audible conversations, particularly in this corner of the chamber.

**Hon KEN TRAVERS:** This is a simple question. The government needs to explain how that Harriet Point agreement in any way affects Utah Point and the potential sale. It is not good enough for the government to say that it is its intention to try to work around the Harriet Point agreement. The government needs to explain what exactly the Harriet Point agreement does and how it is likely to impact a potential purchaser, because I cannot believe that a potential purchaser would not want to know that.

I want to summarise this debate. This is the second in what will be a series of debates that we will have in this place, the first being about the sale of the Perth Market Authority. Today it is Utah Point. When the sale of Utah Point was first mooted, it and the Kwinana Bulk Terminal were to be the two assets sold off. Since that time, we have found out that the whole of Fremantle port is to be sold off and Western Power and the TAB have been added to the long list. There is no doubt that the Liberals have messed up the state's finances. Mr Barnett is the Premier who messed up those state finances. There is no doubt in my mind that it is his intention to sell everything in Western Australia that is not nailed down. Once he has sold it all off to his mates, he will quit. He will not be around to deal with the consequences; he will be long gone. He will quit and the rest of us will have to deal with the increased fees and charges from his failed privatisations. I heard the Leader of the National Party on the radio the other day finally acknowledge that problems with the grain freight rail network were made worse by the decisions of the former Minister for Transport, who sat in this house, when he changed the contract. That was a Liberal–National government failed privatisation and 16 years later, finally, the National Party has admitted that its constituents are having ongoing problems within their electorates. It is causing their constituents to have to pay more than they should. Mark my words, the users of Utah Point will end up paying more than they should. The users of Western Power will end up paying more once Mr Barnett has sold everything and then quit and gone into requirement. If these were such good ideas, why did the Liberals, even though they claimed at the time that they had a fully funded, fully costed package of initiatives, not say that selling off the farm was part of its fully funded, fully costed package? It was a secret package. If it was such a good idea to flog off these assets, why did the Liberals not tell us? Why did they not stand up before the last election and make a case? In fact, they did the exact opposite. The Premier stood in the other place and said, "I want to make it clear. I will not sell Fremantle port; I will not sell Western Power." Yet a plethora of bills have come before us, and I expect that this is only one of many. This bill is no good. It makes no economic sense. The people of Western Australia will pay the consequences. The danger of this bill is that it will damage small miners; they will not become big miners and people will lose jobs, and that is something no-one should support at this point of the economy.

**HON PETER KATSAMBANIS (North Metropolitan) [2.25 pm]:** I rise to very willingly support this Pilbara Port Assets (Disposal) Bill 2015. Unlike other speakers, I do not have an aversion to the sale of these sorts of assets. I think that is the fundamental difference between members of the Liberal Party and members of the opposition. No matter how they couch their arguments, at the end of the day, they do not believe in allowing market forces to prevail when they have demonstrated time and again that they can do a good job. They believe that government is the font of all knowledge and all wisdom.

Several members interjected.

**Hon PETER KATSAMBANIS:** They also believe that government is best placed to run these complex assets in an ever-changing world. With that, they like taking on the entire risk on behalf of the taxpayer when those assets are inevitably either challenged or require reinvestment or if, in some cases—I hope it never happens to be the case here with the ports in the Pilbara—at some point in time these assets may be disrupted by new technology. They believe that it is the taxpayers' role to take on those heavy risks, with the entirety of the downside loaded, in this case, on the taxpayers of Western Australia. We in the Liberal Party see things slightly differently. We are not scared of markets. In fact, we welcome the involvement of markets and the private sector in delivering better outcomes for all the people of Western Australia. In the case of ports, it is not some sort of brand-new idea that a port may be better off in private sector hands. In fact, it has happened all over the world and all over Australia. When the Labor Party came into this chamber and argued against the disposal of Utah Point, as is envisaged by

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this bill, its own colleagues in the Labor Party in Victoria were spruiking how fantastic they were in putting up for sale the port of Melbourne. Funnily enough, that government is proposing a 50-year lease—something that is contemplated under the disposal of the Utah Point facility. In Victoria, the Labor Party seems to have got rid of its aversion to privatisation or disposal of these sorts of assets. Good on it or for doing that. It had some issues; it did not get it right the first time but it negotiated and has reached the stage of selling its asset. I might come back to that later.

**Hon Ken Travers** interjected.

**Hon PETER KATSAMBANIS:** Since you have interjected, Hon Ken Travers, yes, the Liberal Party in Victoria did a great job because, as I said, the Labor Party had got some things very wrong in that bill, but I will not debate that. I welcome the fact that the Liberal Party in Victoria got involved and fixed up that bill so it became better for everyone. The port of Melbourne is important to the people of Western Australia also, because we might want to ship stuff from Western Australia to Victoria one day when the local maritime conditions change and it becomes economic to do so. I might have something to say about that later on; not today, because that is not the subject of the Pilbara Port Assets (Disposal) Bill 2015.

The fundamental fact is that private operators of port facilities are operating ports quite economically and profitably for them and the communities in which they are operating, without the sky falling in. That is happening right across Australia in states controlled by Liberal and Labor governments, and it is happening all over the world. The old notion that only a government can establish and run a port has proved not to be true. All opposition speakers asked us to make a case for selling this port. The fundamental case should be: does the government need to be involved in this complex and expensive business of running the Utah Point facility or can it be delivered by the private sector? If the answer is, yes, it can be delivered by the private sector, why do we not free up the capital invested for other purposes that will benefit the people of our state? In this case it is quite clear that there is appetite because people are queuing up for these assets, and the Victorian government is spruiking how many Australian and overseas funds are queuing up to buy its asset. It will be the same for Utah Point. If members do not believe me, all we need do is go back to the debate —

**Hon Ken Travers** interjected.

**The PRESIDENT:** Order! I should not need to point it out, but I point out to Hon Ken Travers that you have just finished your remarks on this bill; somebody else has their turn now and they are entitled to be heard.

**Hon PETER KATSAMBANIS:** It is quite clear—we see it all the time in this place—that when a Liberal member gets up, the Labor Party wants to shout them down. I am not going to be bullied by you guys—you thugs from the union movement! I am going to make my point. They are the sorts of tactics members opposite learn in their unions!

Several members interjected.

**The PRESIDENT:** Order, members! Let us get back to the actual content of this bill.

**Hon PETER KATSAMBANIS:** Thank you, Mr President, because quite clearly when I touch a raw nerve and introduce some facts into the debate and a point of view that the other side does not like, it is not interested in debating it; it is interested in shouting it down. That is shameful, but, again, that is a commentary on intellectual debate and freedom of speech in this country. Back in the day, the left used to at least pay lip-service to freedom of speech and open debate. Today they do not even pretend to; they just like shutting debate down.

In 2016 there is no reason for governments of any persuasion to hold onto these ports assets. Twenty, 40 or 50 years ago there may well have been a case that if we did not build it, they would not come. That was possibly the case, and that is why the government built this facility. Today it is quite clearly no longer the case, so why should we hold back the people of this state by holding onto an asset if we can easily dispose of it, recover the proceeds and put them to better use for all people of Western Australia?

Issues have been raised about what this will do for the junior miners. Again, let us put some facts into this debate rather than having an open-ended whinge fest couched around the fact that in this state the Labor Party, no matter how we put up privatisation or the disposal of assets, will not go for it. It will not go for it for one important reason: the Labor Party is simply a wholly owned subsidiary of the trade union movement in Western Australia. We know the militant trade unions that have taken over the Labor Party in this state will not have a bar of privatisation because that would make them work harder for their members, make them more susceptible to the laws of the land that do not allow for coercion and threats to sign up members, and they would have to compete on a level playing field to sign up members. Trade unions do not like privatisation, so their friends in the Labor Party—their wholly owned subsidiaries—come into this place and simply spruik the trade union line.

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The reality is that the junior miners will be perfectly well protected. All users and potential users of this facility will be perfectly well protected. Why? It is because the vast majority of users already have long-term contracts that will be honoured. Those contracts will be honoured as part of the disposal agreement, and of course they will be honoured because if someone wanted to breach them, the holders of the contracts would have access to the laws of the land including competition laws, regulators, and to court if need be. But I do not think that will need to happen because the number one reason the users of the port will be protected is that it makes absolutely no sense for an operator to purchase the assets and drive away the users; it makes no sense at all! This will be a competitive process; the purchasers will pay a very good price for the asset and they will want junior miners, medium-sized miners and big miners using the facility so that they can get the volume through and recoup their costs, and, hopefully, make a profit for their shareholders or investors in their fund, which could well be Australian superannuants. That will be the number one protection. Also, backstops are in place. First is the long-term agreements that the users have, second is the fact that most of these long-term agreements allow for the users—the junior miners—to exercise options to extend those agreements for further terms; and, of course, there are the regulators. A pricing and access regime will be in place—I will get to that in a minute—and, as with all areas of competition policy in Australia, the Australian Competition and Consumer Commission will have oversight. The oversight of the ACCC cannot be contracted out. There will be perfectly good protections.

