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**FREMANTLE PORT — ASSET SALES**

*Matter of Public Interest*

**THE SPEAKER (Mr M.W. Sutherland)** informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

**MR M. McGOWAN (Rockingham — Leader of the Opposition)** [3.05 pm]: I move —

That this house notes community concerns, including the concerns of the farming community, about the privatisation of Fremantle port and calls on the Liberal–National government to cease the privatisation process.

This government has been the worst economic and financial manager in the history of Western Australia.

**Mr C.J. Barnett:** What about Brian Burke?

**Mr M. McGOWAN:** Worse.

The government has had warning after warning about its management of the state’s finances and economy. Year in, year out, the shadow Treasurer has warned members opposite about their behaviour in government and they have ignored every single warning from the Chamber of Commerce and Industry of Western Australia, the shadow Treasurer, and you name it. Members opposite were warned particularly about the problems with their financial management. What did they do? They blew the books; they lost the AAA credit rating and they have had two downgrades from Moody’s Investors Service. As a consequence, they are now going to break fundamental promises upon which they were elected in order to try to take a little bit off the top of the massive debt that they have created. That is what they are doing.

We heard the Treasurer today. What he had to say about Fremantle port was very illuminating. The government is going to try to sell it this year, and the Treasurer is very proud of that. It does not seem to bother him one iota that the Premier solemnly committed, on numerous occasions before the last election, that he would not do this. The Premier does not seem to care about the promises he made upon which people voted at the last state election. He does not care about them. Members opposite were warned that the iron ore price would not stay where it was and they were warned about their spending. They were warned that there would be downgrades and a debt blowout, but they ignored all those and now they are breaking their promises. I will read out for the house what the Premier of the state said. It is not as though we now have another Premier; unfortunately, it is the same bloke—fortunately, to be honest. Fortunately for us it is the same bloke. I want to read out to the house what he said on 13 June 2012, prior to the last state election. This was a beauty. The Premier said —

So I want to make it very clear: this government will not privatise Fremantle port, we will not privatise the Water Corporation and we will not introduce toll roads into Western Australia. I think the public needs to know that.

As Meatloaf said, “two out of three ain’t bad”. The Premier said that the government would not privatise Fremantle port, not privatise the Water Corporation and not introduce toll roads. If the Premier has not done that, he might have privatised some of the Water Corporation’s services. That means that the Water Corporation is next because the Premier is breaking his word on the Fremantle port and he has broken his word on toll roads.

I want to read out what the Premier said after the last state election in September that year. I quote the same Premier from *Hansard* on 19 September 2013 —

... we will not be selling Western Power or Water Corporation or Fremantle port. We will not be doing that, ...

There are numerous other similar quotations. Further back, we had Mr Buswell immediately prior to the last election. I realise that he is not here anymore, but he was the Treasurer on three occasions—the number two man in the government. In December 2012, before the last election, he said that the ports would not be sold under any circumstances. The government does not have a mandate to sell off Fremantle port. Fremantle port is an amazing piece of Western Australian history—C.Y. O’Connor, the Second World War. It is the gateway for container imports and exports into our state. It is the only container port in thousands of kilometres. It is not like we are in the eastern states where there is container port after container port in proximity. Going from Victoria to New South Wales to Queensland, there is competition in the container port marketplace. If we go up the Queensland coast, they are up there; if we go up the New South Wales coast, they are along there in Wollongong, Sydney and Newcastle. There is competition in that marketplace. In Western Australia, there is no competition. We have only one container port in Western Australia. The government’s plan has arisen because it wrecked the state’s finances on its watch. The Treasurer is now going to sell off a monopoly asset that he promised he would not sell, and he sits there smugly. Look at him—smug, as though he is somehow smart: “This

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is really clever what we are doing. I'm really excited by it. I'm going to break my promise and sell off a monopoly asset!" It is because the government has wrecked the state's finances. That is the Treasurer's argument. The government argues that the finances had nothing to do with it and this all happened around it: "We're only the government." The innocent pawns in this whole issue of the management of the state's finances are the Treasurer and Premier of Western Australia! We cannot believe their word on Fremantle port, Western Power or the TAB; therefore, it follows that we cannot believe their word on the Water Corporation or Synergy either. We cannot believe them on anything when it comes to these monopoly state assets. And so the argument goes.

**Dr M.D. Nahan** interjected.

**Mr M. McGOWAN:** It is not a monopoly! What a silly thing to say.

**Dr M.D. Nahan** interjected.

**The SPEAKER:** I only want to hear the Leader of the Opposition.

**Mr M. McGOWAN:** Mr Speaker, I will tell you where the Treasurer's argument goes: a few trucks take a few containers out of Esperance port, so Fremantle port is no longer a monopoly.

**Dr M.D. Nahan** interjected.

**Mr M. McGOWAN:** Seriously!

**Dr M.D. Nahan** interjected.

**The SPEAKER:** Treasurer, I call you to order for the first time.

I do not know what is going on, but I want to hear the Leader of the Opposition; and I want you to speak through the Chair. Thank you.

**Mr M. McGOWAN:** I refer to the arguments against selling off Fremantle port. It is a monopoly asset. There is concern in the farming community. There are concerns amongst importers and exporters. I realise that an element of the business community and bankers out there would love to get their hands on Fremantle port. Who would not? It is a monopoly asset! Who would not want to get their hands on it? It is a great business if you can get a monopoly asset. You can sweat it; you can milk it; you are in power. What has happened in other states when these things have been sold? I will tell members what has happened with the port of Brisbane and the port of Melbourne—rents have gone through the roof. From when they were sold until now, there have been massive increases in rent. In the port of Brisbane, rents increased by 111 per cent over the three years from 2010–11 to 2013–14. The Port of Melbourne Corporation planned to increase the rent by 750 per cent. The Australian Competition and Consumer Commission intervened, resulting in a 150 per cent increase only.

