

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

## ASSET SALES

### *Motion*

**MR B.S. WYATT (Victoria Park)** [4.01 pm]: I move —

That this house condemns the Liberal–National government for its bad deals with the private sector, which result in costing taxpayers significant sums of money, and notes the poor return the government has received from its current sale of government land.

I want to begin by reflecting for a second on today—insider trading. We find ourselves in the Parliament of Western Australia questioning a minister because of potential leaks of market-sensitive information currently being investigated by the Australian Securities and Investments Commission—insider trading, a criminal offence. People go inside for 10 years for insider trading. That is what we have been talking about today. I want to reflect on that for a minute as I enter into my contribution to the debate on this private member’s motion about the many examples of not just this government, but the Liberal and National Parties themselves, generally getting scalped time and again by the private sector. It happens time and again; it has become standard operating procedure for this mob to the absolute detriment of the taxpayer. It has happened time and again in a range of portfolio areas. I am somebody who quite likes conversation about the role of government and the private sector. I like that conversation; I am open to those questions. But after sitting on this side of the chamber for the last seven or eight years—however long it has been—I have serious concerns about the capacity of this government to enter into those arrangements, whether they be full-on privatisations through the sale or long-term lease of an asset, or a contracting arrangement with the private sector, without getting duded and taken to the cleaners by the private sector partner.

Time and again there have been different examples and there just does not seem to be an understanding by the government. We had this conversation about the Princess Margaret Hospital for Children car park in the Parliament yesterday. One of the fundamental arguments for entering into an arrangement with the private sector is so that risk can be distributed. We all understand that if there is an essential service like the operation of a large public tertiary hospital, the government in the end does not really contract out the risk; in the end it comes back to the government of the day. We know that; I think all of us in this chamber have worked out that happens in the end. But certainly things like financing risks should be transferred to the private sector when entering into those arrangements. What we saw with Wilson is some absurd arrangement by which state assets were transferred to Wilson and the state said that it would continue to pick up all the liability for maintenance and that Wilson could have all the revenue from not just the car parks that have been built, but all of them. The government did not then release the public sector comparator and the business case to back up that deal. I reckon that if the government had thought it had entered into a good arrangement, two things would have happened. First, the health minister would have said that the government would subsidise parents and families whose children are at the new children’s hospital; and, secondly, it would have released the business case that showed it was a good deal. If the government had not found itself terribly embarrassed by that, it would have provided any information it could to show that the taxpayer was getting a good outcome.

This Barnett Liberal–National government is very bad at doing deals with the private sector. I will go through a couple of examples just briefly, because I want to make some comments about land sales before I sit down and allow others to comment. The Minister for Lands might get up at some point and make some comments himself. I refer to Muja AB. Remember Muja?

**Mr R.F. Johnson** interjected.

**Mr B.S. WYATT:** The member for Hillarys certainly remembers Muja. It was a diabolical deal in which the state underwrote the debt of a private company to a private bank when the state could borrow at a lower rate. I think this was back in the days when we still had our AAA credit rating, so our interest rate exposure would have been even lower. To get that deal up, the Minister for Energy, who is now also the current Treasurer, although he was not then, guaranteed the debt of a private company to a private bank. Is it any little wonder that when, I think, KPMG did the report into that, it was very critical of the government. What was the government doing? Again, it found itself in a desperate situation and entered into a bad deal.

I refer to Fiona Stanley Hospital. I am not going to revisit all that. Some of my colleagues might go into Fiona Stanley Hospital and the Serco arrangements because they have been diabolical from beginning to end. I remember giving a speech in this place some years ago, I think it was before the last election, about the public sector comparator and Treasury being very worried about it and the fact that when the information technology risks were added into the public sector comparator, the result was to lower the risk assessment. What is going on? I am not sure there is the capacity internally in government to do the public sector comparators. That means that the very basis upon which a decision is made about whether there is a good deal for the state or the taxpayer

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

is not being adequately assessed. When we go all the way back, the Serco arrangement with Fiona Stanley Hospital highlighted the fact that the public sector comparator was woefully inadequate. Every time I hear somebody on the government side say that something is a good deal for taxpayers, they actually do not know. They do not have the slightest idea whether it is a true statement because the public sector comparator was so badly done. We have seen the rollout of the hospital over time—\$100 million-plus, a hospital with no patients et cetera. That is Serco again—another private company taking the government to the cleaners.

In my own electorate there is an organisation that I like, the largest single-site employer in Western Australia—Crown Perth. Again, the government sold valuable public land to Crown with a \$35 million discount. The land, from memory, was valued at about \$90 million and it sold for \$60 million. Again, that was all done by the Premier—all done by him. We all remember the discussion. There was a \$35 million discount on the basis of this, that and the other. There was no rigour to that process whatsoever.

I refer to the cancellation terms for the nib Stadium contract. There was an \$8 million payment to Allia, and \$400 000 was paid to Perth Glory. Again, the government successfully gets itself into a position of contractual weakness, like it did with Wilson from what I could gather from the parliamentary debate, so that it finds itself exposed. We discussed this issue today in the Public Accounts Committee hearing, which was a public hearing. We discussed this very issue today in respect of the health contract for IT at Fiona Stanley Hospital that the Auditor General tore apart a couple of weeks ago.

The problem with the basic contractual arrangement between the government and the private sector is that the government continually fails to protect its interests, and continually fails to consider the outcomes and the best financial arrangement. As I said, the failure of the government to do adequate public sector comparators means that it does not know. On Westadium and the arrogance of this government, the National Party walked away from the sale of Fremantle port on the basis of the lack of transparency and then the Treasurer refused to tell Parliament the total cost of Westadium. It is not an unreasonable request for the Parliament to know the cost. We all wander the same halls, we all have the same networks and we are in a small city, and I hear that a bit of a subsidy is going to come along that way. I will be very interested to hear whether the government tells us about that this side of the 2017 election—it is not a small subsidy. I am sick of getting these bland responses from ministers who say that we are questioning the probity of this arrangement; therefore, we must oppose it. That is the response of a tired, arrogant government when it is not willing to come in here and give details of the arrangements it is entering into on behalf of taxpayers that will last years, perhaps decades, into the future—the financial exposure of taxpayers well after government members have all gone and left this place.

Pelago! I know the minister will get up and say how wonderful these investments are in the Pilbara, but again it is putting the taxpayer on the hook for the empty apartments; the taxpayer is exposed again. The government is underwriting rents, underwriting lease terms and underwriting debt for the private sector operator. Again, the taxpayer is left exposed. I do not hear at all from the government any acknowledgement that perhaps along the way it has learned a lesson. The Wilson Parking issue yesterday perhaps confirmed that the government refuses to learn—utterly refuses to. The bizarre response from the Premier today, in an attempt to defend the Minister for Transport over the Australian Securities and Investments Commission investigations, was perhaps one of the strangest responses I have seen from him. It is the sort of response I get when I get those strange phone calls in my electorate office from people. That was the sort of response that we got from the Premier today—odd; very odd.

The member for Geraldton is not here. Going back to 2014, he raised a very good report—the Economics and Industry Standing Committee report, titled “The Management of Western Australia’s Freight Rail Network”. It is a very good report. I do not know whether everybody on the government side has read it, but I suggest members go back and read it, because it shows us where it can go wrong, to the long-term detriment of taxpayers and to the economy of WA. This is a great example. When National Party members went out on the front doorsteps of Parliament House and said that they were now opposing the sale of Fremantle port, they should have perhaps had this report in their hands as the evidence of their concern. I will not go through it all; it is a big report. I note that on page ii it states —

As Chapter 3 notes, in situations where a government monopoly is, in effect, privatised, it is essential that there is adequate regulation to ensure the public interest is not marginalised by the profit maximisation goal of private enterprise.

The fundamental issue is: in a monopoly asset, how do we protect the taxpayer, or the client, if you like—for example, Western Power, Fremantle port, the users? We had a debate in here recently on the sale of Utah Point. That was an interesting debate because the Treasurer said that the Utah Point legislation is effectively pro forma legislation that will be replicated in the sale of Fremantle port. Anyone who was involved in that Utah Point debate will know that it was a small piece of legislation for something quite significant. Initially, the government

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

wanted the right to sell anything at Port Hedland Port Authority, but in the end wound it back to just confine it to Utah Point, on the recommendation of the opposition. That was a very good approach to have taken. The point is that all the details—I have tried to understand the National Party’s position—about the sale of those assets are not debated in here. They are not in the legislation. They are shunted aside to be seen, perhaps if we are lucky and the government tables the final contract in the house, once the sale has been executed. It is interesting that there are only, from memory, three users of Utah Point. It is not a facility that has lots of clients, not like Fremantle port. The Treasurer and I had a conversation in this place around those iron ore junior miners that use Utah Point. He said that of course they had been consulted. Once the legislation passed the lower house, with the opposition opposing it, and made its way to the upper house, I got a call from one of those juniors, who was surprised and asked, “What’s going on with Utah Point?” I said, “It’s on its way. It’s into the upper house now. Didn’t you know?” They said, “No. We knew there had been talk about it, but we didn’t know. We hadn’t been spoken to about the detail of this. What is going on?” This came from a very concerned junior, who had put in considerable capital contributions to help pay for the original construction of Utah Point. Although I did not hear from them prior to the debate in this place on the sale of Utah Point, interestingly, last week, on 24 March, the Association of Mining and Exploration Companies, which represents junior miners, put out a long communiqué. I am not going to read it all in, Mr Acting Speaker, you will be pleased to know; I will quote a couple of paragraphs. It starts by stating —

**Junior miners determined to ensure the proposed privatisation of Utah Point does not threaten the survival of the Western Australian Junior Mining Industry**

A complete lack of any meaningful consultation by Government, prior to introduction of the Pilbara Port privatisation bill to enable the sale of the Port Hedland Utah Point Bulk Handling Facility ... has created considerable uncertainty for Atlas Iron Limited, Mineral Resources Limited and Consolidated Minerals Pty Ltd (the junior miners that currently export from Utah Point) as well as for the wider Western Australian community.

Each of these companies made significant capital contributions to part fund the original construction costs of Utah Point and they also invested heavily to develop and expand their mining operations in the Pilbara region on the strict understanding that Utah Point would remain exclusively available to the junior mining industry.

The communiqué continues —

The scant detail that Government has released in respect of the principles proposed to govern the privatisation of Utah Point is cause for significant and justifiable concerns over the implications it will have on the survival of the junior mining industry in the Pilbara region. Without these proposed principles being amended to include appropriate safeguards, there is no doubt that disposal of Utah Point to a non-government entity will put the significant social and economic future benefits that the junior mining industry will continue to deliver to WA at risk.

This is not a light statement from AMEC, probably because those juniors have found themselves startled by the fact that the Utah Point legislation had nearly progressed through the Parliament before they became fully aware of what was going on. It is now referred to a parliamentary committee, but there has been a lack of meaningful consultation. The government is setting itself up to repeat the problems that were identified by the member for Geraldton in the Economics and Industry Standing Committee when it looked at the freight rail network back in 2014. If we do not learn those lessons, we will repeat them. Every single scenario that I went through before suggests to me that this is not a government that has learned those lessons or has the capacity to deliver on the lessons that the public service has certainly learned—absolutely not.

Now that the government is trying to move rather aggressively down a path of assets sales, it is worth pausing to reflect upon its record, which is not a very good one. It is very keen to pass the benefits to the private sector without guaranteeing that the risks are also passed. Time and again we have seen back in this place contracts, or the results of those contracts, that are woeful when it comes to protecting the interests of the taxpayer.