The other thing the junior miners have is a very loud voice and they make themselves heard very, very well. The Labor Party should know that because the junior miners used their voice very effectively, and to the benefit of this state, during the debate on the mining tax by letting people know how bad it would be for them. If they thought this was going to be a problem, my goodness, I think they would be knocking on our doors. They would be yelling and screaming and making the point that they do not think what we are doing is a good idea. The very fact that they are not making any such point goes to show that they do not have any concerns with this bill or any concerns that cannot be dealt with.

I said earlier that the Labor Party seems to have an aversion to privatisation, and I prophesied why that might be. It was interesting to hear the contribution of Hon Martin Pritchard, who suggested that the Labor Party would perhaps be more amenable to supporting this bill if spending was curbed at the other end. He kept making the point that this government has a spending problem. That was interesting on two counts, because it introduced the notion that at least Hon Martin Pritchard, and perhaps others on his side, could countenance privatisation in some circumstances; that is a good thing and I welcome it. But there is this notion of curbing spending. Yes, I am on record as a supporter of reduction in government spending, but I found it intriguing that a member of the Labor Party would stand and advocate the curbing of spending, and I welcome it. However, I would really welcome Hon Martin Pritchard enunciating in this place what spending he would like curbed so that he could be convinced that the disposal of the Pilbara ports assets is a good idea. Would he cut spending in schools, health or police? Where would he cut spending? He was the one who proposed it, not me, so I would welcome hearing more ideas from Hon Martin Pritchard on what spending cuts he would introduce, or perhaps one day hearing from the Leader of the Opposition, when he is not too busy looking over his shoulder, about his proposals on spending cuts, because it is clear there is a bit of division over there. As I said, I am happy to listen to all proposals. I am sure the Treasurer would also welcome some conviviality and agreement on any cuts to government spending that Hon Martin Pritchard might want to propose to this house.

I will allow the minister to address the specifics of this point, but I want to make some points around the pricing and access regime. There is provision in this bill for a pricing and access regime, but the actual regime is not included in the bill. I initially looked at that with some suspicion. I thought to myself, should we have it within the bill? But then I examined it and perhaps using my parliamentary experience in this place as a member of the Joint Standing Committee on Delegated Legislation and I analysed it and thought that it is a very good thing that this bill provides the framework for a pricing and access agreement and then allows the details for regulation, and I will explain why. If this government wanted to be sneaky or underhanded, it could have introduced into this place a pricing and access regime and said, "This is it. Take it or leave it. This is our idea and our idea only. Here it is; it is enshrined in legislation. That's what you're going to cop." The government has not done that in this case. It has come in and said that it will introduce a framework and negotiate an appropriate pricing and access agreement with all the users and enshrine it not in primary legislation but in regulation. That regulation will be subject to scrutiny in this place and also of the Joint Standing Committee on Delegated Legislation. I see some of my colleagues in here—Hon Mark Lewis, Hon Martin Pritchard and Hon Robin Chapple—who are on that committee with me, and we work on that committee with some members from the other place. One of the criteria that the delegated legislation committee uses to scrutinise regulations is whether the regulations have an unintended consequence of removing existing rights. Therefore, if through the negotiation and implementation of a pricing and access regime, brought in by regulation, a user of the facility thought their existing rights were going to be trampled on, they would have access through the committee and through the processes of this house—everyone knows we are not averse to using those regulatory and subordinate legislation processes—to

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protect their existing rights and to make sure that they are not trampled on. That would not happen if the pricing and access regime were set in concrete in this bill, which will hopefully soon become an act. Upon closer examination, as far as I am concerned, it is a good thing that the pricing and access regime has not been determined in the primary legislation. Despite my initial reservations, after I examined it and saw the checks and balances put in place, I thought there were better checks and balances in this instance through regulation than in primary legislation, particularly given the breadth of users of this port, or potential users of the Utah Point facility. They will always have the opportunity to make their submissions if and when the pricing and access regime is implemented and if ever it is changed again in the future. However, I dare say that these things always rely on the goodwill of the parties on the ground. Pricing and access arrangements can be set in concrete, and put into contracts, legislation and regulation, but at the end of the day, that relies on goodwill on the ground. The proof of the pudding is in all the other port facilities operating around Australia. Yes, there are some disputes and debates from time to time—there always will be—but there are some great mechanisms available for resolving those disputes through the initial regulators in each case, be it the Independent Pricing and Regulatory Tribunal in New South Wales and some of the other regulators in the other states, or be it the Australian Competition and Consumer Commission. Those matters get resolved, but usually they get resolved before they get to any regulator because there is goodwill on both sides to make sure the port operates effectively and that the customers of the port continue to get a good service so that they can continue to provide work and income for the port. From the customer's side, obviously it is good to have a good working relationship with the port that is relied upon to get goods out to market. In all, I think it is a very good thing that we are going to have this pricing and access regime.

The need for this legislation is clear. We need it in place before the government goes to the market, and I cannot stress this point enough. When the government goes to the market with the proposal for expressions of interest, it will be releasing quite sensitive pricing information. This is not a port that has one user; it is a port that has many users, so the information is sensitive among customers. It is also sensitive for competitors, particularly international competitors, in the iron ore industry. Unless and until this legislation is in place, there will be a risk that that information might fall into the wrong hands and be misused. There is also a risk that the government does not have any power to disclose in good faith that information that it has acquired as the owner and operator through the current authority, so this legislation will make sure that the necessary protections are in place for the disclosure of very, very sensitive commercial information, and also to provide for penalties for misuse of that information for all the parties who receive it. I think that is critical.

I have absolutely no doubt that once we put this bill into place and it becomes an act, we will have a framework for the disposal of the Utah Point facility that will see very strong competition for this asset. I have no doubt that we will see prices that may not necessarily have been contemplated until now. I think the price of this port is on the upside. There is media commentary everywhere on the potential sale price. I think the price and all the blue sky is on the upside. But, of course, as always the proof of the pudding will be in the eating. It is only when we have the actual prices that people are prepared to pay that we can make those slide-rule calculations that some members on the other side have suggested would be the starting point for considering the disposal of the facility, which is why it should not be the starting point for considering disposals at all. If we do a slide-rule calculation of what imputed profits come into the government today, what they could come into in the future and what we could get upon disposal, yes, all that is important and good, but that will have to be a decision for government once the prices are in.

Hon Ken Travers talked about housing. One might want to price their property at \$1 million or \$10 million but if the market only offers \$500 000, that is all it is worth. The owner has to make the decision whether to sell or not. An owner of a car might think their car is worth \$20 000 but the market might say it is worth only \$10 000. The owner makes a decision about whether to sell or not. Prematurely trying to evaluate the price in a competitive tender is fraught with danger. It is an absolutely silly way to embark upon this process.

There are some dangers of course. It is entirely possible that there might be someone sitting at a decision-making chair one day who ends up getting the final submission, and whereas almost everyone else thinks it is a bad idea, that person says, "Yes, it's a good idea; that's a good price, we'll take it." When it is put to the test, it is one of those fanciful ideas. I am sure that if one day the government makes the wrong decision based on the price information actually available to it rather than guesstimates or media speculation, the opposition will let it know. Sure, if the government gets it wrong, the opposition will let it know no matter which colour the government or the opposition of the day is. But to set up this high-jump bar that we must examine the final intricate details of whether this is a good deal before it is known what price the market is prepared to pay is either an indication that people do not actually understand the process or simply one more excuse not to embark down this path because of an ideological aversion to what is happening. Do not come in here and holier than thou say, "This will cost the government money; it will cost the taxpayer money." Let us embark on the process. Let us discover what the market is prepared to pay for an asset that, quite clearly, international and Australian experience indicates can be

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properly operated by the private sector without any risks and without any fear. It is an asset that can continue to be properly regulated through a pricing and access regime, through long-term agreements and through primary legislation, with the backstop of the Australian Competition and Consumer Commission. There is no better person to assess pricing access and all the other issues relating to ports than the current chairman of the Australian Competition and Consumer Commission, who is an absolute expert in that asset class and in this whole area. I do not think the public of Western Australia should be led on some scare campaign that this is a bad idea. This is a good idea because it frees up an asset that can be properly operated by the private sector. It frees up the capital tied up in that asset. It allows the taxpayers of Western Australia to recoup the value of the asset and use it wisely for future investment.

It comes at a very particular time in the history of Australia. The federal government is offering what the Victorian Labor government calls a privatisation bonus. The federal government, until recently, has been calling it an asset recycling fund. When the proceeds from major infrastructure projects are reinvested, the federal government provides a bonus payment equivalent to 15 per cent of the sale price. The Victorian Labor government has been crowing that by selling the Port of Melbourne it will extract another \$1 billion out of the federal government that it can use for infrastructure and debt retirement, and all the other good things that it can use the proceeds on. It is essentially “free money” on behalf of the states. Western Australia already misses out on so much money from the federal government. We miss out on money from the GST take. I will not bore the house again on the arguments—we all know it; we miss out by about \$4 billion a year.