**Dr M.D. Nahan:** It hasn't been sold.

**Mr M. McGOWAN:** No; but that is the plan because it is putting in place the arrangement prior to the sale.

**Dr M.D. Nahan** interjected.

**Mr M. McGOWAN:** Does the Treasurer not even understand that? Has the Treasurer not read what Rod Sims has had to say? It is fattening the pig prior to the sale. The Treasurer is watching that carefully in his smug way, and he is thinking that WA can do that: we can do that and we will get more money up-front; the only people who will pay are the importers and exporters. Guess who buys the products that the importers bring in?

**Ms S.F. McGurk:** Mums and dads!

**Mr M. McGOWAN:** It is the mums and dads, and families across Western Australia. It is no wonder that exporters, the farmers, are concerned.

But there are also other economic consequences. What will happen to a new port in Kwinana? What arrangements will the government put in place? The buyer of Fremantle port will want assurances about that—make no mistake. Why would anyone want to buy it, if there is the prospect of a new port to compete with them? That is the experience from these things. There will be economic consequences when this is done. The government assumes, of course, that it will sell the port and it will all be rosy because it will get this big lump of money. What the government forgets is that it will lose the ongoing income. These things raise money for the government; they provide ongoing recurrent income to the government. There is a reason that ports were created by governments. Admittedly, they are expensive pieces of infrastructure that were built in an era when government had the capacity to do that. In Western Australia, in Perth's case, it is also a monopoly, and as a consequence of being government owned, it produces an income for the state. The dividend and income tax equivalent payment to the state in 2014–15 for Fremantle port was \$68.3 million. If the Treasurer sells

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Fremantle port, that will be gone. Admittedly, the government will get a big lump of money up-front, and no doubt that will take—I cannot do the maths; \$2 billion off a \$39 billion debt—about five per cent off its debt. The government will probably invest it somewhere else in something that then requires an ongoing subsidy from the state to manage it. That is what the government will do. We will lose the revenue from Fremantle port, and we all know the biggest problem in the state’s financial management in Western Australia is recurrent expenditure; it is a lack of income to manage the debt. The government will take the debt down a little bit; it will probably reinvest it, but it will lose the income. It is not rocket science. Why are we in this position? It is because of the government that we are now in this position. The government is going to sell C.Y. O’Connor’s creation. It is going to put up costs for families and exporters, and it will lose the ongoing income and create economic consequences for a new port in Kwinana, yet the Premier and the Treasurer sit there smugly as though breaking their promise is meaningless. What they are doing is absolutely outrageous. The Premier has based his career on things like this remaining in public ownership. He is an unusual Liberal; I will admit that. He has based his career on that, perhaps because of his experience in Western Australia, where there is limited competition. In the electricity field we are not part of the national electricity market; it is limited competition. Monopolies actually mean something in Western Australia, more so than elsewhere. The Premier has based his career on that and now he is planning a fire sale of an important government asset, and the opposition will oppose him all the way.

**MS S.F. McGURK (Fremantle)** [3.16 pm]: As the member for Fremantle, the community members I represent support the working port in Fremantle and they support that port being in public hands. They cannot believe that the government is looking at selling this port. They cannot believe it because it is a monopoly piece of infrastructure. They understand the leverage that a private owner will have on importers and exporters of this state and the subsequent impact that any price increases will have on not only those commercial operators but also average consumers. People understand that; it is not rocket science. They understand that it makes no sense to sell an income-generating asset simply to retire debt—debt that has been racked up just for vanity projects. The current catchphrase is “asset recycling”, but this is not asset recycling; it is not selling this asset to invest in public transport or in another important piece of infrastructure, which might be the outer harbour or some other piece of infrastructure. No; this is selling an income-generating asset to pay for the debt that this government has racked up. What is very frustrating and, again, very easily understood by the electorate—I know we will be reminding it about this in the lead-up to the March election—is that it is not because this government is organising the privatisation because it believes that a private operator can manage the port in a more efficient way. That is usually the kind of rationale we get from the Liberal Party. No; this government is doing it to make a quick buck because it maxed out the credit card. That is the only reason this government is doing it. The opposite is true. The sale is explicitly designed to ensure that a high sale price is received for the port. As a result, the sale will be at the expense of public good. We can only be concerned about the way the sale has been structured, because the higher the price that is received for the port, the greater expense it will be to the public good.

We know that the inner harbour is a monopoly, as the Leader of the Opposition said. We do not in Western Australia have port Botany competing against the port of Melbourne or the port of Melbourne competing against Flinders port in Adelaide. The Chairman of the Australian Competition and Consumer Commission, Rod Sims, raised these concerns in October. He of all people warned that we need to be concerned about high monopoly pricing of infrastructure, because the result can only be a transfer of costings. Rod Sims said —

There are strong financial motives for governments to structure their privatisation processes in a manner that maximises the sale price they receive. In order to maximise sale prices, governments will have little incentive to closely examine whether the market structure and regulatory arrangements that will apply post-privatisation are conducive to competition and appropriate outcomes.

To sum up his argument, Rod Sims stated —

But the immediate financial benefit comes at a potentially significant cost of an effective ‘tax’ on future generations.

This government is landing this on not just our children but also our children’s children when it made the decision to sell the Fremantle port.

The Leader of the Opposition talked about the effects of going down the privatisation route in other states. In 2014, the port of Newcastle was privatised for \$1.75 billion, which amounted to a multiple of about 27 times the port’s earnings. Before privatisation that port was making about \$20 million. Less than a year later, the new owner revalued its port at \$2.4 billion. At around the same time, the new owner increased navigation charges by 40 per cent, which increased cash flow by about \$2 million—that is, it was more or less doubled. What has been seen is a sale price and forgoing of earnings, and then the private operator simply increases the charges and the

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amount of profit it is able to make. We have seen this either post sale or in the case of Victoria, presale, as the Leader of the Opposition said, in a way to fatten up the pig before it goes to market.