Do members remember the former Minister for Health and this article titled “Health data bungle cost \$41m”? The door hit the former Minister for Health on the way out with a nice little gift to the taxpayers of Western Australia. Paul Murray nailed this issue in his opinion piece. The government tried to say the problem was due to three people who went rogue and that it had “nothing to do with us”—the government. Despite years of warnings from the Auditor General about information technology and a parliamentary committee looking into the IT arrangements at Fiona Stanley Hospital in the Barnett government’s first term, the problem was caused by three people who went rogue. Paul Murray’s article in *The West Australian* on 27 February this year states —

Under our system of government, ministers are held responsible for significant failures in their portfolios. That should be tempered by their ability to know what was going on.

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

But in this case, flashing lights, sirens and bells obviously would not have been enough to alert Health Minister Kim Hames.

An earlier Auditor-General's report in 2010 publicly questioned Health's ability to monitor these complex computing contracts. That should have attracted the minister's enduring attention.

Former Nationals leader Max Trenorden made two blistering attacks on the issue in the Legislative Council that year and in 2011. They were ignored.

The Auditor-General's recent report uncovered an internal review in 2012 that found Health was not monitoring "key contract deliverables", which also escaped the minister's attention.

This was not the result of a public servant going rogue and agreeing to vary the contract out of context; the Auditor General had been blaring about this for a long time. As Paul Murray wrote, there could have been bells and whistles going off and the former Minister for Health, the member for Dawesville, would not have woken up. He was not paying attention. As a result, there was another \$41 million loss. Hopefully that is it. The Public Accounts Committee questioned the Department of Health on this in a public hearing today. Hopefully, the losses have been crystallised. This example is not an exception to the rule. I am speaking as someone who is perhaps more willing to consider a role for the private sector, but I have watched what this government has done. I am glad the member for Geraldton is in the chamber, because I commend the member for Geraldton's 2014 report into the sale of the freight rail network. It is a very good report, but, unfortunately, the government does not seem to have learnt lessons from it. I referred to the Association of Mining and Exploration Companies. The Treasurer is in the chamber; I do not know whether he will respond, but, hopefully, he will respond to the communiqué AMEC put out on the sale of Utah Point. I am interested to hear what the Treasurer has to say on that.

Now, I refer to the sale of land; it is quite extraordinary. The Treasurer says "yes" from across the chamber. No doubt his response will be along the lines, "It's not about making money; it is about utilising land that the government is sitting on for better use." I dare say that that is what the Treasurer will say, but I will not attempt to put words in the mouth of the Treasurer or the Minister for Lands—whoever responds to this issue. A very good piece of research by Annabel Hennessy—I give her credit—looks at properties sold by the Department of Lands over the last 12 months. Twelve of the 23 properties sold by the Department of Lands were sold at a loss or under the asking price; that is half the properties sold. These are not pieces of land that the government bought or inherited back in 1920; all this land the government purchased relatively recently, during the lifetime of this government. I will not go through all the examples, because the article, which I am sure all members saw, went through a range of them. For me, perhaps one of the starkest examples is the sale of Western Power land in Neerabup. The sale date for the land was 11 February 2016, and the sale price was \$2.76 million. The purchase price of that land five years previously was \$5.089 million. The land was sold at a loss of \$2.3 million. That is just one of many examples listed in the article.

I understand that there is now a bit of desperation in the government to try to resolve its debt—I get that. The rhetoric behind the asset sale process has changed. The Treasurer had said that there was no way in hell that proceeds from any sale would be used to build or be spent on something else, but that is what we are doing now. We are not cutting debt; we are going to reduce the glide path that the current budget has around our net debt. The rhetoric is now significantly different. When the government goes around flogging off assets for less than their value, it starts to become a concern for the broader taxpayer. I do not object to or dispute the government's right to sell land—governments buy and sell land all the time—but the government is in a situation in which it has brought money from land sales into the budget books. The government has been talking about land sales for so long that it is perhaps a little embarrassing when government members speak at public events because they now have to flog land regardless of the price the government bought the land for and regardless of the land's valuation. The government has to sell land to bring in the revenue. That is not a sensible use of assets owned by Western Australians—not a sensible use in the slightest.

The government has form on this issue. There have been a long series of events. Every single time the government tends to do a deal with taxpayers' money, taxpayers get stung—time and again. I went through seven or eight examples. I dare say when we see the Fremantle port sale legislation, it will be similar to the Utah Point legislation. There will not be a lot of detail in it, but it will allow for the capacity to create pricing structures and access regimes that will be debated not in this place, of course, but separately. The issues raised by the member for Geraldton and his committee in its report on the management of Western Australia's freight rail network highlights that we do not think the government can do the deal that will protect the Western Australians' economic interest—not now, not in the next five years, but in the next 20 years or 30 years. That is what the government should do, and it is why the Australian Competition and Consumer Commission is active in this space. I note the letter from the ACCC provided by the minister to the opposition reflects comments Mr Sims has made in public speeches for some time, mainly in respect to the sale of Melbourne port,

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

that if the government gets this wrong, it is effectively a tax on future generations. If the government simply tries to increase the value of the asset at sale time or it tries to ensure that it will increase the asset value by limiting competition in the future, it is a tax on future generations. Having gone through those examples, I am not convinced that this government has the capacity to deliver on that in the interest of taxpayers—I am not—and those land sales confirm that. I do not think there will be any change. I am sure that in 12 months from now, when we look at all those land sales, there will be another report similar to this one about lots of land being sold below either its purchase price, of which, as I said, there are quite a few in the story by Ms Hennessy, or its valuation. The government will get its own valuation of land and flog it below that valuation in any event.

When this government has entered agreements with the private sector, it has not managed to deliver returns in taxpayers' long-term interests, which is why the opposition has moved this motion. As I said to the Treasurer, AMEC put out an interesting communiqué last week. I am keen to hear the Treasurer's response to claims of a lack of communication and consultation with AMEC about the sale of Utah Point, because AMEC listed its concerns in its very long and detailed communiqué. No doubt the member for Geraldton will support the opposition on this motion because his report was very good. The report highlighted failures way back when the grain freight network was sold that continue to bedevil us today. If the government does the same with the sales of Utah Point, Fremantle port and Western Power, in 20 years' time, a Parliament will be having this exact same debate and we will be on our rocking chairs saying, "I told you so." Hopefully, we will not get to that point.

**MRS M.H. ROBERTS (Midland)** [4.30 pm]: I rise to support the motion moved by the member for Victoria Park condemning the Liberal–National government for its bad deals with the private sector that have cost taxpayers significant sums of money and noting the poor return government has received from its current sale of government land. I rise to speak on the motion for a number of reasons. Firstly, I highlight the very poor economic record of this government. This government has been the worst economic manager of any government in the state's history. The Liberal–National government has taken us from a net debt position of only \$3.6 billion in June 2008 to looking down the barrel of nearly \$40 billion of debt by 2018–19. That is just astronomical. During that time, we have heard what outside regulating agencies and commentators have had to say. In August 2014, we saw that the wheels were well and truly falling off when the Barnett government lost the state's AAA credit rating. Western Australia has now been downgraded from AA1 to AA2. This government is going down the tube badly. The *Government Mid-year Financial Projections Statement* that came out at the end of last year was shocking for many people. It took us to a new and unprecedented low. It has certainly taken us to unprecedented debt levels with the prediction of nearly \$40 billion of debt by 2018–19. Now these poor economic managers are going to raise a few billion dollars from asset sales. They will do that at a time when market values are well down and at the expense of future generations.

**The ACTING SPEAKER (Mr N.W. Morton)**: Members, a number of conversations are happening in the chamber that are making it difficult for me and, I assume, for Hansard, too. Keep the volume down.

**Mrs M.H. ROBERTS**: The decisions of the Barnett government, because of the dire financial state that they alone have taken the state of Western Australia into, will have consequences for generations to come. It is all very well for the Premier to talk about raising a few billion dollars through asset sales, but some of the so-called asset sales are going to be even more costly into the future. Although this may give us a quick sugar hit and get some cash in now to help the Barnett government through the next year or two, the longer-term consequences for my children and everyone else's children and grandchildren concern me. The debt anchor the Barnett government has placed around every child born in Western Australia will have significant implications for generations to come. Let us look at selling something like the Fremantle port—the port built out of the vision of C.Y. O'Connor—which has been such a strategic asset for this state for so long. To think that Fremantle port could be flogged off by the current government to cover its debts is alarming. Once an asset like that is sold or leased, it is gone. The Premier very cutely talks about 99-year leases—it is not only the Premier who will not be here in 99 years' time; no-one will be here in 99 years' time to potentially get the lease back—but a 99-year lease is as good as selling the asset. Once sold, we cannot retrieve it. Buying an asset back will be nigh on impossible. There are many reasons core assets such as Fremantle port should be kept in public hands. Fremantle port was built by the public, paid for by the public and used by the public, and profitable for the public, earning an income for the public, the community of Western Australia, year in, year out and well into the future. It makes sense to keep an asset like Fremantle port. Flogging it off at this time is senseless. Indeed, I think flogging off a key asset like that at any point in time is totally senseless.

Let us consider other matters around key infrastructure such as a port. We saw recently the sale of the port of Darwin. What overseas interests are going to be buying our port? What are the security implications for having overseas owners of our port? What will that mean for future generations? These are all significant issues—issues that this government would prefer we did not question; issues that this government thinks we should quickly sign

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

up to to help it out of its immediate debt problem. The opposition is not about to do that because we do not see a sale of that nature being in the short-term or, more particularly, the long-term interests of Western Australians.

Another big asset earmarked for sale is Western Power. This is another strategic asset for our state. To think this government could sell off to multinational companies and put into foreign hands strategic assets such as Fremantle port, Western Power or other key infrastructure is alarming. I think that a lot of people in the community will be alarmed by it. This government says, “Trust us; we think it’s a good idea.” The fact is I would not trust this government as far as I could throw it. Let us look at the mess it has got us into so far. I know why we have this mess. I do not think we can blame the current Treasurer for the mess. Yes, he was part of government for all that time, but he is the seventh Treasurer sworn in during the time of the Barnett government. Let us look at the debacles we saw with earlier Treasurers. The Premier needs to wear a good share of the blame himself. As I and others have pointed out over the years, the Premier has form when it comes to cranking up debt and not living within his means and bursting the budget. That was his form as a minister in the Richard Court government. When he was Minister for Education, he was given a budget to work within. Did he work within that budget? No! Did he have form and not work within his budget year after year? Absolutely! That is exactly what characterised him as a minister; he was a minister who wilfully would not work within the budget that he was given as part of the budget process. Year after year he instructed his department to overspend and not to worry about it—the Treasurer would just have to top up the funds! The reason all of us know that that is how he operated, quite apart from looking at it in the budget papers year after year, is that it was brought to our attention when a letter from the then Under Treasurer John Langoulant was made public in which he was openly critical of the education minister for not doing his job and not living within his budget—spend, spend, spend, and let someone else pay the bill. The Premier has brought that exact attitude into his government.

Then we had Christian Porter and Troy Buswell, and Mr Barnett was Treasurer a couple of times. I have to question the Premier’s judgement when he appointed his good mate Troy Buswell to be Treasurer on a couple of occasions. He was appointed first up, then he was put on probation and the Premier reckoned he would ride him harder than Black Caviar. What a joke! This is a bloke who had significant problems. These problems did not arise in the last year or two; they were there for anyone to see. They were obvious for anyone to see from the day that Troy Buswell arrived in this place. He was a buffoon who belittled other people in this house and who thought it was funny to do so. He did it in this place, and everywhere he went. He thought it was funny to unclip someone’s bra as a party trick. In opposition, he thought it was funny to sniff chairs after women got up from them! Troy Buswell did not do that once; he did it more than once. Anyone else would have been relegated to the back bench for a very long time and told, “It’s great you’re a very popular person in your electorate, but you’re not ministerial material.” What did the Premier do? He did not just make him a minister; he made him Treasurer of the state. When he got up to his buffoonery —

*Point of Order*

**Mr V.A. CATANIA:** I cannot see how this is relevant to the motion that the opposition has moved.

**Mrs M.H. ROBERTS:** Further to the point of order —

Several members interjected.