**Hon Martin Aldridge** interjected.

**Hon PETER KATSAMBANIS:** My colleague Hon Martin Aldridge says fuel excise. Fuel excise is a part of the whole equation, whether it is road funding or any other sort of spending. Our per capita share is amongst the lowest in the nation on almost any measure of return of funds from the federal government to the state government. That vertical fiscal imbalance, coupled with the horizontal fiscal imbalance that we have in the GST, means that we continue to miss out on money that we otherwise ought to have been entitled to. When the federal government has this asset recycling fund or privatisation bonus fund, or whatever one wants to call it, and it says to the states, “You free up the cash tied up in your existing infrastructure to use for new infrastructure and we’ll give you a bonus”, it would be absolute madness and it would be the height of economic irresponsibility for Western Australia to turn its back and say, “Sorry, we won’t take that because that will just exacerbate the lack of funds that we get from the federal government.” In fact we should be running for that money because this state has continuing infrastructure needs. The opposition makes hay about state debt. Western Australia has state debt because it is not getting its fair share of revenue from the federal government. Western Australia has enormous infrastructure challenges, be it transport, education or health. This government has made massive inroads in its investment in health expenditure—it is now upwards of \$7 billion and counting—as well as all the other stuff that it has invested in such as regular asset replenishment.

This government is continually building new high schools and primary schools. It is continuing to invest in those assets. Where does that money come from? It either comes from the taxpayers of Western Australia or it comes from long-term debt. This is a once-in-a-lifetime opportunity for us to start using some of our sunk assets—those assets that the private sector is absolutely screaming out for. It is a once-in-a-lifetime opportunity to realise those assets, to reinvest them in new infrastructure for the future, to pay down some of the debt and to free up this bonus money from the federal government. Perhaps once the federal government sees that Western Australia is doing well with the money it is giving us, it might be even more amenable to fixing up the GST train wreck that continues to play havoc with the finances of Western Australia. It is actually compromising the work that any Western Australian government can do to provide for the needs of our state.

With those words, I once again reaffirm my strong support for what the government is doing through the Pilbara Port Assets (Disposal) Bill. I despair that the Western Australian Labor Party seems to be the only remaining Labor Party in Australia that has a fundamental and ideological aversion to privatisation or the disposal of government assets. We can debate specific and individual assets, and I would welcome that. Unlike some people on the other side, I would welcome having a debate on each individual asset, including this asset. I think I have proved through my contribution that it is a good idea to dispose of this asset. However, it is dudding the people of Western Australia for the Labor Party to have this carte blanche, blanket, no-privatisation policy. It is wrong, it is backward and it is pig-headed. If people like Peter Cook, John Dawkins and the late Peter Walsh—those luminaries of the Western Australian Labor Party—were still in politics today, they would be lamenting the state of the Western Australian Labor Party, in the same way that Gary Gray is lamenting the state of the federal Labor Party and has walked away from it. The Western Australian Labor Party is a party that has its head in the sand and is a throwback to the 1950s, rather than a party that is looking after the best interests of Western Australians.

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The Liberal Party, on the other hand, is here to make a difference. We do not treat privatisation as some sort of mantra that must be done at any cost. We have a test. As I have outlined, that test is: can this be done better by the private sector? If it can be done better by the private sector, we should not tie up taxpayers' capital in that asset. It is not our capital. Government does not own anything. Government is the custodian of taxpayers' funds. Why should we tie up taxpayers' funds in an asset that Australian superannuation funds are killing themselves to get on their books, not to mention other investment funds, private equity firms and foreign companies? There is a great market and a great appetite for us to get the best sale price for this asset. That is the test we put on it. Once we have satisfied that test, we go through the mechanics and the specifics, and that is what this bill is all about. I welcome this bill, and I thoroughly support it. I commend the bill to the house.

**HON DARREN WEST (Agricultural)** [3.30 pm]: I could not help but smile that a backbench member of the Barnett Liberal–National government would give members of the opposition a lecture about good economic management. Goodness me! I am sure the irony of that is not lost on members on our side of the house, and I am sure it is not lost on members on the other side of the house. That is quite amazing—quite bizarre! I am sure that also will not be lost on people outside this chamber.

Several members interjected.

**The PRESIDENT:** Order, members! Let us stick with the rules in this chamber. The rules are that when a member is on their feet, they are entitled to be heard without continuous interjection.

**Hon DARREN WEST:** Thank you, Mr President.

I will get onto my substantive remarks in a moment. However, just to carry on with that point, I note that Hon Peter Katsambanis brought up the names of some former Labor government members. That included the late Peter Walsh. I can tell members that Peter Walsh was a mentor of mine. He was a fellow wheatbelt farmer who joined the progressive side of politics and made an enormous difference with his sound economic views and sound economic management. It is often argued that he was the best finance minister Australia has ever had. It is certainly not Mathias Cormann. I think it is fair to say that it was Peter Walsh. I can tell members that the late Peter Walsh would not endorse the financial ineptitude of this Barnett Liberal–National government. He would not endorse in any way the mess that this government has made of what was Australia's strongest state. Hon Peter Walsh would not have put us in the position that this government put us into during the once-in-a-generation boom that this state has just had. To be lectured from the other side of the house and to drag in the names of some greats of Australian politics and say they would not agree with our position on privatisation is wrong and is misleading the house. I wanted to make that point before I get into the substance of my remarks.

The government is now saying, "Roll up, roll up for the Liberal–National Party fire sale of state-owned assets. We do not mind if they are a monopoly-owned asset. We do not mind what sort of asset they are. We are going to sell them all. The boss will kill us, but name your price, and you can buy them for a song." The government is saying that in a market in which it should not be selling assets. Everyone in business knows that we should buy in the gloom and sell in the boom. This government is doing the exact opposite. When things are at their most depressed, and when the iron ore price is at a low ebb, the government pops up and is willing to sell a significant state-owned asset for a song.

What is even worse is the reason why the government wants to sell this state-owned asset. Debt is out of control. This state has had two credit downgrades. This government has completely trashed the books of Western Australia, through one of the greatest booms in living memory, and probably the greatest boom ever in Western Australian history. The government has blown all its money on vanity projects. It has spent the money on the wants and it has neglected the needs of Western Australia. People outside this Parliament tell me all the time that the government has its priorities wrong, it has made bad decisions and it has wasted money, and that has cost the Western Australian taxpayers and put us in the dreadful mess that we find ourselves in.

Hon Peter Katsambanis made the point that we think we should cut spending in certain areas. It is not in health, it is not in education, and it is not in community safety and law and order. We will never advocate cuts in those areas. As a matter of fact, we are critical of the government monthly—all of us—for making cuts in those areas. It is the vanity projects that have cost Western Australia so dearly.

In this instance, the government is saying, "We are selling the port, ladies and gentlemen, so roll up and get in the queue. Here is your opportunity to buy a port. It has been built relatively recently. It has done a lot of kilometres, but it is in very good condition. It has had only one previous owner, a very careful owner. It has been operating successfully and has been making a profit. Come and buy it for a song, during the downturn." That is the message that this government is sending to industry, to overseas buyers and to publicly-listed companies. The reason the government is doing this is that it has trashed the books and debt is out of control. The government is not doing this for the right reasons.

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Contrary to what Hon Peter Katsambanis has said, any one of us in business would agree that from time to time, there is a case for selling public assets. That case may be that the price of that asset is at such a high point that we would be crazy to hang onto it. However, that is not the case with this asset. It is quite the reverse. I do not think members opposite can grasp the basics of business. The government is selling this asset for short-term gain. The government wants to flog off some assets so that when it comes up with its next dreadful budget, the balance sheet will look a bit better and no-one will know how badly it has managed the finances of this state. The government has no idea about how to run a business and no idea about how to run the state. That is where we are at today. I am sure the people of Western Australia agree with me. A poll was released last week that I am sure all members would be familiar with. Sixty per cent of the people who were surveyed in that poll are opposed to the privatisation of public assets, and only 27 per cent agree with the privatisation of public assets. Once again, the government is at odds with the community. I am sure that in less than one year, the community will have something to say about that.

**Hon Ken Travers:** Even the people of Hillarys must disagree with it.

**Hon DARREN WEST:** Yes. I am sure that all of the 27 per cent of people who are in favour of selling public assets do not live in Hillarys—I am sure they live across the state. I am sure there are some right-wing economists and free marketeers in this state who think that the sale of public assets is a good idea. However, they are very much in the minority. The government has a list of public assets that are for sale. We had the sale of Perth Market City, which we fought. We were prepared to stay here all night to fight the sale of Perth Market City. That was sold for a low price of about \$130 million. That sale was supported by the Liberal Party and the other Liberals in this place, and that legislation was passed to sell Perth Market City.