Another big concern about the sale of Fremantle port and how it will be at the expense of public good is how many containers will be moved through that 120-year-old facility. Prior to the announcement of the Perth Freight Link in 2014, all government documents and the Fremantle Port Authority stated that the maximum number of containers in and out of Fremantle would be about 1.2 million containers a year. The government is now openly talking about two million containers a year. That is nearly three times the current number of containers that come in and go out of the Fremantle port. That happens in the middle of a built-up area of Fremantle next to North Fremantle, East Fremantle and Palmyra. All along that route, there will be nearly three times the number of containers going in and coming out of that port. Do members think a private operator will care about the impact of that number of containers on the community? If this government does not care, why would members expect that a private operator would care? There will be no constraint for the public good on how many containers go in and come out of that port.

**Mr C.J. Barnett:** It's not a public good.

**Ms S.F. McGURK:** The Premier should be thinking about the public good, but clearly he is not!

Several members interjected.

**The SPEAKER:** Thank you, members!

**Ms S.F. McGURK:** A private operator will sweat the asset and increase the number of containers in and out of the port. It is incredible that the government expects to make about \$2 billion from the sale of this port, and it is spending over \$2 billion on the failed and flawed Perth Freight Link, which is bitumen gift wrapping for the Fremantle port. The government is spending over \$2 billion on the freight link in order to sell the port for \$2 billion. If this government is supposed to be a good economic manager, heaven help us!

**MR M.P. MURRAY (Collie–Preston)** [3.25 pm]: My contribution will be quite brief. It is incumbent upon me to speak on behalf of many Western Australian farmers because I do not believe that the National Party will stand up for them. I hear silence from the Leader of the National Party and see his kowtowing to the Premier time and again; the Nationals leader has possibly become the greatest Liberal in this chamber. The previous speaker talked about costs. The cost to the farming community of this sale is unmeasured. How did the Treasurer measure what the farmers will gain or lose from this exercise? From my talks with many farming communities, I understand that they are totally opposed to the privatisation of the port. This is quite different from people's opinions some years back. In the mid-1980s, farmers would have absolutely jumped at the opportunity to have the port in private hands. In fact, at one stage, they were going to ram a convoy through a picket line at the port at the time. Times have changed, but, unfortunately, the Liberal Party has not. The Liberal Party still has the view that the port should be sold. I do not see that. When we think about the costs added on not only the export of goods and chattels from the farming community but also the machinery that comes in, we realise there will be extra costs on that end as well. We cannot just look at it one way; it is not only exports. Small goods et cetera are other areas. For the farming industry, the sale of the port certainly will cause a very large increase to the cost of large machinery bought from overseas that has to be transported through the port.

I am sure that no member will deny that, because we have heard quoted figures of percentage increases of over 100 per cent once ports have been privatised. That is something that the agricultural industry cannot afford. We hear from time to time how tough it is out there for farmers. Farmers are just starting to get back on their feet, but in the very near future this cost that they have not budgeted for could be imposed on them. As usual, like the sale of the market authority, the Treasurer has not spoken with industry about this sale before going forward. The Treasurer did not speak to people in the south west about that sale, nor did the Leader of the National Party. People have come back to me saying strongly that they wish that they had had a say on that sale.

**Mr D.T. Redman:** Did you venture down there?

**Mr M.P. MURRAY:** I go down there quite often, actually. I bought some watermelons down there the other day. I should have brought them in here, because I could have used them wisely. In saying that —

**Mr D.T. Redman:** Abalone?

**Mr M.P. MURRAY:** Yes, a bit of that as well. We are allowed 10 abalone now.

**Mr D.T. Redman** interjected.

**Mr M.P. MURRAY:** Mr Speaker, may I have some protection from this Liberal, please?

**The SPEAKER:** Leader of the National Party, you are becoming a disruptive influence.

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Several members interjected.

**The SPEAKER:** Members!

**Mr M.P. MURRAY:** Although many on the other side of the chamber are making jokes, I do not believe that privatisation will work or be good for the state. I do not believe that the Western Australian Farmers Federation supports this wholeheartedly. There has been talk about hiving off some areas and ring-fencing them for the farming community, but it is impossible to do that for a port because the utilisation of the whole port has to be part of that process. I believe that government members should get out and sit down with those farmers, take the vote and listen to them. In other areas they have not done that. The government has changed the way that our state is structured without proper consultation. The Leader of the National Party knows that very well. He knows the result he got a couple of years back when he was the Minister for Agriculture and Food. He did not consult with people and they got angry. I will not go into detail about how people did things that the Leader of the National Party did not like, but I will say that it happened because he did not consult, which is what is happening with the sale of the port.

**Mr D.T. Redman** interjected.

**Mr M.P. MURRAY:** Do you want to talk about the rope?

**Mr D.T. Redman:** I'll give it a rest.

**Mr M.P. MURRAY:** I am sure the Leader of the National Party did not want to talk about the rope.

**The SPEAKER:** Member for Collie–Preston! Leader of the National Party, I call you to order for the first time.

**Mr M.P. MURRAY:** Certainly, all I will say is that after consultation with people in the farming industry, I understand they do not want to privatise. Again, the only reason the port is being privatised is the poor management by this government.