**The ACTING SPEAKER (Mr N.W. Morton):** Points of order will be heard in silence. Further to the point of order, member?

**Mrs M.H. ROBERTS:** Further to the point of order, this goes to the character of the former Treasurer and the botch-up he made of the state’s finances, supported by the Premier. He is a big part of the reason we are heading towards \$40 billion worth of debt.

**The ACTING SPEAKER:** I have heard the arguments. I encourage you to talk to the crux of the motion before the house.

*Debate Resumed*

**Mrs M.H. ROBERTS:** I will do that, and I thank you for your advice, Mr Acting Speaker.

The fact is that the finances of this state have just been in slippery hands from the moment Premier Barnett took office. They have been in his slippery hands, they have been in the slippery hands of Mr Buswell, and then back to the Premier. Even after Mr Buswell blotted his copybook yet again in government, he shed a few tears and the Premier reappointed him as Treasurer. We are now asked to trust this government with our assets for the future. These people said at the last election “fully funded, fully costed”. What a lie! It was not fully funded and fully costed. Then the Premier tried to say that it was not him saying that; it was just a slogan that Ben Morton put on every single piece of election material!

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

The fact is that we cannot trust this government on finances. We are heading towards unprecedented debt. We are now being pushed towards decisions on selling key government assets. Many of those assets, of course, are income-producing assets for this state. When Eric Ripper was Treasurer and I was part of that government, Eric used to give us very strong advice on managing the budget. He was very keen to keep within a spending envelope not just for the current year, but for the out years. He took a prudent and responsible approach to government spending. There was no guarantee that the boom years would continue and we would continue to have massive revenue; we had to plan as though the revenue outlook was not as rosy as some would like to pretend. On that basis, he took a very responsible attitude to spending. He also used to talk about so-called good debt and bad debt. If members in this house do not understand the difference, good debt is debt from which future income can be earned and is an investment; bad debt is debt incurred with no return on investment.

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

**Mrs M.H. ROBERTS:** Fancy someone from the National Party interjecting! It is just absolutely incredible.

**The ACTING SPEAKER:** Minister, you will have a chance to respond.

**Mrs M.H. ROBERTS:** We are now seeing the sale of good assets—good income-earning assets—and a lot of it is very, very short-sighted.

I particularly want to home in on some of the assets I am fearful will be sold from my electorate, and, as the motion states, the poor return government will receive from its sale of government assets. One asset that will be put up for sale in my electorate is the former Swan District Hospital site. I highlight the difference for the Premier and all members on the government side: it was never “Swan Districts hospital”. Swan Districts is a football club; it was a never a hospital. The Swan District Hospital site is very large, and this government is now prepared to flog it off. My community is very worried about what will happen with that site. We can all see that it has fabulous potential, but we are also very fearful of losing that local community asset. I raise that particularly because, as we all know, there will be future government needs as well as current government needs. As an aside, I will mention some of the things for which governments need land. One is community justice centres, which are generally not popular in residential communities. There is also a need for more drug rehabilitation centres and accommodation for the aged, and government will need to find sites for all those things. But what we are seeing all too often—a bit like this government’s ham-fisted attempts at inflicting community justice centres on communities—is the government going through this whole palaver of purchasing a site, advertising it, trying to get zoning, upsetting the community and making a complete botch of it. Similar to other quasi-institutional uses of land, there is often, quite rightly, some push back from local communities. But the Swan District Hospital site is very proximate to Midland town centre and to other services and could be used for a range of purposes. In the eastern region there is almost no greater need than for housing for the aged, with very few sites available. I very often speak to people in their 40s and 50s in my electorate about them trying to find accommodation for their elderly parents. I also speak to people visiting Midland from the wheatbelt and neighbouring country regions who are looking to accommodate elderly parents or elderly family members within the Midland and broader eastern region, including the hills area. They are looking for local nursing homes and accommodation for the aged; they are in high demand. More often than not I hear from people who, when the need has arisen, have had to look at putting their elderly parent into a nursing home in Osborne Park, Mosman Park, somewhere in the western suburbs or somewhere in the far northern suburbs because they are not able to locate them in the Swan Valley.

[Member’s time extended.]

**Mrs M.H. ROBERTS:** They are not able to locate them in the Perth hills or the Midland region, and it is very difficult to find sites. The Swan District Hospital site covers a massive amount of land, and my view is that at least part of that site could be used for that kind of government purpose. But by the time this government wakes up to it or another government seeks to implement it, can members imagine the cost of purchasing a suitable piece of land for that purpose?

The situation is likewise with drug rehabilitation centres. We often hear that one of the things driving crime rates in the community is too many people on methamphetamine and hooked on drugs. The cry from many parents in my electorate—I am sure all members’ electorates—is, “Where can we take them? Where can we get assistance? The number of places is limited.” By and large, a lot of people do not want to live next door to a drug rehabilitation centre. If the government suddenly decided to purchase two or three houses or a large block of land in the suburbs and said, “We’re putting in a drug rehabilitation centre where we’re going to house 20 or 30 people”, that would create a lot of alarm within the community. In an average residential street people would say, “I have little kids; I don’t want crazed drug addicts—recovering drug addicts; whatever—in my street and in my community.” But the advantage of a site such as the former Swan District Hospital site is that a discrete location could be found within a broad site such as that, and that kind of facility could be provided. In my view

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

there would be very little push back. The river is on one side and a major road, the Great Northern Highway, is on the other side. Eveline Street contains few residential properties and on the other side of the site is Midland Brick. Although that site is well connected to the local community, it is in many ways isolated from immediate residential areas.

I would like the government to be engaged in that kind of thinking—a whole-of-government approach that looks at the community's future needs. What does the community need? What services and supports does the community need? That is what government is supposed to be about. That is the role of government. How do we serve our communities? What do we do to help out those communities? Is it right that to access a drug rehabilitation service people must go to Esperance or wait on a waiting list for six months to go somewhere else? Is it right that somebody who has lived their whole life in Midvale, Guildford or Toodyay, must live in retirement in Mosman Park? I do not think so. Does government have an obligation to do the right thing here? Absolutely, it does. From a social and moral perspective many of these things are the right thing to do. That is what the government should be doing. Even more than that, I make the case that it would be economically sound to think through these needs and make those decisions. I am sick of government selling off perfectly good sites suitable for a range of government purposes to only then, when a government agency gets funding to do something, purchase sites in the community that cost three, four or five times the amount of half of the land it could have had had it kept its assets. This entire site is going on the market and we have to put our trust in this government that it will somehow do the right thing by the community. I do not think that is right. I think local people should have a say; the local community should have a say in what goes on at the Swan District Hospital site. It is a local asset. It is a local Midland regional asset for the Midland regional community. Those dollars should not just be rounded up and put into Treasury coffers because of the Barnett government's mismanagement.

I raised similar concerns in the late 1990s in this place when I called for the establishment of the Midland Redevelopment Authority. It fell on deaf ears year after year. Then in 2000 the government finally saw sense. At the time a lot of little bids and offers were coming in for the former Midland railway workshop site from people who wanted to run microbreweries or set up racetracks. All kinds of proposals were coming in from everywhere. I said that surely government should take a strategic and coordinated approach and that it should not just chop up that site and sell it piecemeal to the highest bidder. That did not make sense. The Midland Redevelopment Authority was established so that government could decide on the highest and best use for that sizeable parcel of land and meet community needs and interests by balancing that with getting in some revenue from that site. That is what occurred. The same thing should be occurring with the Swan District Hospital site. We should be getting a good deal for local people. That money should not be taken out of the Midland community and just popped into Treasury to help pay off Elizabeth Quay or any of the other debt projects that this government has.

Whilst I am on this topic, I am also worried about other smaller sites, such as the Midland Primary School. Again, I understand that that site in the centre of Midland has been strategically kept by the Department of Education. It has now come to the stage that that school needs to be reopened. Yes, there “coulda, shoulda, woulda” been other options, and there are certainly more expensive options that would meet community needs, but, by way of example, this is exactly the point I have been making: if the Midland Primary School site had been sold off, the government would now be looking for a greenfields site to cater for the overflow of students at the Guildford and Woodbridge Primary Schools. Those schools are servicing the needs of the member for Belmont's constituents. People in South Guilford and Rosehill do not have a school. No school has been built in South Guilford, so all the kids—there are a lot of them—from South Guildford and the Rosehill and Waterhall estates and the new estate that eventually will be going in on the former golf course, are in the catchment of Guildford Primary School. The only problem is that Guildford Primary School is absolutely full. There is no room for expansion. It is the oldest, continuing, operating primary school in the state and there is no room for expansion. It is a heritage site and there is not even room to put a demountable on that site. So the surplus students, those who cannot fit in the doors even though they are in the catchment of Guildford Primary School, have to go to Woodbridge Primary School. The only problem is that that school is now full. Plans have been drawn up, which have little outline, for up to 10 demountables on a 2.4-hectare site. These days an average primary school is built on sites of four hectares, so that is about half the size. If those demountables are put on that site, that school will lose play space on the oval, their vegetable and community gardens, and a range of other things. Of course, the government has a very cheap option sitting there—that is, opening Midland Primary School in stages, starting with those early years, to cater for the students in that area rather than having to find a site. When I say it is a cheaper option, I mean that the land and the buildings are there and only a bit of refurbishment is required. If that site had been sold off 10 years ago when the school was closed, it would not be at the disposal of the government now. It would not have that option. It would be looking at purchasing a four-hectare site from developers probably in South Guildford to cater for the students there.

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

That takes me back to this point: we have seen very poor financial management in so much of what this government has done. It has absolutely burst the bank. There has been the most unprecedented growth in debt and we are now looking at a fire sale of government assets. The big ones like the sale of Western Power and Fremantle port make the news, but there are other sales that are really big for local communities, like the Swan District Hospital site and others like the Midland Primary School site and probably a variety of former government sites.

This government has moved out of Midland big time. It has shut the licensing centre. The Midland licensing centre operated on Great Eastern Highway for decades, probably since the turn of the previous century. That is how old the licensing centre would have been in Midland. Although the buildings were probably built in the 1960s or 1970s, a licensing centre has existed in Midland since before then. It has now been closed. The Legal Aid WA office has been taken out of the Landgate building. Perhaps the Treasurer or the National Party can explain what is happening with the Landgate building and how many square metres the government will retain in that key government building within the heart of Midland.

They are my concerns. My concern is as basic as this: we cannot trust this government with the management of government. It has done, as the member for Victoria Park has said, one bad deal after another and it is now flogging off key assets at a bad time in the market, when it will not get the best value return and it will be denying future generations the opportunity of earning income from key assets. Further opportunities will be lost because some of those assets or land parcels will not be available for future government use.

**MR D.J. KELLY (Bassendean)** [4.59 pm]: I want to make some comments in support of this motion, which criticises the government for some of the many deals it has done with the private sector. The only difficulty on this side of the house in participating in this debate is choosing which deals to highlight. I will take two, and with regard to the first, as shadow Minister for Water I have watched the train wreck that is the government's decision to privatise the engineering and construction services at the Water Corporation. That deal simply does not make —

**Ms M.J. Davies** interjected.

**Mr D.J. KELLY:** The minister is saying unemployment is a train wreck. I look forward to her being unemployed —

**Ms M.J. Davies** interjected.

**Mr D.J. KELLY:** The minister has justified this terrible decision on the basis that, by privatising this enterprise, the government is going to guarantee the employment of the staff that the minister has made redundant. The buyer, RCR Tomlinson, has done very well out of this enterprise. It is funny that the minister should raise the issue of employment, because only this week RCR Tomlinson has flagged 270 redundancies.