**Hon Peter Katsambanis:** Who owns it now? You said they were going to shut it down and turn it into housing.

**Hon DARREN WEST:** No, I did not suggest that for one minute, Hon Peter Katsambanis.

**The PRESIDENT:** Order, members!

**Hon DARREN WEST:** I suggest that Hon Peter Katsambanis do a *Hansard* search to find exactly what it was that I said about the sale of the Perth Market Authority. I did not say it was to be sold and shut down. It is quite likely that it will be shut down in 20 years. We were advocating for that date to be 50 years. Once again, what Hon Peter Katsambanis just told Parliament is incorrect.

Fremantle port will be sold; it will be the next cab off the rank. It is the next item up for sale with a sale price of approximately \$2 billion. Despite assurances by the Premier before the election that Western Power would not be sold, Western Power will be sold for an estimated \$19 billion. The TAB is for sale. No doubt the government is working its way around the countryside; indeed, I have seen the minister at a couple of locations selling the virtues of selling the TAB. I am sure that the TAB is on that list, and there will be others because the government is unable to fix its fiscal ineptitude. It is unable to make changes and show the discipline that is required to straighten out the budget and turn around the state's finances. It has repeatedly shown that it is unable to do that. Every economic commentator will agree with that statement. The only option that this government can see is to sell off the back paddock. That will work for a while until it runs out of assets. Most of the assets I listed return a profit. When we sell off our back paddock, we will no longer get the income generated from that back paddock. That is fairly basic economics and anyone in the farming business would understand that when someone sells an asset, they no longer have that asset and they no longer have the earning capacity of that asset. It would be better to fix the problems in the business. The problems in the business of Western Australia are substantial. My advice to the government is to get rid of the silly idea that it can flog off assets to trade its way out of trouble. That is not going to work. It may look good in the next 12 months when it is trying to prepare balance sheets that are not so horrifying to the public at large, but I do not think that that is a good long-term plan at all. The government needs a change of tack. It needs someone with economic credentials to sit down with the senior members of the government and propose a plan to trade the state's way back to a reasonable budget position. It has been a while since it was in a reasonable budget position. When this government was elected, Western Australia had the best set of books in Australia. We had a AAA credit rating, our net debt was about \$3.8 billion and we were well and truly on top of things. We had money put aside for the future. We had a long-serving and very capable Treasurer for seven and a half years. Then the government changed and there have been seven Treasurers in seven years. In the state of Western Australia we have had a shambles.

Both coalition government partners have stood by and watched the debacle in the wheatbelt with the closure of the tier 3 rail lines and the changes to the arrangements put in place by Labor. I think that should be a good lesson. Yesterday when I was listening to Geoff Hutchison interviewing the Leader of the National Party on ABC radio—Hon Ken Travers mentioned this earlier—he confessed for everyone in Western Australia, the statewide audience, to hear that tier 3 had been a bit of a debacle and that there are lessons to be learnt. It does

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not appear that the government is learning those lessons because the very next day, here we are in Parliament debating the sale of yet another publicly owned asset. It does not make any sense to me and it does not make any sense to the people of Western Australia. I am sure it does not make any sense to members opposite, but they continue to follow this path.

I am sad to say that I was one of those regional people who held some hope that by holding the balance of power, the junior coalition partner would exercise that balance of power from time to time especially when the government proposed to sell public assets that benefit regional Western Australia. But of course it has not done that. The junior coalition partner is yet to block a piece of Liberal legislation in the upper house. There is no point having the balance of power if it is never used.

**Hon Peter Collier** interjected.

**Hon DARREN WEST:** It has never blocked a single piece of Liberal legislation. What is the point of having the balance of power if it is not going to be used? That makes no sense at all. The junior coalition partner would be better off to give someone else the balance the power if it is never going to exercise the balance of power and is just going to sell out on every single occasion.

Selling the facility at Utah Point does not make any economic sense. This facility returns a profit to the taxpayers of Western Australia. Under this government it is rare that taxpayers get a good deal. I note that the facility was not built by this government, but by the previous government. This facility makes a profit.

**Hon Simon O'Brien:** You're encouraging me to make a contribution. You are 100 per cent wrong.

**Hon DARREN WEST:** Hon Simon O'Brien makes some of the best contributions from the other side of the house. I am looking forward to 45 minutes of Simon O'Brien magic. I hope that there will be a contribution —  
Several members interjected.

**The PRESIDENT:** Order, members! Everybody is entitled to make a contribution and welcome to make a contribution, but only when it is their turn and it must be through the Chair.

**Hon DARREN WEST:** Thank you, Mr President.

Selling the Utah Point facility makes no sense and it is generally accepted that it makes no sense.

**Hon Simon O'Brien** interjected.

**Hon DARREN WEST:** My information is that that is the case, but I look forward to being corrected in due course by Hon Simon O'Brien with another one of his magnificent and eloquently worded speeches.

To me and to those with whom I have spoken, the government certainly has not made a case to sell this asset. There is no economic business case and no good rational reason to do so. People with an idea about business might understand why the government is doing this if, yes, the return on investment is not high and it would be better to liquidate the asset and use the money to build something else. But that is not what the government is doing. The government has not made that case. It is blindly going to sell off this asset purely to reduce the state debt that it has created. That does not make economic sense to me or to anyone in business. I look forward to having that case put because I have not heard yet, either in the other place or so far in this debate, the compelling economic case to sell a state-owned asset that makes a profit in a gloom economy. It does not make sense to me.

I am curious to hear from Hon Simon O'Brien and others about the level of consultation that took place with industry and stakeholders about the sale of this asset. I am curious to know what consultation there has been. I presume there would have been consultation and later on we will hear about the extent of that consultation.

I am concerned about the future after the fire sale is complete and the asset is flogged off and the new owners come in. The new owners might be multinational state-owned organisations, multinational corporations or publicly listed companies. Hon Peter Katsambanis must have some information about this because he told us that a good price will be offered. I am curious to know how those negotiations have gone and who, if anyone, is offering this so-called good price for this state-owned piece of infrastructure. I also am concerned about who will have access to the facilities. What will become of existing leaseholders when their leases expire? Will new operators get access to the facilities? What will be the pricing arrangements into the future? If the facility is sold to a publicly listed company, that publicly listed company is obligated by law to maximise its profit from that investment. That is the law. I deduce from that that should this facility be sold to a publicly listed company, prices will go up. Of course, it is clearly not the state's charter to maximise profit from a state-owned facility—neither under this government nor any government. Rather, the government's charter is to provide a service and to be economically sustainable. This government will not be providing that service if it sells this asset, and, clearly, as we established earlier, it is not economically sustainable. How will this affect the future operations of the Utah Point facility? I am looking forward to hearing about that because no-one so far has put that case. It

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does not seem to matter whether or not that is the case, because the other Liberals will support the Liberals and the government will sell the asset. That is what always happens.

From an agricultural, mining and primary production perspective, ports are an enormously important asset. I make the analogy of comparing the state with a farm. If we call Western Australia a farm or a mine, the port is the front gate. That is where everything goes in and out in an export-based economy. Of course, ports are important to us. We can take two trains of thought on this. We can say that a port is an asset that must return a maximum profit to the taxpayer, and the other train of thought, which I think is the more sensible one, is that a port is a service provided to export industries and importers, and it is a very important service. As anyone knows, it is important to get products to market at a time that suits the customer. If we are unable to do that, customers will invariably find another country that can provide that quality and timeliness of product to their market. To me, and I think to anyone in industry, ports are not a cash cow; ports are an important service provided. Hon Peter Katsambanis talked about the GST and a lot of the economic woes facing Western Australia, but rather than fix those woes, he advocates the selling of assets. We have seen the sale of the Canning Vale market and the privatisation of services, often those that deal in human misery such as prisons and health. The fact of the matter is that it is not helping the state. Our finances are getting worse and our economy is sliding further down. We are on negative watch and there will be another negative credit downgrade in the short-term future. I am quite sure that that is because the economic behaviour of the Barnett Liberal–National government has not changed, and I think it is time it did change for all of our sakes, and especially, in part, for its own sake. In less than 12 months' time, the voters of Western Australia, 60 per cent of whom are opposed to privatisation, will have a say on whether they want the current government to continue, with its poor economic record, its divisions, its infighting and its tired cabinet, or whether they want a change. I look forward to that day in about 12 months' time when the taxpayers, the voters and the shareholders of Western Australia will have their say. From the government's own internal perspective, it may just pay it to rethink some of these pieces of legislation and to rethink the sale of some of these important taxpayer-owned assets, which were built with taxpayers' funds.