**MR C.J. BARNETT (Cottesloe — Premier)** [3.30 pm]: I think this motion shows me one thing: it shows very clearly how much the unions are already in control of the Labor Party agenda. The endorsement of Chris Brown—I did not even know his name; I had never heard of him—as the Labor candidate for the federal seat of Fremantle just shows how quickly the militant unions have taken over the agenda of the Labor Party. We can expect more of the same. It seems to me, given the shambles in the Labor Party over the weekend, that there seems to be only one member in this place who is happy; that is, the member for Bassendean. He is the only one who seems to be smiling. Members should work it out—follow the bouncing ball!

The Labor Party put itself forward as somehow being the friend of the farming community. That could not be further from the truth. This state government has done an enormous amount in the agricultural area. Agriculture faces probably its best prospects in decades. The Labor Party's leading environmental policy is to ban genetically modified foods. Well over 100 000 hectares or acres of GM canola are grown every year. The Labor Party's policy is to prevent GM canola from being grown. What does it think that will do to the agricultural and grain industry in particular?

The Labor Party also opposes live animal export.

Several members interjected.

**Mr C.J. BARNETT:** It does, does it not? Does the Labor Party oppose live animal export? Yes or no? It is not that hard. Does it oppose it or not? It does not know. It is a pretty straightforward question, I would have thought. We know that there are animal welfare issues with the export of live animals, but it is a huge growth sector for this state. Why? It is because at this stage many of the importing countries do not have refrigeration; they do not have the capacity to transport meat. I am talking about China, India and other markets. Access to those markets will initially, and probably for years, depend on live animal exports.

Several members interjected.

**The SPEAKER:** Member for Cannington and member for Maylands, I do not want to hear from you again.

**Mr C.J. BARNETT:** Over the next couple of weeks or so—hopefully, in the next two weeks—the Treasurer will introduce legislation for the privatisation of Fremantle port through a form of a long-term lease for its operation. When members see that, they will see that it is very detailed legislation. They will also see and hear by way of explanation that all these issues have been addressed. If we have missed something or something is not perfect, that will come up during debate.

**Mr B.S. Wyatt:** Will it be in the legislation?

**Mr C.J. BARNETT:** Yes. There is an incredible amount of detail covering all the issues.

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One of the arguments that the opposition makes is that it advocates a private container port at Cockburn. At some stage that will no doubt happen, but the Fremantle port has immense capacity for many years to come. If the Labor Party were to pursue what it says publicly of a private container port at Cockburn, what would the value of Fremantle be? It would be very little indeed. Fremantle has a big capacity—a still unused capacity. It will require significant capital expenditure on the inner harbour to achieve that, improve productivity and provide a better service for containers, vehicles and other trade. That can be delivered by the private sector. The government will have an oversight role through the port authority and other mechanisms included within the bill. It also presents the prospect of moving live animal exports. That is important on animal welfare grounds. Indeed, people are uncomfortable with that. The member for Fremantle, quite properly, talks about Fremantle and the role of the port and its history. I just remind members that the container trade, the live animal trade and a lot of the vehicle trade are actually in my electorate of Cottesloe. The major part of the port operations is in the Cottesloe electorate. They are not in the Fremantle electorate. They have always been in the Cottesloe electorate.

**Mr P.C. Tinley:** How many containers go past your place?

**Mr C.J. BARNETT:** A lot. I would expect that well over 100—probably 200 or 300—containers go right past my house every day.

**Mr P.B. Watson** interjected.

**The SPEAKER:** Member for Albany!

**Mr C.J. BARNETT:** Yes, I do—hundreds. I am very conscious of the container situation through North Fremantle, through Stirling Highway and along Port Beach Road and Curtin Avenue. It is a major traffic issue.

Also related to this issue is Roe 8. Roe 8 is needed, whether the Labor Party favours the inner harbour or it has some fanciful idea of building an outer harbour in the next few years, probably at a cost of \$4 billion to \$5 billion. Roe 8 is needed and there will need to be a connection stage 2, if you like, from the end of Roe 8 into the inner harbour that will service this state for a long period. We have to build Roe 8 first and then we have to do the other. The commonwealth is basically going to fund it. That is desirable. Not all of those issues are canvassed in the bill but they are related to this wider issue.

Private investment will expand the physical capacity of the port, its productivity, its throughput rate and all those things. We will use part of the proceeds to reduce debt. We need to do that. We need to cap debt and to reduce it.

**Mr D.J. Kelly** interjected.

**The SPEAKER:** Member for Bassendean!

**Mr C.J. BARNETT:** This state will always carry some debt. There is not a state, or indeed a government, in Australia that is not carrying significant amounts of debt and finding that difficult. Queensland is about \$80 billion in debt.

**Mr M. McGowan:** They have a bigger population.

**Mr C.J. BARNETT:** Yes. We have a debt of \$30 billion. I am uncomfortable with that level. We want to cap it and reduce it.

**Mr D.J. Kelly** interjected.

**The SPEAKER:** Member for Bassendean, I call you to order now for the third time.

**Mr C.J. BARNETT:** There are a lot of issues to deal with. This government is being very sensible and careful about any decision on Western Power and the decision on Fremantle port. We have made the decision to privatise Fremantle port through a lease —

**Mr M. McGowan:** You're breaking your word.

**Mr C.J. BARNETT:** Breaking your promise, breaking your promise! If you want to match me on integrity, you just go for it, mate. You just come on. If you want to have an integrity battle, I have some stories I can tell about you. I will not because I do not do that. I do not play the sort of politics you play. I do not play your sort of politics, but I know your sort of politics. I know what you have done and I know what you contemplate.

**Mr W.J. Johnston** interjected.

**The SPEAKER:** Member for Cannington —

**Mr N.W. Morton** interjected.

**The SPEAKER:** Member for Forrestfield, I call you to order for the first time. Member for Cannington, I call you to order for the second time. Through the Chair, please.