**Ms M.J. Davies** interjected.

**Mr D.J. KELLY:** I look forward to the minister actually getting off her whatever and standing up to speak, rather than interjecting, because when I ask her questions in this place about this deal, she is quiet. I have asked the minister, "Will you release the contract?" She cannot answer that question. I have asked, "Will you release the business case for this deal?" She will not answer that question. She is so gutless that when I get up to speak on this issue —

*Withdrawal of Remark*

**Ms M.J. DAVIES:** I actually do not think "gutless" is parliamentary language. Ask him to withdraw it.

**Ms M.M. Quirk:** The Premier used it today!

**The ACTING SPEAKER (Ms J.M. Freeman):** Member for Girrawheen, I can hear points of order in silence. Member for Bassendean, just watch your language. I will not ask you to withdraw at this point in time, but please watch your language and direct your comments to me. Members will hear the debate; just direct your comments to me. Thank you, member.

*Debate Resumed*

**Mr D.J. KELLY:** Madam Acting Speaker —

**Mr V.A. Catania** interjected.

**The ACTING SPEAKER:** Member for North West Central, I will officially call you for the first time on the basis that you knew who I was asking to refrain from speaking, yet you waited until the debate resumed. Please, let us get on with the debate. Thank you.

**Mr D.J. KELLY:** The minister has refused to answer basic questions about this deal. I have asked the minister to provide the contract and she has refused. I have asked the minister to provide the business case; she has

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

refused. I think it shows a lack of courage—maybe the minister would prefer me to describe it as a lack of courage—for her to refuse to answer basic questions about this deal and then, in a debate like this, to just jump up and interject. If the minister had courage and believed that this deal was really in the best interests of the public, she would provide the contract and she would provide the business case. If she has nothing to hide around this deal, she would not sit there and say nothing when she has the chance to enlighten the public as to why she has made this decision.

I suspect she will not do it because the more we see of this deal, the more it smells. It smells terribly. The government sold that entity for \$10.4 million; we now know that it cost the taxpayer more than \$8 million to actually go through the sale process. When we look at the cost of consultants, the costs of redeploying staff and the costs of the redundancies the government paid, it comes to more than \$8 million, and all the government got for the engineering and construction division was \$10.4 million.

The minister says, “We didn’t do it to make money.” Well done, minister. On that key performance indicator, she has actually succeeded, because she has not made any money. The minister has said that she did it to secure people’s employment. We know that RCR Tomlinson has, this week alone, announced 270 redundancies. I would love the minister to stand up in this debate rather than doing the thing that lacks courage, which is to just interject rather than actually standing up and participating in the debate. I would rather the minister —

Several members interjected.

**The ACTING SPEAKER:** Members! Members! The member for Bassendean has the floor. You are interjecting, minister. If you do it again, I will call you.

**Mr D.J. KELLY:** The member for North West Central talks about the truth. He could have told people the truth before the election when he ran as a Labor Party candidate and then jumped ship. That would have been the truth.

**Mr V.A. Catania** interjected.

**Mr D.J. KELLY:** You are gutless! Do not talk to me about telling the truth!

**Mr J.M. Francis** interjected.

*Withdrawal of Remark*

**The ACTING SPEAKER (Ms J.M. Freeman):** Members! I am on my feet! You can stand up and withdraw that, and, member, you can stand up and withdraw that as well.

**Mr J.M. FRANCIS:** I withdraw.

**Mr D.J. KELLY:** He called me a thug!

**The ACTING SPEAKER:** No, not that comment. You can withdraw the “gutless” comment.

**Mr D.J. KELLY:** The member is not gutless. He is not up to that. I withdraw that.

**The ACTING SPEAKER:** Right; I am on my feet. If one more person speaks when I am on my feet, I am going to call them. We can all calm down now.

*Debate Resumed*

**Mr D.J. KELLY:** This deal just does not make sense on any level. The government sells an asset for \$10.4 million when it costs it more than \$8 million to go through the sale process, and then it says, “It doesn’t matter that we didn’t make any money because we never sought to make any money out of it.” I find that bizarre. We have an agency that under the Water Corporations Act is required to act in a financial or commercial manner, yet the minister says, “We’ve sold this asset. We know we won’t make any money out of it, but we did it for some altruistic purpose, which was to try to secure people’s employment.” That does not stack up, for two reasons. One, RCR Tomlinson has just announced that it is going to make 270 people around the country redundant, so the job security of people who have gone from the Water Corporation to work for RCR Tomlinson seems pretty suspect in itself. If the minister was so concerned about maintaining employment in the Water Corporation, one would wonder why she has cut more than 400 other positions at the Water Corporation over the last two years. She is busily cutting jobs at the Water Corporation but when it comes to privatising this asset, she is saying that she is doing it to keep jobs. The fact that it does not stack up financially does not make sense; it is apparently because she is trying to keep jobs. Nothing the minister has done while she has been Minister for Water has been consistent with keeping jobs at the Water Corporation. For some reason she has sold off the engineering and construction division of the Water Corporation. It does not stack up financially, so she says, “Well, I’m actually doing it to save jobs”, when we all know that is not what is happening at all.

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

There are other aspects of this deal that simply do not pass the pub test either. We know that when the Water Corporation sat down to make the decision as to whether or not it would privatise this asset, three members of the board had a conflict of interest.

Three members of the Water Corporation board had links with potential buyers of the engineering and construction division. All three of those board members participated in the original decision to put the asset up for sale. To any member of the public, that is a conflict of interest. If a person is sitting on a board and deliberating on a decision about whether to put an asset up for sale, and they have links that they would identify as being such that they have a conflict of interest, they should not participate in that decision. We all know—not because the minister made it public, but through various FOI requests and questions that we asked in this house—that three members of the Water Corporation board had links to potential buyers of this asset. They all participated in the decision to put that asset on the market. However, when that decision had been made and the work was put out for tender, those members of the board did not participate in which tenderer got the work. The minister would say that is fine, because they did not participate in who got the work.

**Ms M.J. Davies** interjected.

**Mr D.J. KELLY:** Madam Acting Speaker, I do not do know whether the minister did not hear your earlier request not to interject. Maybe she has selective deafness.

However, all board members participated in the original decision to put the asset up for sale. People in this government do not understand about a conflict of interest. If we are on a board and we have links to potential buyers of an asset, we should not participate in the decision to put that asset on the market. That is what the public would understand as a conflict of interest. Three members of the board who have links to potential buyers made the decision to put the asset on the market. They then excused themselves. I understand that when the tenders came in, two of the board members came back into the decision-making process, because the people they had links with were not in the running. The asset was ultimately bought by RCR Tomlinson. The chairperson of the Water Corporation is a director of RCR Tomlinson. The minister can dance around and talk about probity provisions and the like. The minister can use whatever jargon she likes. A significant asset of the Water Corporation has been sold to a company. The chairperson of the Water Corporation is a director of that company. The taxpayers who the minister is responsible to think that is unacceptable. That is what this government has done. This asset was sold for \$10.4 million. The sale process cost over \$8 million. The board made the decision to put the asset on the market, and three of those board members had links to potential buyers. The successful buyer of the asset was RCR Tomlinson. The chairperson of the Water Corporation is on the board of that company.

At the time the government announced the sale, it did not 'fess up to the fact that what RCR Tomlinson got for its \$10.4 million was not only the engineering and construction division of the Water Corporation, but also a guarantee from the Water Corporation of \$130 million worth of construction work over the next two to three years. That is interesting. On 14 August last year, I think it was, when the Water Corporation put out the announcement about the sale, it told us that the sale price was \$10.4 million. However, the press release did not say anything about the guarantee of \$130 million worth of work that RCR Tomlinson got as part of the deal. We only found that out —

**Ms M.J. Davies** interjected.

**Mr D.J. KELLY:** I look forward to the minister jumping up and correcting all this when she gets a chance to speak on this motion. I look forward to the minister clearing up all these misconceptions.

The media release from the Water Corporation said it sold —

**Ms M.J. Davies** interjected.

**The ACTING SPEAKER (Ms J.M. Freeman):** Minister, I did say that there were to be no interjections, so I call you for the first time. Member for Bassendean, you have the floor.

**Mr D.J. KELLY:** The Water Corporation sold the asset to RCR Tomlinson for \$10.4 million. The Water Corporation told the public what it sold the asset for, and what a great deal it was. However, it did not tell the public that RCR Tomlinson got not only the corporate knowledge and all the other assets that came with it, but also a guarantee of \$130 million worth of work from the Water Corporation. That was a significant part of the deal. RCR Tomlinson thought that was a significant part of the deal. It told the ASX that that was a significant part of the deal. It also put out a press release saying that it would be a major boost to the company and would enable the company to grow a whole new area of capacity. However, the press release from the Water Corporation does not make one mention of that. The question that I have, and that remains unanswered, is: why does the government believe this is a good deal for the taxpayers of Western Australia? That is what

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

I would like to hear from the minister as part of this debate. The taxpayers did not make any money from this sale.

Another concern about this sale is that it means that the Water Corporation no longer has the internal capability to do construction work, or significant construction work. I understand that about 15 per cent of the Water Corporation's construction work was done by this division of the Water Corporation. RCR Tomlinson got the work by tendering for it. It was not just handed that work. It had to bid and compete for that work. Previously when the Water Corporation had to do construction work, it could either use a private operator or do the work internally. That did a couple of things. It provided discipline for the private companies that were bidding for Water Corporation work, because they knew that the Water Corporation had its own —

**Ms M.J. Davies** interjected.

**The ACTING SPEAKER:** Minister!

**Mr D.J. KELLY:** Minister, there is a world of difference —

**Ms M.J. Davies** interjected.

**The ACTING SPEAKER:** Minister!

**Ms M.J. Davies:** He's staring straight at me!

**The ACTING SPEAKER:** Member for Bassendean, can you stare straight at the Chair. Thank you very much.

**Mr D.J. KELLY:** I am not aware that during our speeches we are allowed to look only at the Chair. If looking at a member opposite is inviting an interjection, that is a new ruling.

**Ms M.J. Davies** interjected.

**The ACTING SPEAKER:** Minister!

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

**The ACTING SPEAKER:** I am on my feet, member for Fremantle. Minister, stop interjecting. I have asked you to stop interjecting. I formally call you now for the second time.

**Mr D.J. KELLY:** The fact that the Water Corporation had the internal capability to do construction work provided a discipline to private operators who tendered for Water Corporation work. They knew that the Water Corporation had the capability to do its own construction work and did not have to choose a private operator, and that if they tried to pad out the tender, the Water Corporation could put in a genuine alternative bid.

[Member's time extended.]

**Mr D.J. KELLY:** Now, all the Water Corporation can do is an internal comparator because as a result of this decision it no longer has the internal capability to do this work. We all know that the public sector comparators that this government uses are hopeless at getting genuine good deals for the taxpayer. Those public sector comparators are hopeless. The difference between an internal construction division with a skilled workforce that is actually putting in a genuine bid for construction work and an on-paper public sector comparator is absolutely worlds apart. We now have the Water Corporation —

Several members interjected.

**The ACTING SPEAKER (Ms J.M. Freeman):** Members, if you want to chat amongst yourselves and pat each other on the back there, that is fine, but go outside and do it. The member for Bassendean has the call.