We are in a bit of trouble. These bills will continue to come before us. We will have the bluff and bluster outside the house from the coalition partners, but ultimately these bills will be supported because the numbers in the house dictate that that is the case. It is very sad that no matter how good, strong and sound an argument the opposition puts is, even for those of us who understand business, minds are made up; minds are closed. It is such a shame. We oppose the selling of this important asset. We do not see how the long-term benefits of Western Australia are justified by flogging off this asset at a fire sale price. The privatisation circus will roll on. The other states must be looking at us, shaking their heads and wondering how it is that with such an impressive boom, the powerhouse and the engine room of Australia can have got it so wrong. Australia still has a AAA credit rating. Western Australia is the boom state. We are the engine room. We have the resources. We have gas, we have agriculture, we have fishing and we have tourism—we have everything—yet Australia still has a AAA credit rating and Western Australia does not. As a matter of fact, we are a very, very long way from the AAA credit rating. One of the main reasons we are a long way from that AAA credit rating is that the government will not listen, it has no plan, it has had incompetence—seven Treasurers in seven years—it does not have a strong, cohesive cabinet and it has a spending addiction that it will not deal with. I think all those reasons show why we are in the economic mess that we are, and the natural instinct, of course, is to flog off assets to help break the fiscal deadlock. It is such a shame. If the government had its time again and if it could rewind back to 2008, I am sure that things would be very different. The government would have adopted some of the fiscal economic policies of the previous Labor government, which clearly had the settings right and had clearly put away money for the future. We could have now been sitting in a very strong financial position in which we could stimulate the Western Australian economy. While thousands and thousands of people were losing their jobs monthly, we could have stimulated the economy and helped to keep people at work. We could have kept the money back in our education sector; we could have kept the money back in our TAFE sector; we could have put the money into hospital and health facilities all across the state; and we could have put money into jobs, apprenticeships and training all across the state and been ready for when the next skills shortage came. When the next boom comes and we do not have the skills, it will because everything has downsized.

We will see as soon as next week or the week after a cabinet reshuffle and a few of the current ministers will no longer be in their jobs. We will get new ministers and invariably the first thing they will do is sack a heap of staff. We saw the current Minister for Water take over the water portfolio, and on her first day in the job she sacked 300 people, of whom 120 were from regional areas. This is invariably what they do because they need to prop up their ailing budgets. We will see some more of that. We will see more sackings. We will see the agriculture department further decimated.

**Hon Simon O'Brien:** You are getting a bit off the bill.

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**Hon DARREN WEST:** That is true, Hon Simon O'Brien. I will take Hon Simon O'Brien's interjection. Yes, perhaps I am straying slightly here, but it all comes back to good fiscal management, and we do not have any of that in Western Australia. We have not had that in Western Australia for a long time. Good fiscal management makes all kinds of things possible. Poor fiscal management means fire sales of assets, and that is what this bill is about: the fire sale of an asset. The fire sale circus continues—Perth Market Authority, Fremantle port, Western Power, the TAB. It is going to go on and on. Someone has to stand up to the nonsense and that is us in opposition, and the public agrees with us. That is becoming more and more apparent. I know people would have been looking at some numbers in the paper at the weekend. We will keep saying this to the government, both the Liberals and the Nationals. We will keep saying this, because the government cannot be proud of its financial record. I know that there has been disagreement within the coalition ranks about the financial management of the state of Western Australia. I will not go on all day. I have made my point. I look forward to the contribution from Hon Simon O'Brien. I think Hon Simon O'Brien makes great contributions and I look forward to another zinger here. I say to government members to please reconsider their position on the sale of Utah Point. It is not a good idea. It makes money for the state, but think of future generations. When it has gone, it has gone. It is going to be very difficult for the next government, and I hope that is a Labor government, to rewrite this financial shift. It is going to take a long time to correct the mess that this government has made. Let us leave that Utah Point facility in public hands. At least make a good case for its sale. Let us end the fire sale of public assets in Western Australia.

**The PRESIDENT:** Hon Jacqui Boydell stood earlier than Hon Simon O'Brien, so I am obliged to give her the call.

**Hon Jacqui Boydell:** I am happy to defer to the honourable member if he wants to give a contribution.

**The PRESIDENT:** By agreement between the members, I give the call to Hon Simon O'Brien.

**HON SIMON O'BRIEN (South Metropolitan)** [3.29 pm]: I thank Hon Jacqui Boydell for the courtesy of reserving her option to participate in the second reading debate on the Pilbara Port Assets (Disposal) Bill 2015 and do whatever she is going to do at a later time so that I am able to make a contribution. Is it not nice to hear from Hon Darren West? Examining his rather repetitive speech minutely, I have never heard a speech with so many concluding remarks that then dragged us back from the precipice! But there were a couple of glimmers of worthy observation. I am trying to offer encouragement to Hon Darren West for the future. He did not use his full 45 minutes, so that is to be applauded; he said some nice things about me, so that shows he is only human; and amidst a whole lot of other ephemera, he displayed some genuine, heartfelt, sincere ignorance about the matters at hand. I found them quite delicious to listen to only in anticipation of what he is looking forward to, and that is some input from me.

**The PRESIDENT:** Order! Member, I have just gone back and checked the title of the bill. I think it has got something to do with Pilbara port assets.

**Hon SIMON O'BRIEN:** Indeed, Mr President, and now that I have almost concluded my introductory remarks, I am delighted to consider the Pilbara Port Assets (Disposal) Bill 2015. I am looking forward to the response in detail from the minister in due course. However, I am prompted to speak, in part, to respond to some parts of the debate that have already been offered by members from both sides. I know a little bit about the Utah Point bulk handling facility, which Hon Darren West was wont to claim was a creation of the previous Labor government. The previous Labor government was so good at managing finances that it did not spend on the things that needed to be spent on. That is why we inherited some pretty clapped out and tired infrastructure, in some cases, threatening to collapse around the ears of sundry of our teachers, students, hospital staff and patients.

Several members interjected.

**Hon SIMON O'BRIEN:** In the context of debate on the Pilbara Port (Assets Disposal) Bill 2015, such observations have been made by members opposite that do not stand up to the harsh light of examination and are not based on historical fact. The fact of the matter is that when members opposite, such as the previous speaker, say that we should not be wasting money on vanity projects and that this government should be investing in hospitals and so on, any observer of Western Australia must know that that is a slightly disingenuous observation given the colossal amounts of expenditure on health and other infrastructure in this state under this government that did not take place under the previous government. One of the wonderful things about debates in this house is that so many of these big picture debates are touched upon that it is possible for people to express their views from a variety of different viewpoints. However, at all times we must remember that partisan viewpoints must be seen for what they are and they need to be subjected to closer examination before any observer in the gallery or further away from this place accepts them as fact.

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The Pilbara Port (Assets Disposal) Bill—I congratulate Hon Peter Katsambanis for trying to inject some objective and reasoned examination of the bill and its policy into the debate—gives members an opportunity to canvass a whole lot of other matters about asset sales generally, what happens with the returns from asset sales and what those asset sales proceeds are to be allocated to. Are they for the retirement of public debt or the reinvestment into new infrastructure and all those other considerations? We will keep debating that in this place long after all of us have gone, I am sure.

Let us now focus specifically on this bill. I have already introduced the question of a previous Labor government building this facility and I said by interjection—I now repeat it formally—that that is absolutely not the case. The need for expanded common user infrastructure in the Port Hedland port has been recognised for a very long time. In a former life, in the early 1980s, I worked in Port Hedland for three years, including spending a great deal of time on the wharf, so I am familiar with the operations of a number of companies there involved in a number of both immediate and arm's length operations in connection with the port. Back in those days, Mount Newman Mining and Goldsworthy Mining Company were the local entities. We need to go back to the source. The same kinds of operations are continuing under different names. Leslie Salt is another one but for 100 years or more, minor miners have been exporting a whole range of mineral resources from Port Hedland, together with some other products from local pastoral and even farming industries.

**Hon Ken Travers:** Were you the last customs officer at Cossack by any chance?

**Hon SIMON O'BRIEN:** I have been to the customs house at Cossack and, I might add, it is better built than some built 100 years later. Have you been there?

**Hon Ken Travers** interjected.

**Hon SIMON O'BRIEN:** Yes, if members are up that way, it is worth taking a diversion to Cossack and having a look at some of the former assets in that place, which will probably be the subject of disposal!

But let us get back to Utah Point. The Utah Point facility was aimed fairly and squarely at providing common user access to those who had, in effect, been squeezed out in the context of the port's massive expansion. Big new players such as Fortescue Metals Group coming on line were all putting a lot of pressure on the capacity of the port. It is a tidal port, so large ships have only a couple of sailing opportunities in a 24-hour period. There were questions of the depth of the channel, again, in the context of very big tides and wharf space. The more wharf space there is, the more lay-down space is needed for the stockpiles and so on. When I was in Port Hedland in the early 1980s, there was a bit of competition between Hedland port, and Dampier port down the road, about which of the two ports was the biggest export port in the world, because they were the top two. As the years went by, which company shipped the biggest tonnage varied a little bit. Figures such as 40 million tonnes are what we are talking about for that time. Then, as now, third-party access to railway lines was an issue. The mining company giants there would swear on a stack of bibles before parliamentary or other inquiries that there was no possible way they could countenance anyone else using their rail lines without it compromising their positions. Now they are moving hundreds of millions of tonnes per annum on those same lines. We have to wonder why third party access was impossible 30 years ago. Of course, it was not, but such is the nature of the iron ore industry, for example, that companies are quite ruthless about excluding their competition. The fledgling Fortescue Metals Group railed against this attitude by established entities, but as soon as it had its own railway up and running, do members think it would admit anybody else to use it? Not on your nelly, except at the most ridiculous and usurious of rates! There was a genuine need for iron ore juniors, as they are often called, to have access to facilities at the port because the port was similarly constrained by those who had already occupied and built their own facilities that worked to exclude the involvement of others.