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**Mr C.J. BARNETT:** If the Leader of the Opposition wants to play the dirty politics that he has a reputation for, he should go for it. I know exactly what he and his office are up to. I will not use it, but if he dares to, I will.

**Mr M. McGowan:** What?

**Mr C.J. BARNETT:** The Leader of the Opposition should not pretend to be innocent and naive. I know exactly what he has done in his career and I know exactly what his office is up to.

**DR M.D. NAHAN (Riverton — Treasurer)** [3.39 pm]: I would like to make a couple of comments on this issue. In the last budget, we made a commitment to have a long-term lease over the port of Fremantle and we are progressing down to it, as the Premier indicated. We have done a large amount of work on it. There are a range of issues and we will address them all in detail. It is not a radical thing. The port of Fremantle will be the last container port in Australia in public hands. The port of Melbourne is being sold by the Labor government in Victoria now. I understood it did a deal and it is on its way through—the transition to sale.

**Mr W.J. Johnston:** Did they do the deal?

**Dr M.D. NAHAN:** Yes, I understand it has.

**Mr W.J. Johnston:** Who did it?

**Dr M.D. NAHAN:** The upper house of the Victorian government. There was some debate about compensation payments. We are approaching the sale of Fremantle port in a completely different way. This will be the last asset sold. Rod Sims, the chairman of the Australian Competition and Consumer Commission, has said a lot of things about this, but to describe him as anti-privatisation is inaccurate. He actually wants a good access and pricing regime. We have had discussions with the ACCC as well as everyone else involved in the issue and we will put one forward. We will not do what the Labor Party in Melbourne did and that is to try to jack up fees to the stevedores prior to the sale. We will not do that. They will not go up at all before the sale. They are on existing contracts and we will address all the myriad issues. There is a long-term issue that members opposite have been flopping and flipping on and that is the outer harbour. Members opposite have said all sorts of incoherent things on the outer harbour and that we should move to it immediately. Indeed, their friends in the Cities of Cockburn and Kwinana have come up with a report that proposes moving to the outer harbour very quickly and closing down the inner harbour. Of course, they grossly understate the cost of that; they do not tell us where the billions of dollars of investment are going to go and also do not address the very difficult issues of the stevedores and all the investments in the inner harbour and who is going to compensate them for moving to the outer. I give members an indication. This is one that the Labor Party is behind with the City of Cockburn; that if their estimates of costs were accurate, which they are not—they are grossly underestimated—it would lead to a 70 per cent increase in the cost of container units through the port of Fremantle. That is what they are meandering towards. They also say that we should move immediately to the outer harbour. They have said it repeatedly: “Move to the outer harbour”. Here we have the Leader of the Opposition, who is the member for Rockingham, and he wants us to rip up 500 hectares of seagrass in and around his electorate.

**Mr P. Papalia** interjected.

**The SPEAKER:** Member for Warnbro!

**Dr M.D. NAHAN:** He wants us to rip up 500 hectares of seagrass, which the EPA, in 2007, said would be very difficult under the plans of the LBO to get environmental approval for an outer harbour island approach. I might add, that is on the basis of not a replacement port —

**Mr P. Papalia:** That is a lie!

*Withdrawal of Remark*

**The SPEAKER:** Member for Warnbro, withdraw that, please.

**Mr P. PAPALIA:** I withdraw.

**The SPEAKER:** Member, know that you are on three calls. If you do anything else, you are going to be out.

*Debate Resumed*

**Dr M.D. NAHAN:** That is on the basis of an overflow port, not a replacement port, which many people on the opposite side are talking about. When the Labor Party and its mates go out and argue for rapid movement to the outer harbour, they will put higher prices onto trans-shippers.

**Ms S.F. McGurk** interjected.

**The SPEAKER:** Member for Fremantle!

**Dr M.D. NAHAN:** As to the farming community, farmers use the ports and it is a very important asset for them.

**Mr F.M. Logan** interjected.

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**The SPEAKER:** Member for Cockburn!

**Dr M.D. NAHAN:** Their most important asset is of course CBH terminal, where they ship most of the wheat through in the Kwinana area. That is a long-term contract with the port of Fremantle to 2040. The asset is owned and at least in the possession of CBH Group and remains so under our current contractual arrangements—under very preferential deals. It will not impact it to 2040. In other words, the pricing of the cost of wheat, which is through CBH, other than what CBH determines, will remain the same. The second major utilisation of the port is livestock: a major issue, particularly where it is. A large number of people around it do not like it. It is also exposed to campaigns and is not the best facility. I have indicated and reported in the press that as part of this lease process we will look to moving, in a very quick period of time, livestock to the outer harbour with a brand new set of facilities, solving a problem that has existed for the agriculture sector for generations—solving the problems and ensuring the important live export industry has a long future in this state.

Several members interjected.

**The SPEAKER:** Members!

**Dr M.D. NAHAN:** It is absolutely vital for the future of the agricultural sector, particularly in expanding markets.

**Ms L.L. Baker** interjected.

**The SPEAKER:** Member for Maylands, there is still some time left if you want to speak. I call you to order for the first time.

**Dr M.D. NAHAN:** We on this side are committed to not only sustaining but also expanding the live export industry out of the Fremantle port issue, and indeed underwriting the growth of the stock export, particularly live exports. This sale will be expensive and we will use part of the proceeds to ensure livestock facilities are moved out of the inner harbour to the outer harbour. There is also a longer term issue which we all agree to: how do we fund the future overflow port in the outer harbour? It will not be required right away, but it will cost billions of dollars. It depends on how much is paid for them as state and transit transport links and the design of the other one, but it could be easily up to \$5 billion. How do we fund that? That is a big challenge—members opposite have no idea. Part of the asset sale will address the issue about the future timing, funding and construction of the outer harbour.