**Mr D.J. KELLY:** The loss of that internal construction capability will in my view inevitably lead to the Water Corporation paying more for its construction work in the future. I would have thought that members opposite would want to ensure that when construction work was put out to tender there was a maximum amount of competition for that work. When the Water Corporation had that internal capability, the people in the Water Corporation knew they had to sharpen their pencils and put in place the best proposals to get that work, because they knew if they could not compete against the private sector, they would not get the work. The people in the private sector knew that if they put in bids that were really taking the proverbial, they would not get the work because the Water Corporation could do it itself. This government has taken away the ability for the public sector to put the pressure on those private contractors to make sure that when they tender for Water Corporation work, the taxpayer is really going to get the best value for money.

The other thing the minister has said is that the government sold the construction off because the Water Corporation now has a reduced need for construction work in the future—all the bid work has been done and the desalination plants and those sorts of things have been built, so there is not as much need for construction work in the future as previously. It is true that under this minister over \$1 billion worth of capital expenditure has

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

been taken out of the Water Corporation's five-year plan. This minister has done her best to gut the Water Corporation of its asset investment program, not, I might add, because it is in the best interests of the Water Corporation, but because there were directions from above that it needed to curtail its asset investment program in order to keep a lid on state debt. It was not done because it was in the best interests of the Water Corporation, taxpayers or consumers; it was done because people elsewhere in government have blown state debt. I know members of the National Party do not see that we have a debt problem, but because there is a massive debt problem now, the Water Corporation under this minister has had its asset investment program reduced by over \$1 billion. That is true, but in the forward estimates the Water Corporation's asset investment program is going up. The minister's claim that we do not need an internal capability for construction because of a reduced requirement does not add up in the budget papers. It is interesting that this week *The West Australian* has reported that it is likely that this minister and this government will have to bring forward the expansion of the water recycling plant currently being completed. That will be a project of about \$100 million. Even with her having cut back the capital expenditure program for the Water Corporation, I predict that this minister will announce the doubling of the water recycling plant very soon, because despite her ridiculous claims that she has droughtproofed Perth, and much of Western Australia, we know that scientifically that is a nonsense. It is the most ridiculous claim.

**Ms M.J. Davies:** Water is coming out of your tap, is it? Are you having showers?

**Mr D.J. KELLY:** The minister's definition of whether she has droughtproofed Perth is whether or not water comes out of the tap.

**Mr V.A. Catania:** Absolutely.

**Mr D.J. KELLY:** I will take that interjection. The minister's definition of whether or not she has droughtproofed Perth is whether or not water comes out of the tap. So, provided water comes out of the tap, she thinks she has droughtproofed Perth. It does not matter whether our aquifers are depleted and it does not matter whether our dams are empty. It does not matter that we started the desalination program and the Liberal Party said it would be a huge white elephant. It does not matter about any of those things. When the minister says she has droughtproofed Perth, she means when you turn the tap on, water comes out. That just shows the ridiculousness with which the minister takes her job. There is no scientific basis for saying that Perth has been droughtproofed. I have not heard anyone from the Water Corporation saying that Perth has been droughtproofed. I have not heard any bureaucrat —

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr D.J. KELLY:** I have not heard the bureaucrats 'fessing up that Perth has been droughtproofed. I have only heard two people say that—the Minister for Water and the Treasurer, who foolishly adopted that phrase and put it in his budget speech last year. We now know that when the minister says she has droughtproofed Perth, all she means is that when you turn the tap on, water comes out. That is remarkable. It is does not matter where that water has come from or what the environmental impacts are. It is just that if the water comes out of the tap, Perth has been droughtproofed. I have asked the minister previously to clarify what she meant and what her criteria were for making that claim, and I thank her very much for confirming today that Perth has been droughtproofed if when you turn the tap on, water comes out.

In the remaining five minutes I have I want to touch on one other deal that this government has done that shows just how appalling it is at these decisions. It is not in the Minister for Water's portfolio; it is actually in the portfolio of the Minister for Health. I just want to touch one aspect of the decision to privatise the Midland Public Hospital facility. This is a public hospital half funded by the federal government and half by the state government. This government made a decision to enter into a contract with a private provider, which for religious reasons will not provide all the facilities we would expect at a public hospital. I find that incredible in this day and age. There will be no contraceptive advice and no terminations purely because of the religious grounds of the operators that have entered into the contract. The Premier in this place has said he is not happy about that. I find that extraordinary. Cabinet members sat around a table, assuming that all were there and some were not outside, and entered into a contract with St John of God Health Care. Unless they were completely not on this planet, they should have been completely aware that those were the conditions that St John of God would place on running that hospital.

I do not blame St John of God, because it was up-front about what it would or would not do, nevertheless, the government entered into that contract. I find that absolutely incredible. We have a Premier who says he is not happy about it, yet the members opposite let it all go through. How does anyone opposite justify that in the twenty-first century? In the twenty-first century, how does anyone justify giving a contract to a private provider that will only provide facilities based on what is acceptable to its particular religious beliefs? That is completely

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

unacceptable. Ever since then, the problems started. The government thought that it needed to provide those facilities to the people of Midland, so what did it do? It put out a tender for a separate provider to provide those services in a clinic that the government believed would be placed at the end of the car park for the Midland Public Hospital. It actually put out an expression of interest calling for people to apply to provide that day surgery. St John of God was not happy about that. It did not want that clinic to operate on its site, so it told the government that if it builds it, it will not allow people who go to that clinic to use its car parks—“We won’t allow people who go to that clinic to access that clinic by using our driveways or our entrances at all.” St John of God told the government that it wanted a hard fence between its facility and car park, and that clinic. As a result of that, the proposal did not go ahead. The government is now paying a clinic down the road \$1.5 million to upgrade that clinic to the required standard and then paying that clinic hundreds of thousands of dollars a year to provide those services, when they could have been performed in the \$300 million hospital that the public just paid for. That was an appalling decision; a privatisation based purely on ideology, not on what is in the best interest of the taxpayers. Once again, members opposite let that deal go through when the problems that it would create were so obvious to everybody. It is just another example of how members opposite get themselves into trouble when the government does these privatisations. You guys let it through.

**MS S.F. McGURK (Fremantle)** [5.32 pm]: I would like to make a contribution on the question of privatisation and the many pitfalls that we need to be aware of when government assets and services and public assets and services are sold off to the private sector. What is most worrying is when the criteria for selling those services or assets are not made because a private provider can offer a better, more efficient and effective service than the government sector. The big worry is when assets and services are sold off simply because the government is chasing the dollar. Time and again we have seen matters come before this house and the Western Australian public, where we have seen that the privatisation process has been so poorly undertaken with such short-sighted interests in mind that the WA public and the WA taxpayer, more importantly, are left footing the bill and are essentially worse off.

A good example is asset sales in my electorate of Fremantle. A series of asset sales have been announced, particularly over this current term of the Barnett government, and I have yet to see a penny of proceeds of those sales come back into my electorate. A good example is the sale of the previously private, and then returned into government hands, Kaleeya Hospital. It was used for day surgery and was a maternity hospital. It was a very good hospital and a very good facility. I have spoken before in this house about being approached by some of the medical practitioners who worked in that hospital who said it was an absolute shame for women in the southern suburbs and the south metropolitan health area to not have access to a facility like Kaleeya to give birth. For them to now go to Fiona Stanley Hospital—an expensive tertiary hospital—in the case of uncomplicated births is overkill and poor health spending, and is usually a bad personal option for those women giving birth. It was much better for them to be in a smaller and more intimate environment that was Kaleeya. But no, this government was quick to sell off the facility, and the reported sale was \$17.5 million for the 10 000 square metre facility in East Fremantle. It has been sold to the aged care facility, Southern Cross Care, but in the Fremantle area we do not see a penny of that.

We have had significant land sales in White Gum Valley. Where some of those land sales were amassed closely together, people were planning and hoping and the Department of Lands was planning a strategic development in that area, similar to the old Kim Beazley School site. But no, individual lots have been sold in White Gum Valley to the highest bidder, and I think we will get a very poor planning outcome as a result.

We have seen some money spent on the Warders’ Cottages, the result of campaigning by not only me, but also the local community. That money needed to be spent on the Warders’ Cottages, but that money will only be spent for the Warders’ Cottages to be sold off. We have got the planned sale of the old Potato Marketing Board site in Coogee, which I understand has not been sold, but just in the last week or two, I understand that the old Police Station, which was originally the Magistrates Court, has now been sold; I am not sure for how much. It is good that something will now be done with that particular site, but I hazard a guess that Fremantle will not see a penny of it. Along with the 2 000-plus jobs that this government has stripped from Fremantle Hospital, we see all sorts of property and assets taken from Fremantle and not a penny being invested back into the Fremantle area.

There are lots of examples of privatisation gone wrong by this government that has written the rule book on how not to sell off government services or assets. Just this week in Parliament we heard about the charges and the deal with the car parking arrangements at the new children’s hospital, and the difficult situation that families will be confronted with when they have to be in that hospital with their children for long periods. For many, that will be very difficult, when they know that the clock is ticking on the expense of car parking arrangements, at \$23-plus a day. We could talk about the operations of the tier 3 rail line; an incredible situation. I was just refreshing my mind, rereading the results of the committee that handed down its findings in 2014 into the

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

arrangements and contracts around that rail line, and what a debacle the management of that sale has been under conservative governments. It was an incredible situation, in which we had the community and Co-operative Bulk Handling Ltd wanting to use that rail line, but because of the amendments made to the sale process, that was not able to be done. If the Nationals had been doing their job, we would have seen a better outcome on the operation of the tier 3 rail lines.

I would particularly like to address the sale of Fremantle port this afternoon because it is an incredible situation.

**Dr A.D. Buti:** We will see if the minister interjects on you now!

**Ms S.F. McGURK:** That is right.

**The ACTING SPEAKER (Ms J.M. Freeman):** Member for Armadale!

**Ms S.F. McGURK:** I thought the Perth Freight Link project had gone from bad to worse. The whole Perth Freight Link debacle has been astounding. As a new member of Parliament, I must say that the Perth Freight Link has been manna from heaven. When I talk to people in my electorate and in surrounding electorates, they cannot help but roll their eyes; some of them laugh, but they laugh with an air of desperation, because they think that it is incredulous that the government could have embarked on this Perth Freight Link. It will cost nearly \$2 billion in public expenditure, and that is before it gets across the river. The freight then has to get across the river and into the port. We do not know whether it will take out houses in Palmyra or in Hamilton Hill or whether it will tunnel under White Gum Valley or under Hilton. Either way, \$2 billion later, the freight still has to get to the port. I would be very surprised to see Perth Freight Link and Roe 8 built—quite frankly, it has been a complete mess.

I want to speak about Fremantle port. We learned from an article published on 2 March that the Australian Competition and Consumer Commission chairman, Rod Sims, acknowledged in a confidential letter to the Premier that privatisations are usually positive—the ACCC is usually a fan of privatisation because typically they improve overall economic efficiency—but in this case, in correspondence to the Premier, Rod Sims warned —

... obtaining the highest price was “an inappropriate way to judge success”.

I and other members have spoken in this house about the warnings the ACCC is giving about the conflict to the public interest of selling monopoly infrastructure; that is, that governments will be motivated to get the highest price for those assets, but in order to get the highest price, they will be necessarily required to put fewer and fewer rules that may be in the public interest around that sale. Essentially, that is the ACCC’s concern. That does not seem like a complicated argument to put, and it seems that most of the Western Australian public seem to agree with that view. I am sure it was not lost on other members of this house that the ReachTEL polling reported by *The West Australian* in late March showed that 57 per cent of Western Australians thought that the Labor Party would do a better job of managing the state’s finances, compared with 44 per cent who thought the Liberal Party would do a better job. In that polling, which was a significant sample of 1 248 voters, over 60 per cent of those polled opposed selling assets such as Fremantle port and Western Power to repair the budget, and only 22 per cent supported the measures. The government should be very, very cautious of the argument that people understand selling a piece of monopoly infrastructure is something; in fact, people are opposed to it.