I do not know whether the minister wants to comment on this, but a number of parties are involved in funding a potential port. I think the former government saw it as a way of providing infrastructure without the state being taxed to provide too much capital. Without going into any commercial detail, it transpired that many of those in charge of the operations had a few things wrong. They were wearing the proverbial rose-coloured glasses on how much it would cost, the difficulties that would be encountered and how long it would take. That has been a problem for many a government project over the years that has resolved in cost blowouts and time delays and all the other clichés by which such incidents are reported. In passing, members, we do not hear a heck of a lot of that under this government. Despite all the building operations the government has undertaken since late 2008, we have stopped hearing about the cost and time blowouts that used to be accepted as par for the course. Members should think about that. Lately, a few people have managed to get a bit of enthusiasm up to say there have been blowouts of some sprinkler system or water feature at Elizabeth Quay. I have not visited it yet and had a play under the sprinkler system down there.

Several members interjected.

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**Hon SIMON O'BRIEN:** Who knows; Hon Stephen Dawson and I might do a fact-finding mission down there to see what it is all about one day!

**Hon Ken Travers:** Just have a shower before you go; the Premier said.

**Hon SIMON O'BRIEN:** I certainly will, and I will be suitably modestly attired, Hon Ken Travers will be glad to know! There will be none of this Tony Abbott stuff!

**Hon Ken Travers:** Put your wet-weather long johns on!

**Hon SIMON O'BRIEN:** I am a traditionalist; Hon Ken Travers knows that! A lesser speaker would have lost their train of thought after those interjections, but not me!

When I became Minister for Transport in late 2008, I discovered that, in effect—I am truncating this a bit—there had been significant blowouts, if you like, in the time and cost structure of the proposed Utah Point facility that related to native title matters, environmental matters and so on. Basically, all the money non-government sources had put in had been spent, and what did we have to show for it? Nothing except an expectation that of the millions of dollars that had been spent over a protracted time, something should be shown for it. It was up to me to go to cabinet and get the very significant shortfall of money—many tens of millions of dollars—by saying, “Look, here’s a business case; it still stacks up, but we need the funds to make sure that we deliver for all the very good reasons that this facility needs to be built.” I, of course, did not have access to royalties for regions money, even though I am a representative as a private member of South Metropolitan Region—one of the state’s most productive regions in industrial output, I might add; royalties for regions does not apply to south metro—so I had to go cap in hand to cabinet. I did not have any particular pool of funds I could use, except to get additional funding from cabinet. I later discovered some of the hollow logs in Main Roads Western Australia, but that is a story for another day. We got the money, we had the business case, we had Treasury approval, we had cabinet approval and so I announced, in the company of Hon Norman Moore as a local member, the kick-off of the building of the Utah Point facility. I went back some time later and opened it. Let us set the record straight: this government built it. I was the minister that started the building and opened it. I know a little about Utah Point, and I know about the benefits it brings to junior miners up there.

**Hon Stephen Dawson:** Not for too much longer it won’t.

**Hon SIMON O'BRIEN:** Hon Stephen Dawson makes a very good point that needs to be addressed.

I hope that in his eyes Hon Darren West sees us as somehow redeemed on fiscal management because there was a genuine business case to proceed along the way I have just outlined, and indeed the facility is an asset for not only the juniors who use it, but also the state in a number of ways.

It will also help to provide some fact to counter some of the rhetoric that our dear friend opposite regurgitated during his speech. It just occurred to me that Hon Darren West could be a lot briefer if he could develop a system. He has about two or three speeches, and if he could just say, “Look, speech number 2”, we could all start interjecting about that because his speeches are all the same. I did not know he was talking about the Pilbara Port Assets (Disposal) Bill 2015 for most of his speech; it was like he was condemning the government for some other thing, as he does during motions.

Several members interjected.

**Hon SIMON O'BRIEN:** There might be a third speech that he is reserving that for his valedictory, which, with a bit of luck, we will get to hear before too long. But I say all these things kindly and without malice!

The Pilbara Port Assets (Disposal) Bill 2015 concerns a facility, its associated land, a couple of stockyards and its functional bits and pieces. It is a genuine asset. The second reading speech states that it would be an attractive proposition for someone to buy. The government became involved in building it because someone had to. It appeared that there was neither the capacity nor the will in the public sector to do it. As Hon Peter Katsambanis has pointed out, just because a government or the public sector builds something it does not need to hold onto it and operate it forever. There might be better ways of structuring the operation of such a facility that are to the benefit of the people of Western Australia and that provide a return on capital funding that would enable that capital funding to be applied to other priorities—new priorities that otherwise would not —

**Hon Ken Travers:** This money would be used to pay down debt.

**Hon SIMON O'BRIEN:** I will address all the things the opposition has mentioned, if not now then as we go through the bill because I am taking an active interest in this bill. There are certain prerequisites that I am sure members on all sides would agree need to be met. Although we are reassured of some of those things in the second reading speech, I want more clarification and I am sure the government will be able to provide it. Those sorts of things need to be considered before we pass enabling legislation such as this.

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We are considering Utah Point port, and I will not start canvassing some of the other matters such as the TAB and Western Power; they are debates for another day. Although they are all about the future ownership of assets, they are not about this bill. The government says that it wants to facilitate the continued efficient and reliable operation of the facility. Again, that is one key element that must be sustained. There is no point doing any of this unless we achieve that, because that is what we set out to address when we constructed Utah Point in the first place. The government also wants to, again as the second reading speech states —

... maximise transaction proceeds and the financial return for the state, while minimising residual financial risks and liabilities;

I want to raise a few questions which perhaps I do not have time now to canvass but which are germane to any debate in this place about whether we support such a bill. A further objective, according to the second reading speech, states —

... facilitate private sector provision of infrastructure for the future and contribute to the state's economic growth;

I interpret that to mean that if we can get private capital buy-in into this, will that then provide the basis, the foundation, for further private sector injection of capital into this port? That is an element that will always be missing—that element of further input of public investment, or perhaps I should call it private investment.

**Hon Peter Katsambanis:** Well, it's a requirement for investment and it has got to be met by one set or the other.

**Hon SIMON O'BRIEN:** Yes; but we need some basis upon which to build to make sure that that investment is provided. While members will no doubt continue until the cows come home to argue about the successful privatisation or outsourcing of various operations of government and debate the merits or otherwise from various points of view, the fact is that some might think that they can point to situations where the government could have done better. I am sure that we can also point to a range of initiatives in which the government has done very well, including in the transport area.

**Hon Ken Travers:** Name some?

**Hon SIMON O'BRIEN:** Madam Acting President, the honourable member is asking me to digress from the subject of the bill, which of course you would never allow me to do.

**Hon Ken Travers:** I only elaborated on your earlier point.

**Hon SIMON O'BRIEN:** I know the honourable member has an ongoing interest in the bus industry in Western Australia, and successive governments, the Court and Barnett governments—it is not often that we hear those two names mentioned in sync—have done great things, in my view, by getting the right balance between government involvement and private sector involvement in the construction of buses and coaches in Western Australia. The honourable member would probably argue with me, but the contractors operating the various Transperth operations are doing so in a way that is more efficient, I believe, than the government could do if it was a wholly government-operated business. That is just the fact of the matter. But what is the benefit of that? If the whole operation is managed more efficiently, it frees up funds for the expansion of those services, thereby providing a better level of service to customers or attracting further customers to public transport. I could go on, but, to return to Utah Point, I agree with the second reading speech that we also have to have objectives about driving efficiencies for the introduction of private sector disciplines, which may well result in better outcomes for customers that use the port—not that it is going to cost more, as asserted by a previous speaker, but to make sure that the customer actually gets a better deal. That will, therefore, contribute to the competitiveness of industries here right the way through the chain.

Another objective of the government as stated in the second reading speech is —

... ensure that the operating models for the remaining businesses of the Pilbara Ports Authority are financially sustainable.