**Ms S.F. McGurk** interjected.

**The SPEAKER:** Member for Fremantle!

**Mr B.S. Wyatt:** Will that be in legislation?

**Dr M.D. NAHAN:** Yes.

Everything will be revealed. All the complaints members opposite made for the Perth Market Authority turned out to be vacuous. Most of the complaints made here will equally be vacuous, because those opposite just whinge and whine. We will address this sale process. The lease process will allow us to address a long-term issue that has been 15 years in planning today and will not be immediate, but will address the outer harbour issue. Of course, the agriculture sector exports in containers and, as the member for Collie–Preston said, in equipment, a large amount of facilities through the port. Therefore the issue will be access and pricing—regulation above access and pricing regime. I might add the port does not have the monopoly on the handling of this. There is a competitive position on the port; there are two stevedores, Patrick Ports and DP World. They compete and indeed that will remain, with those two stevedores competing into the future. They have contracts that remain for a number of years. Undoubtedly, they will be rolled over. Indeed, when people come to use the port, they get charged not by the port authority, except for some of the ancillary facilities, but by the stevedoring companies.

**Mr M.P. Murray:** Will you guarantee to keep the prices the same?

**Dr M.D. NAHAN:** The same. The contract with the stevedoring companies that the Fremantle port has has life left in it and when the sale takes place, they remain. There are a whole range of other users of the outer harbour. We have CBH, CSBP, Alcoa and BP.

**Ms S.F. McGurk** interjected.

**The SPEAKER:** Member for Fremantle!

**Dr M.D. NAHAN:** Those are all provided with other contracts through agreement acts. They will not be changed. One of the policies was the agreement acts and the transactions underlying them will remain the same.

**Mr F.M. Logan:** “Do you trust me? I am the Treasurer.”



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**Dr M.D. NAHAN:** Yes, agreement acts are hard to change. The member for Cockburn should know they require parliamentary approval and we are not going to change those. The transaction will keep the agreement acts unchanged. We will systematically address all these issues. However, back to the central point: why are we doing this? There are a number of reasons. One is to settle down the debt and to fund other assets. My strongly held view is that we do not any longer need to own the port of Fremantle. It also, as I indicated, helps us get private money to expand the inner harbour and private money to build the outer harbour, which is essential for the future of Western Australia and future governments. The simple issue is, yes, people opposite keep saying that we have allowed the debt to grow excessively and indeed the deficit to grow and members opposite of course say that if they were in power, it would not have happened under them. The member for Victoria Park says he knew where the iron ore price was going. He knew it was going to stabilise down to fifty.

**Mr B.S. Wyatt:** I did, and I made a lot of money.

**Dr M.D. NAHAN:** I bet you want to, but you are here and you are not wealthy, I do not believe. So, you do not know.

**Mr W.J. Johnston:** Nobody knew what was going to happen and you planned as it if you did!

**Dr M.D. NAHAN:** I can remember the 2013 election when the member for Victoria Park was the shadow Treasurer. What was his commitment during that election? A \$6 billion spending spree. He was operating under the same warning, the same brief from Treasury, that we had. What did Treasury say about those savings? They were fake! Every one of them was fake. They ignored them all. Do members know what the largest saving was? It was Roe 8; but it was not in the books.

**Mr B.S. Wyatt** interjected.

**The SPEAKER:** Member for Victoria Park!

**Dr M.D. NAHAN:** Fake. They just said, “Because we can’t assess these, we’ll ignore them.”

**Mr B.S. Wyatt:** No; they never said anything.

**Dr M.D. NAHAN:** They did. The biggest saving of course was Roe 8—it was not even in the budget. My memory is they said they saved \$600 million, maybe \$700 million—I have forgotten which—but it was not in there.

**Mr B.S. Wyatt** interjected.

**The SPEAKER:** Member for Victoria Park, there is some time left. You can get up and refute what is being said. We are going nowhere fast.

**Dr M.D. NAHAN:** Members opposite have a problem. How will they fund the commitments they are racking up in large numbers now? There are crossovers everywhere; a new Metronet; spending here and there. How will they be funded? They say debt is too high. They say 10 years, but it will take generations to do. The opposition is not going to fund or undertake them. Going into the next state election, if they do not have the funds to pay for their commitments, they are fake commitments!

**Mr B.S. Wyatt:** They will be fully funded and fully costed.

**The SPEAKER:** Thank you very much for those words of wisdom, member for Victoria Park.

**Dr M.D. NAHAN:** During the last election, the Leader of the Opposition promised the largest spending spree. None of it was costed and none of it was funded—it was all hypocrisy!

**Mr B.S. Wyatt** interjected.

**The SPEAKER:** Member for Victoria Park, I call you to order for the first time.

**MR D.T. REDMAN (Warren–Blackwood — Leader of the National Party)** [3.52 pm]: It is a good chance for the National Party to get up and talk about this. I am always amazed at how often we get questions on agriculture in here. I am always amazed at how often a plethora of members from the other side of the house speak when agricultural issues come into the chamber, but the minute something pops in that has some interest from the Labor Party, a head pops up to say, “We’re supporting agriculture out there.” We know what people are thinking and saying in regional Western Australia. The Labor Party has abandoned regional Western Australia. It has no credibility in regional Western Australia. For members opposite to stand and say they know what regional Western Australians are thinking and saying is a little hard to understand.

I want to get some points on the record before my colleague also makes a couple of comments. This motion calls on us to cease the privatisation process as it applies to the Fremantle port. I want to add some comments about the National Party’s position. We have supported the asset sales process. Two asset sales went through this

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house; namely, Perth Market Authority and Utah Point. As the Minister for Lands, I know that a range of land assets are going out the door in a very managed way. On each occasion the Nationals will apply the merits of each of those sales to the issues that come forward. We look at each asset on its own merits.