**Mr V.A. Catania** interjected.

**Ms S.F. McGURK:** I am not taking interjections from the member. The member should take the opportunity to speak when it comes to him; I am not really interested in speaking to him—ever actually.

Several members interjected.

**The ACTING SPEAKER:** Member for Girrawheen, I am on my feet! Member for North West Central, the member is not taking the interjection. If you do it again, I will call you again.

**Ms S.F. McGURK:** I certainly would not take interjections from someone who would change party. I think the lack of moral fibre from that member is astounding; it is just incredible.

The ACCC has concerns that there is a contradiction between policies that need to be put in place in the public interest and a government desire to maximise the sale price. Those two issues are at loggerheads, and voters get that. What variables in the sale of the Fremantle port might influence the sale price the government might extract for that asset? The first and most obvious variable is any control on the prices that stevedoring companies or any other operators such as those dealing with freight containers or bulk and general freight or live exports are charged to undertake their business. That is one variable that could influence the sale of the port. Again, Rod Sims, or the ACCC, in correspondence to Colin Barnett and the Treasurer, outlined those concerns. The Treasurer tabled the correspondence he received from the ACCC on this matter. I referred before to correspondence that the ACCC sent to the Premier in August 2014. In this correspondence to the Treasurer in September 2015, the ACCC states that

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

any sort of regulatory regime over port operators will be a poor system, that it is essentially very difficult to manage the prices port operators will be charged and that the government needs to be mindful of that. It is quite likely that increases to charges to stevedoring companies and other port operators could be passed on to the WA public. Again, I think that the voting public of WA understands that really all this government is interested in is chasing a dollar in a short-sighted way, and that the government is not talking about asset recycling or selling the Fremantle port to invest the money from the sale into other important infrastructure projects or income-generating assets, like an outer harbour or even a public transport project. The government is not talking about any of that; it is just talking about selling this port to get the highest dollar it can to deal with its massive debt.

Another variable that might influence the price is the number of containers that come in and go out of Fremantle port. This is a crucial question, because until the announcement of the Perth Freight Link, it was commonly accepted that the maximum number of containers coming in and going out of Fremantle would be 1.2 million containers a year. I have spoken about this before. I think we are at about 740 000 containers a year now. After Perth Freight Link was announced, the government put on the table information—scant as it was—about Perth Freight Link being predicated on 1.4 million containers a year. That is nearly twice the number of containers in and out of Fremantle port than we see today. Already, we have seen a lot of trucks and traffic coming in and going out of Fremantle and a lot of congestion. Initially, 1.4 million containers a year would have seen container traffic more than double.

[Member's time extended.]

**Ms S.F. McGURK:** The government is now talking about two million-plus containers, which is in the vicinity of three times the current number of containers coming in and out of Fremantle port. The key point the government needs to address in the sale of Fremantle port is the maximum number of containers in and out of Fremantle, a 120-year-old port—that is, if it gets around to selling that asset.

I attended a lunch in Fremantle hosted by the Fremantle Chamber of Commerce at which the Minister for Transport was asked how many containers he saw as acceptable going in and out of Fremantle. I was interested to hear the Minister for Transport say that it would be up to the public to decide how many containers they thought would be acceptable to move in and out of Fremantle. That was an extraordinary position for the Minister for Transport to take. I have never heard the minister or anyone from the government say how they intend to arrive at a figure that is acceptable to the Western Australian public and the local community of how many containers would move in and out of Fremantle. As I have said before in this house and elsewhere, increasing traffic is completely contrary to the government's planning policy, which encourages density in places that have public transport, good beaches and fantastic public and community amenity, such as around Fremantle, East Fremantle, North Fremantle, Palmyra, Willagee—any area one can think of along the freight route—which are fantastic places to live. Why the government would want to pour three times the number of containers—over two million containers a year—in and out of that port is beyond me. I guess, looking over at the Treasurer now, he would not really care how many containers go in and out of that port or what impact that would have on the community amenity around Fremantle. He would not care that the sole mechanism for transporting freight in and out of Fremantle under this government's plan is a truck-based solution using diesel trucks that are hugely polluting and dangerous for the community. The Treasurer would not care about any of that; he only cares about getting the best dollar he can out of the sale of Fremantle port.

Finally, the other variable that might determine the price of the sale is the timing and the sale construct around the outer harbour or second port for Fremantle. Everyone agrees that the outer harbour is necessary, although this government wants to continue to put it out to the never-never. If members did some calculations on the possible time frames for reaching the maximum number of containers to justify the construction of the outer harbour—say, two million container movements, let alone 1.4 million container movements—it could be as close as 10 to 15 years. As I said, that depends on what the government considers to be a desirable number of containers in and out of Fremantle port. Let us use the average, which is the figure quoted in Fremantle Ports' annual report, but we could also use the percentages used by Infrastructure Australia. The figures vary for the growth of freight movements in and out of Fremantle. Let us say the average growth is between 4.5 per cent and six per cent a year. If we compound those figures, it could be that we would need the outer harbour anywhere between 15 and 17 years. Presumably, it would take a number of years to put together the planning, even if it is done in a staged approach. Either way, it is crucial that the government starts to address this question of when the outer harbour will be needed. The concern is that in the sale process the arrangement for the outer harbour could be compromised in order for a private operator to sweat the asset, basically, to get the most that they can out of the inner harbour. The timing and arrangements around the construction of the outer harbour will be a crucial issue in the price extracted for the sale of Fremantle port. Essentially, the more conditions or constraints that are placed around any of those things—the arrangement with the outer harbour, the maximum number of containers that are allowed in the inner harbour or the pricing regime that might

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

apply to port priorities—the more the price is dampened, which is not in the government’s interest. Rod Sims has made all these points a number of times publicly and to the government, both to the Premier and the Treasurer; he could not have said it more clearly.

The other obvious point is that Fremantle port is an income-generating asset, which again is obvious to the WA public. They understand that the government is selling an income-generating asset—not to buy or invest in another income-generating asset, but simply to retire the considerable debt that has been amassed by this government. The combined income to the state government from Fremantle port includes the dividends and income tax equivalents. Government trading enterprises must pay tax equivalents under the principle of competitive neutrality. Under that principle, tax equivalents are state revenue that is paid directly to the state government. With a private operator, that income tax is obviously paid to the federal government. There are benefits from receiving tax from a government trading enterprise. If we include the income tax equivalents and dividends from Fremantle port from 2011–12 to 2014–15, the total is \$145.6 million received from Fremantle port. As I said, people understand that; it is not difficult. It is obvious from the last financial year in which net profits for 2014–15 were \$48 million and dividends and income tax equivalents paid to the state government were \$68.3 million. However, this government would sell that asset and we would have nothing to show for it.

The National Party likes to spin its position on Fremantle port as having stood up to the state government on the sale of Fremantle port, but its ministers sat in cabinet when these matters were debated. The Treasurer said that the Nationals were in cabinet when this matter was decided, but later he said that they had actually stepped out of cabinet when this matter was debated. The National Party wants to have two bob each way. It wants to be there when it suits it, but when this so-called alliance government that it has does not suit it, the National Party wants to step out of the room when decisions are made that might be unpalatable to it. I think the Western Australian public understands that if it votes for the National Party, it is a vote for conservatives, the Liberal Party and Colin Barnett. The public understands that if it votes for the National Party at the next state election, just like if people vote for the Liberal Party, the sale of Fremantle port will be delivered to it.

The Treasurer tried to throw in a sweetener. I first heard him speaking about it only a week or two before the Nationals’ position on Fremantle port was made public. The Treasurer started to talk about the money from the sale of the port going to a new live animal export facility in Kwinana. There would probably be support for that in my electorate, although I am opposed to the live export of sheep and aware of the importance of transitioning from that over time—not an immediate cessation of that cruel business—because it would be better if that meat was processed in WA abattoirs under conditions that could be much better regulated. I am worried that moving live animal export to Kwinana would result in an out of sight, out of mind situation, and that would be a big motivator for the government and people in favour of that industry.

The Treasurer talked about a state-of-the-art live export facility in Kwinana. I do not know what he meant by that, but one concern about that business is that animals are transported on trucks to a loading facility, taken up a plank and put onto large ships and shipped. I am not sure what a state-of-the-art facility is, and whether there would be, I do not know, cafes or something for the animals. I am not sure what would happen to those animals. That was a poor attempt at a joke. I am not sure what a state-of-the-art facility is. I think it is probably a figment of the Treasurer’s imagination to think that we would have anything but a transfer of that facility to Kwinana. As a possible sweetener to the Nationals, it did not work, and I am hopeful, as is most of the WA public, that the sale of Fremantle port will be frustrated until at least March 2017 after the next state election.

**MS M.J. DAVIES (Central Wheatbelt — Minister for Water)** [6.02 pm]: I rise to set the record straight on the contribution the member for Bassendean made on the Water Corporation. That member in particular seems to delight in making use of half-truths and innuendo, particularly when it suits him in this house. It is really disappointing. Before I go any further, I am not the lead speaker on this motion; the Treasurer will be the lead speaker.

**Dr M.D. Nahan:** We only have an hour anyway.

**Ms M.J. DAVIES:** I wanted to make clear that I am not the lead speaker.

It is very disappointing that once again the member for Bassendean rose to call into question the integrity of the members of the Water Corporation board. I think that is very unfortunate because they are unable to defend themselves in this place. They have, and continue to, conduct themselves with the utmost of propriety. The member for Bassendean continues to perpetuate this myth in and around the sale of the engineering and construction services division that something untoward has occurred.

From my perspective, the proposition put forward by the member is that we have not been transparent and are not putting the facts on the table on this matter. I have answered 16 questions in both houses, done numerous

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

interviews, and the member took the opportunity during the annual reports hearings to question Sue Murphy and members of the Water Corporation's executive on the sale. Information has been forthcoming on this particular transaction, and the member is absolutely incorrect to suggest there was anything other than an entirely proper process.

To recap on the 16 answers I have provided in both houses around the sale, it was never about making a profit. The Water Corporation has been undergoing a broader business transformation. It was about making sure we had the right people in the right jobs. I am sure not one member on the other side of the house is arguing that we should be anything but efficient with taxpayer dollars.

**Dr M.D. Nahan:** Yes, they are.

**Ms M.J. DAVIES:** That is what it would seem, Treasurer.

If we accept the premise of the argument from the other side, we should continue to employ people with an unsecure or lumpy workflow; that is what was occurring in that branch of the Water Corporation. There was a change in workflow for that particular organisation. The Water Corporation board made the decision to look at whether to simply offer everyone in the organisation redundancy, which would have meant a significant number of people being unemployed, or whether options could be considered so those people would have ongoing employment. That was the decision taken by the board. It really does beggar belief, given his background, that the member for Bassendean continues to purport there should have an alternative outcome that would have left more than 140 people without work.

**Mr D.J. Kelly:** That is a misrepresentation of our position; we have always said it should have stayed in-house. Do not misrepresent our position. We have never said that they should have been made redundant, and you know it.

**Ms M.J. DAVIES:** The member for Bassendean missed the first part of my contribution, and so his interjection, once again, is off track.

This entire decision was taken within the broader context of the business transformation, and having the right people in the right place to do the right job. It was about making sure we were using the taxpayer dollar appropriately. I have every confidence that the board acquitted itself appropriately.

I take the member up on his point around there having been a loss of capability within the Water Corporation to understand the nature of the business it delivers in terms of tendering and making sure it is getting value for money. It continues to be able to do that. There has not been a loss of capability in that space. Every project is very well understood, and the board, the executive and those responsible for delivering projects understand that they are getting a good outcome for the taxpayer. There has not been a loss of capability. There is in-house capacity to manage the tendering process and make sure it gets the best outcome.