In addition to those key guiding principles, I want to place on record a few of my concerns so that the government can put its response on the record and we can all be reassured about what is proposed in this enabling legislation. I think we need to examine a few things. I agree with members opposite, though perhaps not when they say that we need to know what consultation has occurred and what testing of the water of the private market has occurred at this time. I remind members that this is enabling legislation. It does not mean that by this bill the port facility will be sold to a particular proponent or other. I am comforted by the reassurance in the second paragraph of the second reading speech, which states —

The long-term lease of the Utah Point bulk handling facility, which is currently vested in the Pilbara Ports Authority, is being prepared by the government, with a divestment to proceed only when it

is demonstrated to be in the interests of Western Australian taxpayers. The government firmly believes that a rigorous assessment process is a precursor to any divestment decision.

That needs to be examined a little further and we need to get the government's response on the record so that we can get some figures about not only the likely sale price, but also what taxpayers will forego in our continual stake in the operation. If that is not known at this stage, when will it be known, and how will it be communicated to the public and Parliament? I predict that perhaps standing committees in this place or another place will be looking at matters related to this over the period after this bill is passed, if it is passed. I want to know about that myself. I accept the government's second reading speech at face value when it states that they are the sorts of things that are going to happen. It is said in quite unequivocal language—that is, it is going to proceed only if it is demonstrated to be in the interests of Western Australian taxpayers. I want to know how that is going to be measured and what reporting mechanisms will reassure the public generally that that is the case before a sale or a divestment, as they call it, takes place, and what the nature of the ownership of the asset in perpetuity will be.

I would also like to make sure that there are some safeguards here and that the government is sufficiently cognisant of those safeguards to ensure genuine third-party access to these facilities, which are so vital. They are the absolute lifeblood of would-be junior exporters in the Pilbara. That is why the place was built in the first place. In Port Hedland, historically there were berths 2 and 3 of the general-purpose wharves. I do not know whether it is the same set-up now, but proposals have been floated from time to time—I am out of touch with it these days—about further common-user facilities.

**Hon Ken Travers:** Since you left the portfolio, the whole concept has been dropped, pretty much.

**Hon SIMON O'BRIEN:** I am quite happy to be around to help. I heard the Labor Party was in difficulties last week when I was away on other business! The honourable member is helpful with his interjection, I am sure. There needs to be expansion, but with the involvement of private sector money. If the sort of expansion is to occur that we just alluded to, the lease of these facilities now to a private entity could be the catalyst that encourages further investment, which obviously is lacking at the moment and will enable that to —

**Hon Ken Travers:** The Treasurer said this money has to go towards paying down debt; it can't be used for anything new. He can't have it both ways.

**Hon SIMON O'BRIEN:** I do not think Hon Ken Travers was listening closely. I am talking about this encouragement of private sector investment being made available to help build further common-use infrastructure.

Another matter that I flag I would like a response to—I will probably follow it up with some questions during the committee stage—is what I just mentioned; that is, how do we guarantee long-term common-user access to this facility? That is what they have now, and they are using it, but they need to be able to rely on it into the future. What happens if some other entity—one could call them anything; Ken, Sue, Gina or Twiggy—wants to buy this? What happens to genuine common-user access? How will it be guaranteed into the future? I am sure the government is wise to the issue I am raising, but I think it is important to get the answer to that potential problem on the record.

Another thing that I add as I draw my remarks to a close is that I hope all members in this place are managing to find their way to the Pilbara to examine what goes on in this important engine room of the Western Australian economy. For many Parliaments, new members have been invited to join guided expeditions to look at places like Barrow Island and Port Hedland. I remember a tour I did earlier—I do not know whether Hon Ken Travers was on it—to Lawlers and, as it happens, Port Hedland, and Barrow Island to see Club Barrow and other places. Members have to get some red dust on their boots to have a good appreciation. For me, it was a bit of a homecoming in a sense because, after many years absent, it was interesting to fly over the ocean between the mainland and Barrow Island, for example. I had flown over it many times in the past as a radar operator. I saw that the one significant change to this very ancient seascape was all the monopods that had cropped up in pursuit of gas. That was the one difference—in all the countless eons that this seascape had not changed, there was one change. The other one is the million brick runway on Thevenard Island. If my memory serves me correctly, there was no runway on Thevenard Island, but when someone needed to put in a little airstrip, they had to do it in a temporary way so that it could be removed. Environmentally, Thevenard had to be returned to its original state. Someone had to go over and put a million bricks down for a runway. In due course someone has to go back and take them all up and remove them.

**Hon Ken Travers:** Didn't someone once temporarily bury a whole lot of drugs on Thevenard Island?

**Hon SIMON O'BRIEN:** All sorts of things have happened there over the years. Whether viewing it from the air, sea or land, places like Depuch Island, Whim Creek and Balla Balla Harbour are remarkable. Cossack got a mention, at least by interjection —

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**Hon Peter Katsambanis** interjected.

**Hon SIMON O'BRIEN:** Yes, there is rock art up there as well. I had a guided tour by Hon Robin Chapple to look at some petroglyphs. I did not chisel any out and bring them home; I just observed them respectfully of course! I was closely supervised and all of that. But it is important. Why those remarks are pertinent to this debate is that Utah Point and its facility is also a very important place that members ought to go to look at what actually happens there. I recall the last time I left Utah Point, I did so in the port authority's helicopter. But that was so that I could examine some other facilities that were in the process of being developed there, not in a —

**Hon Ken Travers:** I got the poor man's tour; I only got to go up in the control tower!

**Hon SIMON O'BRIEN:** I was not actually going to Geelong or anywhere like that in the port authority's helicopter!

**Hon Ken Travers:** I went up into the control tower to see the port; there were no helicopter rides for me.

**Hon SIMON O'BRIEN:** I had to look a bit further afield and with a wider view than Hon Ken Travers on that occasion.

Again, it is important that members look at all of these things from those different angles and perspectives. We can always come in here and get the partisan perspective about, "Your lot was hopeless at running the business of government", and, "Oh, yeah, but your lot was even worse", and all the rest of it, but we all know through experience that this place has a far more substantial and useful purpose than that—that is, to have a genuine examination of these bills. I hope I have managed to inject a little balance into the subject. It is not just rhetoric about whether we should or should not sell government assets. The next thing we know we will have throwback arguments about the Commonwealth Bank of Australia and Qantas. The fact is that governments of both persuasions from time to time sell or dispose of, in one way or another, government infrastructure, government assets, government entities and government companies. Sometimes it could be done better than it was. Sometimes with hindsight, fresh arguments accrue. It is important that we examine this bill in a measured way that actually deals with the facts we are talking about, the genuine things that go back to the fundamentals: Is this in the interests of Western Australia; and, if so, let us demonstrate that it is? What is the revenue to be obtained? What is the revenue to be foregone? What are the positives for industry, for the so-called iron ore juniors and others, exporting magnesium and copper and a whole range of other metals and products through Utah Point? What is the upside for them, if any; and also what is the downside for them, if any? All of these things need to be weighed, and weighed carefully. If we do this, what are the benefits to the state? What will happen to the detriment of the state if we do not do these things?

**Hon Ken Travers:** Do you think those issues have been put before the house to date?

**Hon SIMON O'BRIEN:** That is why I am inviting the honourable minister to please address these matters, if he can, as part of the second reading debate, to which I indicated I will be listening with great interest. I have a bit of a private, personal ownership of this whole asset. I have also indicated that I will be seeking to tease out one by one some of those matters that I have raised during Committee of the Whole House. That is what I am meant to do here. It does not matter which side of the house members are on, when a bill goes through, that is what members should do whether in government or in opposition.

**Hon Ken Travers:** Is that why you're the putative father of the house?

**Hon SIMON O'BRIEN:** I would be in very good company if that was the case. Has Hon Ken Travers had his preselection yet? How did he go? He did not get bumped by Stephen Smith at the last minute or anything like that, did he?

**Hon Sue Ellery:** No. We are all done. Sorry.

**Hon SIMON O'BRIEN:** That was a ridiculous —

**Hon Nick Goiran:** There's still plenty of time!

**Hon SIMON O'BRIEN:** That is right; there is still plenty of time.

Several members interjected.

**Hon SIMON O'BRIEN:** Madam Acting President, I am addressing you.

Several members interjected.

**The ACTING PRESIDENT (Hon Amber-Jade Sanderson):** Order, members! In the final minute, let us return to the bill.

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**Hon SIMON O'BRIEN:** That is on the assumption that I do not have an extension.

**Hon Darren West:** We'll give you an extension!

**Hon SIMON O'BRIEN:** Madam Acting President, I am desperately trying to draw my remarks to a close, and these unruly interjections are preventing me from doing so.

I indicate my interest in the bill, and I urge members to focus their interest on making sure that the examination by this house of this bill, as with other bills, is genuine and not overtaken by partisan sentiment.

**HON JACQUI BOYDELL (Mining and Pastoral) [4.12 pm]:** Before I make some comments on the Pilbara Port Assets (Disposal) Bill, I give notice to the house that I will be moving a motion that this bill be referred to a committee. Hon Ken Travers and Hon Simon O'Brien have raised a number of concerns, and I and my National Party colleagues concur with those concerns. I will go into detail about the main concerns that we would like the committee to address in its review process of this bill. I and my National Party colleagues have been in consultation with the junior miners, and we have asked them for feedback about their position on the sale of Utah Point.