The government—the Nationals are part of that government—has embarked on an asset sales process. A number of assets have been put up or have been signalled to be looked at. Right from the outset there was no commitment by the National Party to necessarily take those assets right through to sales and through to fruition—the privatisation of what was signalled through the budget process. We look at it on its merits. I will also put on the table that the National Party is yet to support the sale of Fremantle port. It is yet to support the sale of Fremantle port.

Several members interjected.

**The SPEAKER:** Members for Cockburn, West Swan and Butler, this constant cross-talking is getting out of hand now.

**Mr D.T. REDMAN:** A number of issues have been raised with us on a lot of occasions. I will go through the sorts of issues that have come in the door. Issues around access and pricing have been raised by our constituency. The issue of the potential monopolistic behaviour by a port is another issue that has been raised by our constituency, as well as the future live sheep trade. We know where the opposition sits in that space. The notion of vertical integration of the supply chain has been raised; the issue of asset renewal and what happens in terms of the assets on the port that are key to exports and how those assets are renewed to support trade through the port is critical; and, of course, the pathways to the outer harbour have been raised. So, a number of issues have been raised by the National Party constituency. We are engaging in discussion with the Treasurer about the nature of all those and the strategies to mitigate that. That may or may not be satisfactory to the National Party but those processes are being worked through. This motion is asking us to cease that process now. That would be a smack in the face to the integrity of the National Party because we work through these processes —

**Mr P.B. Watson** interjected.

**The SPEAKER:** Member for Albany, you are on two and a half; you are now up to three. Next time you are out!

**Mr D.T. REDMAN:** We work through these processes and look at them on their merits. The National Party is not yet in a position to support the sale but it is working through that process.

**MS M.J. DAVIES (Central Wheatbelt — Minister for Water)** [3.56 pm]: I am very pleased to stand and make a contribution in this debate and to echo the statements that the Leader of the National Party has put on the record and has said previously: that the Nationals have reservations about the sale of this asset. The Nationals are a partner in government. This is not a coalition; we are an alliance. From time to time we have differences of views. It allows us to explore and represent our constituency in the manner that we are accustomed to, which is to go back to our membership and to represent our constituency to our best ability. That means that we have agreed to consider the assets that were put forward for consideration in last year's budget, but it does not mean we have agreed to the actual sale of those assets.

The National Party takes its responsibilities very seriously. We are going through a due diligence process that will include us having a conversation with the electorate. In relation to the matters that have been canvassed in this house today, there are no details on the table that give me confidence, as the member for Central Wheatbelt or as a member of the National Party, to go to our constituency and say that this deal will not adversely impact key stakeholders, particularly the agricultural sector. We will be guided by what our membership puts forward. Motions were debated significantly at the last state conference. The National Party will not support a sale process unless it is convinced that its constituency and its key stakeholders will be protected or better off. At the present time there is no detail for us to consider. There is no detail in relation to the contract. There is no detail about the matters that have been canvassed in this house. From my perspective, having been through the debate around —

**Mr F.M. Logan** interjected.

**Ms M.J. DAVIES:** I cannot discuss what happens in cabinet, member. As the member representing the Central Wheatbelt, and a constituency that has significant concerns and is interested in this particular asset, I would like to have a conversation about the particular detail of this deal.

What is the value of the asset to the state if it is retained by government? The Leader of the National Party spoke about access and pricing in the context of the debate about rail over the past 10 years. From my perspective, we need to know what regulatory controls will be in place to make sure we do not face the same situation in my electorate in relation to Brookfield Rail and Co-operative Bulk Handling Ltd. Concerns about vertical integration need to be addressed. There are concerns about the future of the livestock trade. We need transparency of the

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contract. We need to know how changes to the contract will be made so that whenever changes are put forward as part of the contract—if we get to the point of supporting the sale—we can have confidence that it will not be done behind closed doors. There are learnings from the process involving the sale of rail infrastructure in this state. While the National Party is sitting at the cabinet table, and while it is in government, we will make sure the Nationals apply due diligence to these decisions. We will not be supporting this particular motion but we reserve our right not to support this sale if there is not an appropriate time when we can have —

Several members interjected.

**The SPEAKER:** Members!

**Ms M.J. DAVIES:** We reserve our right to not support this sale, in the event that we cannot have an open and honest conversation with our electorate and with key stakeholders who will be impacted by this sale process. I look forward to doing that over the coming weeks and months, if necessary. We will not be rushed into this decision. That is the position of the Nationals. I am very clear about that.

**MR W.J. JOHNSTON (Cannington)** [4.00 pm]: I love this! I quote —

I wish to reassure the people of this state that the Liberal–National government, unlike Labor policy, will not be privatising Fremantle port. We will not be doing it.

I quote also —

So I want to make it very clear: this government will not privatise Fremantle port ...

Is it not interesting? I would also like to quote this, because that reminded me of something. This is what I would like to say regarding those words of the Premier —

It was either a lie or a massive broken promise. I do not care—the Premier can make his choice. Did he lie to the public or did he break his promise to the public? Take one of the two ... He should get up and tell us whether he lied or broke his promise.

That is the question that the Premier has to answer: was he lying, or was it a broken promise?

**The SPEAKER:** What are you quoting from?

**Mr W.J. JOHNSTON:** I am quoting from the *Hansard* of the Premier.

**The SPEAKER:** I just want to warn you to be very careful in how you use the word “lie” in this chamber.

Several members interjected.

**Mr W.J. JOHNSTON:** I am quoting the Premier! I make the point that the Premier needs to tell us whether he lied —

Several members interjected.