**Mr D.J. Kelly:** They have lost the capability to do the work themselves.

**The ACTING SPEAKER (Ms L.L. Baker):** Member for Bassendean!

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

**Ms M.J. DAVIES:** The member for Bassendean is very welcome to.

To recap, it was not about profit; it was about the fact that the Water Corporation looked at its forward planning and understood there was a change in some of the workflows for that branch. I have previously given examples of the type of work done by this branch; pump stations, water mains, water tanks, switchboards and population growth drives are the types of projects delivered by that particular branch. That work was becoming inconsistent with the workforce, so the board made the decision to go ahead with the sale. The statement about whether we made a profit is ridiculous; it was an operational decision.

Before I finish I want to touch on the fact that the member talked about future source options, the state of our current water supplies and the insinuation he made. Again, he is very good at picking up parts of conversations and perpetuating to the public and in this house and using them to say this is the whole truth and misrepresenting people's comments. Last year we had one of the driest winters, the ninth driest on record, which was followed by the hottest spring on record. Our water system delivered and managed by the Water Corporation coped and managed to continue to deliver water to households in Western Australia.

**Mr F.M. Logan:** Thank God we built those desals.

**Ms M.J. DAVIES:** It is funny that the member for Cockburn should say that. He is absolutely right. Our strategy has meant that we have diversified our water sources so that we can be confident to continue to deliver water and enjoy the amenity we have in Western Australia. The plan, triggered by the former Minister for Water who sits

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

to my left in this chamber, is around new water sources—that is, desalination plants. We have always acknowledged that the first desalination plant was introduced and started under the previous Labor government, and that it made the decision to build a second one. We have taken further steps. The member talked about the fact that we have depleting aquifers.

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

**The ACTING SPEAKER (Ms L.L. Baker):** Member for Bassendean, I would like to make the point that Hansard is attempting to record what is being said. If you interject over the top of other people, the Hansard reporter will not get the record straight. So rather than continuing to interject over the top of the minister, it would be better to ask whether she will take an interjection and then that will give you time to get your comments in *Hansard* without them being confused.

**Ms M.J. DAVIES:** Thank you very much.

**Mr D.J. Kelly:** Will you take an interjection?

**Ms M.J. DAVIES:** No, I will not, because I am paired. I am supposed to be at a function, but I wanted to take this time to correct the record, because I would be very unhappy if anyone thought that anything that came out of the member for Bassendean's mouth in this place in the last half an hour was true.

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

**Ms M.J. DAVIES:** I am not accepting interjections, member for Bassendean.

I want to point out —

**The ACTING SPEAKER:** Member for Bassendean! I am checking the call sheet. I have asked you a number of times to stop interjecting, member for Bassendean, so I call you now for the third time.

**Ms M.J. DAVIES:** I would not like anyone following this debate or the Western Australian public to be under the impression that we do not take very seriously the impact of the way that we manage water has on the environment and the amenity in Western Australia, as well as making sure that water is delivered to everyone's house safely and consistently. Since 2006, member for Bassendean, we have been continuing to decrease —

**Mr P.C. Tinley:** I will opt in for the member for Bassendean.

**Ms M.J. DAVIES:** I am sorry.

**Mr D.J. Kelly:** Obviously, you should not open your mouth, member for whatever it is.

**Ms M.J. DAVIES:** I am sorry I started that—my apologies.

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

**The ACTING SPEAKER:** Go on, minister.

**Ms M.J. DAVIES:** The Water Corporation's peak take, because we are absolutely aware of the impact of superficial and deep aquifers, has been on a downward trajectory since 2006. The peak take in 2006–07 was 171.8 gigalitres. Last year, in the 2014–15 water year, it was 126 gigalitres. As part of our overall plan to move towards climate independence of dams, we have moved a majority of that water take from the superficial aquifers to the deeper aquifers, because we are aware of the impact that has on very sensitive environmental sites. We acknowledge that we live in a drying climate. I am absolutely confident that we have the capacity to deliver a safe service and water to every household in Western Australia. This and previous state governments have invested to make sure the system is resilient. That means the Water Corporation needs to act in a commercial manner and efficiently. Decisions such as the decision to sell the engineering and construction services branch was made to ensure that we have an appropriate functioning organisation. I have full confidence that the board will acquit its duties appropriately. Any suggestion that it has done anything other needs to be brought up with the relevant authorities. I am happy to stand in this house on this matter, and have done so on many occasions, because there has been absolute transparency in this house on that particular transaction.

Quickly to end the conversation, we are doing much more than just managing the Water Corporation's take. A number of programs and initiatives are running throughout the Department of Water to ensure that we continue to enjoy the amenity and the wonderful lifestyle in Western Australia. It is all part of the state government's commitment in managing this very precious resource.

As one last thing, it has been suggested that the public spike in water use at the end of last year, as the result of that very hot spring, resulted from comments made by me and others in the Water Corporation. I absolutely refute that and put on record that everyone in Western Australia knows that we do not have the luxury of using water wherever and however we like. That demand management part of our strategy toward climate

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

independence has been consistent in this and the previous government, and everyone understands that they are personally responsible for making sure that appropriate water resources will be available in the future. With that, and the fact I have been able to correct the record after the contribution of the shadow minister, I take my leave.

**MR F.M. LOGAN (Cockburn)** [6.16 pm]: Madam Acting Speaker, thank you very much for the call, because it gives me an opportunity to continue remarks I was making two Thursdays ago when I was criticising the government's land deals and investments in a matter of public importance on the horrendous land deals done in the north west of Western Australia.

Let me go back to some of elements of the motion before the house tonight that relate to the purchase and sale of land and the poor return to government that I referred to two weeks ago when I spoke about land and poor investments. However, this matter is about the sale of land around Elizabeth Quay to the Far East Consortium, which, as the house knows, has purchased two blocks on the eastern side of the Elizabeth Quay project for \$25 million. If members did not know anything about the value of real estate in Perth or about the value of riverfront land in Perth at all, they would probably think that \$25 million for two blocks of land is a pretty good return on an investment. If we compare that to the sale of the single block of land, which is the same size as one of the two blocks purchased by the Far East Consortium, on the north eastern corner of the Elizabeth Quay development site to Chevron, we find that Chevron paid \$36 million for that single block. However, the principal office of the Far East Consortium is on Des Voeux Road Central, Hong Kong, and its place of incorporation—this is very topical at the moment given the dump of information from Mossack Fonseca in Panama—is in the Cayman Islands, that well-known place where shelf companies are set up to avoid tax. This government has effectively given that company a free block of land to, I presume, build a hotel for the Ritz-Carlton group that will now be the operators of the hotel on that site. It will only be the operator, by the way; it is not going to own the building. The owner of the building is the Far East Consortium, which, as I say, lists its place of registration as the tax bolthole of the Cayman Islands. Why would a Western Australian state government that has spent at least \$440 million on building the infrastructure of Elizabeth Quay give a block of land to a Hong Kong-based company registered in the tax bolthole of the Cayman Islands? Why would it do that? Why would a government do that, particularly when one of the two blocks of land that have effectively been sold to the Far East Consortium was sold for \$36 million? Why would a government do that?

I put it to the house that the government has effectively given away a block of land to a foreign company registered in the tax bolthole of the Cayman Islands to underpin its Elizabeth Quay project and to make that project work. It has given the developer what a National Party member of Parliament referred to as a “leg-up” to get the project underway. It is common practice for this Liberal–National government to effectively subsidise private developers to get its pet projects up and running. It is commonplace for this government and ministers of this government to do that, and that is exactly what has happened with the Far East Consortium in Elizabeth Quay.

Apart from getting an effectively free block of land on Elizabeth Quay and a second subsidised block—compared with the money forked out by Chevron for its block—we now understand that the Far East Consortium and its sales team has actually had its project underwritten by the purchase of 36 luxury units in the project by the Department of Housing. Those luxury units were purchased because the Metropolitan Redevelopment Authority apparently has a longstanding policy of delivering affordable housing in the central Perth redevelopment area. There is nothing wrong with that policy; nothing at all. Obviously, everyone believes that there should be affordable housing in central Perth, but the questions literally are where that affordable housing is to be made available, how much that affordable housing will cost the taxpayer, and whether there is any reasonable opportunity for people to afford that affordable housing.

This house was told some absolute blather by the Treasurer and the Leader of the National Party two weeks ago in defence of the purchase of those luxury units. The Treasurer and the Leader of the National Party asked, “What’s the matter with Labor? Don’t they want people to have affordable homes in Perth? Is there something wrong with buying affordable homes in this apartment block in Elizabeth Quay?” That is not the issue; it is not an issue with the MRA’s longstanding policy. It is the issue of where that policy is to be applied, whether its application is appropriate for the best use of taxpayers’ money, and whether the people for whom these houses are being purchased, the final purchasers, can actually afford them.

Under the Opening Doors scheme, which is the state government’s current affordable housing policy, a single applicant can apply for a home loan on the basis of having a total income of under \$75 000 before tax. For a couple, the total income limit is \$95 000 gross income. We need to remember that once we remove the tax, that is what people have left over to purchase a unit in the Far East Consortium’s project, The Towers. We need to remember that the strata fees for a high-end luxury apartment are at least \$2 500 per annum, and probably a lot more than that, because as we saw in the paper the other day, some of these developers are throwing all sorts of high-end luxury gimmicks into their apartment blocks, such as home theatres and massage rooms, to actually sell

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

the apartments in the first place. Obviously, someone has to pay for that, and it goes into the strata fee. On the basis of what the applicants would be able to afford, would people earning that type of money—that is the upper limit of what people can earn under Opening Doors—be able to afford a one-bedroom apartment at the construction value of \$526 000 plus strata fees? We have only to take the minimum interest rates at the moment and add the strata fees on a monthly basis, and we can see that an applicant for Opening Doors could not afford these units in The Towers at Elizabeth Quay; they just could not afford to live there. Remember, it is a one-bedroom apartment, so it is either a single person or a couple. They would not be able to afford to live there.

So why did the government buy the apartments in the first place? It bought them for the same reason that it gave the Far East Consortium—the company registered in a tax bolthole—a free block of land: because it wanted to get this project up and running. It wanted to have a building down there at Elizabeth Quay. It had to make the Premier’s pet project work, otherwise it would have looked like the government had spent \$440 million on an inlet off the Swan River without anybody coming to the party, purchasing the blocks and building anything there. That is why the government has done it. That is why the Far East Consortium—the foreign Hong Kong-based company—has been effectively subsidised hugely by the Western Australian taxpayer to build its building in the first place, and then given a further subsidy through the purchase of 36 of its luxury apartments by the Department of Housing. That is what a National Party MP referred to as a “leg-up”. We have given this company a leg-up to get the project underway. That is what it is all about.

It is the same story with the other apartment block that was built on the site of the old Transperth bus station in East Perth, down near the police headquarters at the end of Adelaide Terrace. It is the same there. The development on that site is called Queens Riverside. There are a number of tower blocks there, including Riverside QI and QII towers, at this stage. I have a bit of time, so I will give members an idea from the sales blurb of what people will get in those towers. This is affordable housing under the Opening Doors program.

**Mr D.T. Redman:** Are they shared equity?

**Mr F.M. LOGAN:** The reason the government has given for purchasing these apartments is that they meet the affordable housing policy under the Opening Doors program. That is the evidence from the minister. The sales blurb says that the Riverside QI and QII towers are two and three-bedroom apartments, with plenty of comfort and style, along with lock-up-and-leave convenience. There is a quality kitchen with European appliances and stone benchtops; ducted air conditioning for heating and cooling; luxurious finishes throughout; and hardwood timber decking in the loggia.