**Hon Sally Talbot:** Are they happy with it?

**Hon JACQUI BOYDELL:** I can let Hon Sally Talbot know that, in principle, the users of the port support the sale of Utah Point.

**Hon Ken Travers:** Is that all of them?

**Hon JACQUI BOYDELL:** Yes. I have that in writing. It states that the three users of Utah Point—Atlas Iron, Consolidated Minerals Limited and Mineral Resources Ltd, which we refer to as the junior miners—have given in-principle support for the sale of Utah Point. That is the basis of my consideration of what we as members of this house should do with this bill. We need to listen to the concerns that those junior miners have raised with us. Do I think that the current legislation before the house can answer those concerns? I do not, and that is why I will be moving a motion that this bill be referred to a committee.

**Hon Ken Travers:** Is it a standard referral motion?

**Hon JACQUI BOYDELL:** It is a standard referral motion.

**Hon Ken Travers:** Including the policy?

**Hon JACQUI BOYDELL:** It is a standard referral motion, including the policy.

This bill is enabling legislation. We should not enable something to happen when we do not know or understand what the results will be. Therefore, we need to take the opportunity as a house to refer this bill to a committee that can consider in detail the concerns that have been raised by the three junior miners who utilise that port. One of those junior miners, Consolidated Minerals Limited, is currently in care and maintenance. That places it in a very difficult position because of the fact that the legislation contains “use it or lose it” terminology. That means that if a current operator at the facility does not utilise the facility within six months, the owner of the facility has the capacity to contract out that berth to potentially a major miner, or perhaps another junior miner; we do not know. That is the concern that the three junior miners have raised. The committee needs to look at whether the sale process will deliver a fair outcome to the junior miners who are currently utilising the port, remembering that the facility was built for junior miners.

The government often talks about the need to support the mining industry and the people who choose to live in the Pilbara, particularly in Port Hedland. This is one way in which we can do that. We are not in the business of creating an environment in which the workers in those companies cannot be confident about the sale process for this asset. It is my job to look after the interests of the people in my electorate who live in Port Hedland and work for the three junior miners who operate out of that facility. We need to provide a competent process for the sale of this asset that will give the users of this facility sovereignty to enable them to carry on their operations. I would not like the majors who are operating in Western Australia to see this as an opportunity to get into and utilise the Utah Point facility. If a major were to contract with the owner of that facility to utilise a berth facility that was no longer utilised by a junior miner, that major would be able to pick up the customers of that junior miner. As I have said, Consolidated Minerals is potentially in this position. If a major, or for that matter another junior miner, were to operate from that berth for a contract period of, say, two years, it would be virtually impossible for a junior miner such as Consolidated Minerals Limited to build its market and utilise the facility again. That is one of the main concerns that has been raised by the junior miners.

The future access regime and regulatory arrangements are definitely an issue as well. We have not sighted those arrangements. The Treasurer tabled in the Legislative Assembly a draft document around an access regime. However, that was a two-pager. I do not think that creates any stability and confidence for the junior miners. I do

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not think it creates any faith for the people who work for those junior miners, and for the service providers in the Pilbara who have built their small businesses around those junior miners, that those operations will continue. Pricing obviously comes into that as well. Two of the current contracts end in 2020, which is not that far away, and the third contract ends in 2025. I have not seen anything so far that gives me any assurance about how the government will deal with the contract renegotiations, and whether the government will set a base price for the current users so that when they renegotiate their contracts, they will have some confidence moving forward. That needs to be fleshed out to create some confidence in the market.

Another concern that has been raised with me is that Utah Point was built for junior miners. It is the junior miners who will become the major miners. We want to see them continue to have a space in the market and not be subject solely to market fluctuations. Also, the juniors do not have the opportunity like the majors to influence market price which, I would suggest, we have seen recently. During a downturn in the market such as there is at the moment, the juniors need to have an environment that supports them to continue to operate when they are subject to market prices. The terms and conditions on that facility need to ensure that the juniors continue to have access to that port.

I think those are the main concerns that have been raised with me and my National Party colleagues. We have been in consultation with the Treasurer, Hon Dr Mike Nahan, about these issues; indeed, we raised them with him directly. We had a meeting with him and the junior miners last Thursday. To date, I do not think those issues have been addressed to the degree that would create the confidence for us to continue to debate this bill. I do not think there is anything to debate, because the review that needs to be undertaken to determine whether or not we support the asset sale needs to occur to answer our questions. In my opinion, a committee should consider those concerns. The junior miners must be included in the consultation process. Other members of this house have raised that issue today. The junior miners told me that they have found that difficult. As a government that is operating in an environment in which there is a downturn in the mining industry and the price for iron ore is low, it is our job to openly negotiate with the users of the facility to make sure that we are in a position to support the ongoing operations of the junior miners, the people who work for them and their families who live in those communities. A committee would be able to give due consideration and diligence to some of their concerns. It will be the junior miners' job to put their case to the committee in a clear and concise manner so that in its response to this house, it can respond to some of the issues that have been raised. This is about providing confidence in that process. I am not taking a pessimistic view and saying that I will oppose all assets sales because I cannot see a way forward and I think it is a better environment for operators. I am certainly open to looking at that; that is what we should do as a government. We are here to facilitate the growth of the industry and continue to review the processes. If there is the potential for privatisation to not be to the detriment of industry, we will explore that. I do not have a problem with that. I do not have a blanket position of pessimistically opposing asset sales per se. That would throw out the window the responsibility of members of this house to consider the legislation before them.

A committee needs to look at this bill and its intent and come back to the house with answers to the questions raised by members on both sides of the house. They are legitimate concerns that also have been raised by the junior miners utilising Utah Point, apart from Consolidated Minerals, which is currently in care and maintenance. We have an opportunity to provide an environment that makes it operational again and addresses the concerns raised with us. The junior miners in particular are our bread and butter on the ground in regional Western Australia and in the Pilbara, because they bring people and their families to the Pilbara, and we want to continue to see that happen.

Members of the house have raised some great issues. I will not take up my whole time because all the issues raised with me by the junior miners have been canvassed, particularly by Hon Ken Travers and Hon Simon O'Brien.

*Discharge of Order and Referral to Standing Committee on Legislation — Motion*

**HON JACQUI BOYDELL (Mining and Pastoral)** [4.25 pm] — without notice: I move —

- (1) That Order of the Day No 20, the Pilbara Port Assets (Disposal) Bill 2015, be discharged and referred to the Standing Committee on Legislation for consideration and report by no later than 17 May 2016.
- (2) That the committee has the power to inquire into and report on the policy of the bill.

**HON PETER COLLIER (North Metropolitan — Leader of the House)** [4.26 pm ]: On behalf of The Liberal Party, we do not necessarily think that a referral to the Standing Committee on Legislation is required because the Committee of the Whole house would provide an opportunity for many of these questions to be answered. At the same time, being mindful that considerable concerns have been raised by our partners in

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government, the National Party, and that the opposition will, I assume, support this motion, I simply do not want a protracted debate on referral in this instance given the goodwill that was exhibited by Hon Jacqui Boydell with regard to the referral motion. In this instance, the Liberal Party will support the referral motion.

**HON SUE ELLERY (South Metropolitan — Leader of the Opposition)** [4.27 pm]: We will support the referral motion. Serious matters have been raised by the people who will be affected by the sale and serious matters have been canvassed during the course of the second reading contributions to date. Of most concern to us is what at least one of the companies that will be affected by this is reporting; that is, a complete lack of consultation by the government and a degree of anger about the fact that it has been excluded from any of the key information whatsoever about the impact that this is likely to have on it. We think it is appropriate that the bill be referred to the Standing Committee on Legislation and that it take the time to invite comment and ask the government to justify how it thinks good policy making involves not consulting any of the parties that will be affected by the decision. That is actually poor policy making and I expect the committee will look into that in some considerable detail as well.

**HON ROBIN CHAPPLE (Mining and Pastoral)** [4.29 pm]: The Greens (WA) will support this motion for a number of reasons. I will take this opportunity to point out those reasons, because in addressing some of those issues here, they can be carried to the committee for it to look at.

The first issue is that the road systems that have been built in a separate corridor to the Utah Point facility have cost the state a considerable amount of money. Utah Road, which is off the North West Coastal Highway and moves into Finucane Island Road, has been paralleled specifically to develop the Utah Point facility. There are approximately 360 truck movements day on that road. They are very, very heavy trucks and the road is already in a serious state of impact. If we are going to offload the facility in a fire sale, as we have identified already, what responsibility will there be for the upkeep of that road facility, which has no other trucking movement on it other than trucks going to that port facility? Will the state still be liable for the repair and maintenance of that road because of the facility or will the costs of truck movements along that road be recouped?

Debate interrupted, pursuant to standing orders.

[Continued on page 1488.]