**The SPEAKER:** I want to hear the member for Cannington. I do not want to hear anybody else.

**Mr W.J. JOHNSTON:** Thank you very much, Mr Speaker. The Premier needs to tell us whether he is lying, or whether he is breaking his promise to the people of this state. The Premier promised not to privatise. We then have the arm-waving Treasurer, who makes up allegations without a skerrick of evidence to support any of the things he has claimed. It will be interesting to get the *Hansard* of his speech. When we provide a document to *Hansard*, they indent it to show it is not our words. When we get the *Hansard* of the Treasurer’s speech, there will not be any quoting in that speech. That is because he made up the story of what the Labor Party did. It had nothing to do with the Labor Party’s policy at the 2013 election, or with any other issue that the Labor Party has been talking about. That includes our plans for the outer harbour. The Treasurer should look at exactly what I said, and then come back to the house.

What is the government’s debt reduction plan? The Premier said that we need to cap debt and reduce it. The Treasurer has said that the sale of Fremantle port is part of the government’s debt reduction strategy. Do members know what will happen? If the government gets \$2 billion from the sale of Fremantle port, debt will go up by \$7 billion. If the government sells Fremantle port for \$2 billion, debt will go from \$29.5 billion to \$37 billion. The government’s debt reduction plan is to add over \$7 billion of debt, and get rid of Fremantle port and all the income that Fremantle port generates. There is no credibility in that. It is not a debt reduction strategy for the government to increase debt by twice as much as was left to it by the Labor Party. The Labor Party left \$3.5 billion of debt in total. If the government sells Fremantle port, it will double the amount of debt in this state. That is what will happen. The government will double the amount of debt left to it over the past 150 years in this state —

Several members interjected.

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**The SPEAKER:** Member for Carine, I call you to order for the first time, and member for Forrestfield, for the second time.

**Mr W.J. JOHNSTON:** Let us understand what will happen. The stevedores at the port are worried about the sale process. The users of the port are worried about the sale process. The potential investors are worried about the sale process. The importers and exporters are worried about the sale process. The Treasurer is quoted in *BusinessNews Western Australia* as saying that it will be 40 years before this state will need a new harbour. His plan is to delay the building of a new outer harbour for 40 years. The Treasurer has said that Fremantle harbour can take over two million twenty-foot equivalent units a year. Infrastructure Australia states at page 91 of the “Australian Infrastructure Plan: The Infrastructure Priority List Project and Initiative Summaries February 2016” that the capacity of the terminal will be 1.2 to 1.4 billion containers per year. The Treasurer’s plan to delay the new outer harbour for 40 years will mean that the demand for the port will be way beyond—probably double—the actual capacity of the port. That means not a couple of hundred trucks a day past the Premier’s house but thousands of trucks a day past his house. That means not 100 000 trucks a day through the member for Fremantle’s streets but 300 000 or 400 000 trucks through her streets. That means, member for Riverton, not 300 000 trucks a day on Leach Highway, as it was before the Labor Party came to government; but one million trucks a day on Leach Highway. That is because Leach Highway will always be the shortest route from the port to Kewdale and the freight precinct. Those are the simple facts.

If the port of Fremantle is sold, that may have an impact on the future use of the port for military purposes. The port of Darwin was sold by the Liberal Party to Chinese interests, without reference to the Foreign Investment Review Board. That matter was so serious that the President of the United States raised the sale with the Prime Minister of Australia. We do not know what impact this sale could have on military uses. We do not know whether our friends and colleagues in allied navies, such as the United States Navy, will be able to use Fremantle port when they visit this state. In Darwin, there is a real problem. We do not know what will happen here. The government should not go down this path. It is not in the interests of this state. It will actually make it harder for the government to balance the books, because the income from the port will decrease, and state debt will increase by \$7 billion.

*Division*

Question put and a division taken, the Acting Speaker (Mr I.M. Britza) casting his vote with the noes, with the following result —

Ayes (21)

Ms L.L. Baker  
Dr A.D. Buti  
Mr R.H. Cook  
Ms J. Farrer  
Ms J.M. Freeman  
Mr R.F. Johnson

Mr W.J. Johnston  
Mr D.J. Kelly  
Mr F.M. Logan  
Mr M. McGowan  
Ms S.F. McGurk  
Mr M.P. Murray

Mr P. Papalia  
Ms M.M. Quirk  
Mrs M.H. Roberts  
Ms R. Saffioti  
Mr C.J. Tallentire  
Mr P.C. Tinley

Mr P.B. Watson  
Mr B.S. Wyatt  
Mr D.A. Templeman (*Teller*)

Noes (35)

Mr P. Abetz  
Mr F.A. Alban  
Mr C.J. Barnett  
Mr I.C. Blayney  
Mr I.M. Britza  
Mr G.M. Castrilli  
Mr V.A. Catania  
Mr M.J. Cowper  
Ms M.J. Davies

Mr J.H.D. Day  
Ms E. Evangel  
Mr J.M. Francis  
Mrs G.J. Godfrey  
Mr B.J. Grylls  
Dr K.D. Hames  
Mrs L.M. Harvey  
Mr C.D. Hatton  
Mr A.P. Jacob

Dr G.G. Jacobs  
Mr S.K. L’Estrange  
Mr R.S. Love  
Mr W.R. Marmion  
Mr J.E. McGrath  
Ms L. Mettam  
Mr P.T. Miles  
Ms A.R. Mitchell  
Mr N.W. Morton

Dr M.D. Nahan  
Mr D.C. Nalder  
Mr J. Norberger  
Mr D.T. Redman  
Mr A.J. Simpson  
Mr M.H. Taylor  
Mr T.K. Waldron  
Mr A. Krsticevic (*Teller*)

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Pair

Mr J.R. Quigley

Ms W.M. Duncan

Question thus negatived.