**Ms M.M. Quirk:** Not bad!

**Mr F.M. LOGAN:** Member for Kimberley, are there loggias in any of the Homeswest houses in the Kimberley? Are there any loggias up there? No. The taxpayers of Western Australia have forked out to buy 43 of these apartments, which are promoted in the sales blurb as luxurious apartments in which people can live in style in the centre of Perth—affordable housing.

Of course Far East Consortium has been given Foreign Investment Review Board approval for its development at Elizabeth Quay. That was to give Far East Consortium a leg-up and make sure that the project could get underway. It is the same with the Queens Riverside QI and QII towers. This is government land that was sold to the private sector. We do not know at this stage how much that land was sold for. I am sure it would have come with some subsidies as well, just like Elizabeth Quay.

In order to make sure that the Queens Riverside project could get underway and the developer could say that they have sold millions of dollars worth of apartments, the Department of Housing purchased 43 of those apartments. That will allow the developer to advertise on Saturdays and say that millions of dollars worth of apartments have been sold and people should get in before they all go. That is how marketing works. However, that marketing has been underpinned by the Liberal–National government, which has bought 43 of these luxurious apartments, supposedly to provide affordable housing.

[Member’s time extended.]

**Mr F.M. LOGAN:** As I have pointed out to the house, to qualify for the Opening Doors program, the maximum gross salary is \$75 000 for a single person and \$95 000 for a couple. These applicants would not be able to afford to buy these luxurious apartments with their after-tax salary, and to pay the strata fees that they will have to pay. So, why did the government buy these apartments? The government bought these apartments so that the developer could get a leg-up and get the project underway. The government wants people to see that under this Liberal–National government, there is more construction in Perth and there are more projects on government land. It wants people to see that it is a government of action. The reason the Liberal–National government is a government of action is because it is basically subsidising developers with Western Australian taxpayers’ money. This is scandalous. This is the sort of thing we would expect from a Third World nation. This is the sort

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

of thing we would expect to see happen in the economies of an African country that is run by a dictator. Yet this Liberal–National government, which supposedly takes a high moral attitude, not only to the people of Western Australia, but also in claiming to be the best manager of the economy, is playing the same type of role that we would see from a dictatorship in Africa, and is by using public money to underpin pet projects. We have seen it over and again in Africa—pet projects purchased by dictators with their people’s money. Here we are; it is no different now in Western Australia. There are pet projects being picked by the Premier, and his cabinet members just go along with everything because they are afraid of him. They are using taxpayers’ money—it is not their own, and there is no comeback to them once they leave this place—to get their pet projects off the ground, and in so doing are absolutely wasting our financial and fiscal resources.

To underpin this argument I have put to the house in the motion about the poor return the government has received for its current land and assets, I point to what has happened in the north west—Osprey Village and Cottier Apartments in Hedland and, of course, Pelago in Karratha. The Osprey Village purchase is more than scandalous. I do not believe even a Third World dictator would do what the government did in Port Hedland—they would be embarrassed. I mean, it is absolutely scandalous. Remember, it was a joint venture between the Department of Housing, with some royalties for regions money, and Fleetwood Corporation. It was a joint venture, like a public–private partnership, in which Fleetwood Corporation would share the investment, the risk and the benefits. It was supposed to be a long-term venture to deal with the sky-high rents in Hedland and the demand for accommodation. As the house knows, it opened in 2013. The government put the bulk of the money in—over \$50 million—and the private sector player, Fleetwood, put just over \$30 million into the joint venture, and Fleetwood was also contracted to be the operator of the village. On the basis of the temporary contract for operating the village, Fleetwood was being paid the full amount of money for the operation, which I think over that period was over \$7 million, regardless of how many people were actually in Osprey Village. There were 295 units in Osprey Village and the operator was going to be paid regardless of how many people were actually in the village. When the temporary operational contract between the Department of Housing and Fleetwood ran out last year, I said to one of my colleagues here in the house, “I bet you that when this contract runs out, Fleetwood will look at the situation in the north west and go, ‘We’re out of here. We want our shareholders’ money back. There is no future for us in this project. We want to get out of here; we want to flog our investment.’” I bet my colleague that is what Fleetwood would do and, sure enough, before the new operational contract was signed, that is exactly what happened. Fleetwood sold its 50 per cent of the joint venture to the Department of Housing and what did it get for it? Over \$60 million—fantastic! The shareholders must have been smiling absolutely from ear to ear. They put just over \$30 million in and the village opened in 2013. In 2015, they flogged it to the government for \$60 million. That is nearly a 100 per cent mark-up on their investment in two years. Brilliant! It was fantastic for an investor! Who loses? The WA taxpayer. Guess who got the contract to operate the village on an ongoing basis for the next 14 years? It was Fleetwood Corporation. Fleetwood not only got the contract to operate the village, it lent the Department of Housing the money through Westpac. For its part of the purchase of the village, the Department of Housing did not go to the Department of Treasury; Fleetwood arranged the loan from Westpac to the Department of Housing. What country are we in? Fleetwood now has a 14-year contract for \$3 485 000 every year, regardless of how many people are in the 295-unit village. Do members know how full the village is at the moment? It is 53 per cent full. Fleetwood does not get 53 per cent of the management deal of three and a half million dollars —

**Mr D.T. Redman:** You have no understanding of the issues that we are running.

**Mr F.M. LOGAN:** I will tell you what, Leader of the National Party. There is one thing that you do not have any understanding of, and that is financial acumen!

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

**Mr F.M. LOGAN:** If I went down to the Leader of the National Party’s bottle shop —

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

**Mr F.M. LOGAN:** Madam Acting Speaker, if I went down to this idiot’s bottle shop —

*Withdrawal of Remark*

**The ACTING SPEAKER (Ms L.L. Baker):** Member, I ask you to withdraw that please.

**Mr F.M. LOGAN:** What?

**The ACTING SPEAKER:** What you called the member.

**Mr F.M. LOGAN:** I withdraw.

*Debate Resumed*

**Mr V.A. Catania:** He is just a bogan!

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

**Mr F.M. LOGAN:** Do not get me started, because you will really cop it!

If I went down to this incompetent's bottle shop and said to him, "Look, I know that bottle of Ninth Island chardonnay is \$27, but, I tell you what, I'll give you \$6."

**Mr V.A. Catania:** I always thought he was a chardonnay man.

**Mr F.M. LOGAN:** All right, a sauvignon blanc.

Several members interjected.

**The ACTING SPEAKER:** Members, Hansard is trying to record this rabble.

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

**The ACTING SPEAKER:** Leader of the National Party, please. Thank you.

**Mr F.M. LOGAN:** I will change that purchase to a bottle of pinot gris, thanks. If I went to this incompetent's bottle shop and purchased a bottle of Ninth Island pinot gris, which might be \$27, I could tell him that I would give him \$7 for it. Would he turn around and say, "Okay. No worries; at least it's better than nothing! I will take the seven bucks"? No, of course he would not do it. However, when it comes to dealing with money that does not belong to him—his money is not invested—he does not care. He will sign off on any contract whatsoever!

**Mr D.T. Redman:** This analogy is going nowhere. It looked good on paper, didn't it?

**Mr F.M. LOGAN:** The analogy is perfect, Leader of the National Party!

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

**Mr F.M. LOGAN:** As I have pointed out —

*Point of Order*

**Dr A.D. BUTI:** The member for Cockburn is trying to make the last three minutes of his speech. He is not asking for interjections. He is not naming these members so that they can then respond, so they should not be interjecting. I am trying to hear the last three minutes of the member for Cockburn's speech and he is being sounded out by members of the National Party.

**Mr D.T. Redman:** Hansard cannot record him pointing the finger at me; that is the issue!

**The ACTING SPEAKER (Ms L.L. Baker):** Members! I am trying to hear as well, let alone Hansard. Please keep quiet, Leader of the National Party. You would not want to be thrown out; we have got 15 minutes to go. Go ahead, member for Cockburn.

*Debate Resumed*

**Mr F.M. LOGAN:** The National Party in particular is heavily involved with the subsidisation of these developments because it fits exactly the wording that Jacqui Boydell of the upper house was quoted in the *Pilbara News* on 27 January this year as saying, and I quote —

Government should absolutely be in the space of leveraging private investment, getting it started and giving it a leg up.

That is giving it a leg-up, it appears, at any cost. I have just been through —

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

**Mr F.M. LOGAN:** Do I have to shout, Madam Acting Speaker, because I will? I can shout a lot more.

I have just been through the shocking investments around Elizabeth Quay and the misuse of taxpayers' money. Why? To subsidise pet projects. If there is no better example of pet projects than Pelago, Osprey Village and Cottier Apartments, I will walk east. They were built to pork-barrel the seat for Brendon Grylls.

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

**Mr F.M. LOGAN:** That is why it was done. You know that; I know that; everyone in this house knows that.

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

**Mr F.M. LOGAN:** Those investments —

**Mr V.A. Catania** interjected.

**The ACTING SPEAKER:** If you want to stay in the house for the next 10 minutes, please stop yelling. It is not an appropriate way for either of you to behave, member for North West Central and Leader of the National Party. Member for Cockburn, would you like to stand again.

**Mr F.M. LOGAN:** Thank you, Madam Acting Speaker. Those investments —

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

**Mr V.A. Catania** interjected.

**The ACTING SPEAKER:** Member for North West Central, I call you a second time. Enough!

**Mr F.M. LOGAN:** As we all know, the investments in the north west were done to pork-barrel so that Hon Brendon Grylls could get elected to the Pilbara. Those investments were done purely to pork-barrel that seat. That is all. We all know that. Everyone knows that.

Several members interjected.

**Mr F.M. LOGAN:** They were the member for Pilbara's pet projects, just as the units in Elizabeth Quay are the Premier's pet projects. The ones in Karratha and Port Hedland were the pet projects they had to get up, otherwise members opposite could not say that they would be cities of the north—cities of the future. They had to get those developments underway and they were willing to do anything to get them built.

Several members interjected.

**Mr F.M. LOGAN:** What did they get in return? They got \$50 000 from the developer.

**MR I.C. BLAYNEY (Geraldton)** [6.48 pm]: I want to say a couple of things about the Fremantle port sale because I think we acknowledge that the third-tier rail was not privatised or leased out particularly well, but I do not think we can say that that is a blanket reflection on all privatisation. Mistakes were made in the original lease for the state railway system. The first mistake was not to put in legislation a rule that the above-and-below rail assets could not be separated. A promise was made to immediately invest \$400 million in it. Once again, it was not put into legislation and it did not happen. Finally, allowing Brookfield Rail to have a care and maintenance clause effectively locked up the line so that Co-operative Bulk Handling Ltd could not use it. I cannot understand why Brookfield will not allow the lines to be used. Would we not rather use and maintain an asset than leave it to rot? If we look at privatisation across our economy, who here would suggest that it would be now correct to re-nationalise Telstra, Qantas, the Commonwealth Bank of Australia or CSL Ltd, or take away the leases over our airports? Nobody would ask for that; the world has moved on. The government no longer controls the commanding heights of the economy; the government now regulates.

Not releasing the lease agreements over the railway line proved to be a waste of time. The Economics and Industry Standing Committee released the agreements with Brookfield Rail and tabled them in this place. That has not made any difference to Brookfield's legal position.

Moving to Fremantle port, last Friday I met with the Western Australian Farmers Federation. I took its concerns to the Treasurer and I am quite confident that its concerns, which are largely a result of the lease over the railway lines, can be addressed. I have to say that the one thing the Western Australian Farmers Federation was interested in and excited about in the leasing of the port was the proposal to build a facility for moving livestock export down to the outer harbour. There is no doubt in my mind that the lease process will be accountable, and the Treasurer has said a number of times that the contract will be tabled in this place when the process is finished. The government cannot be more accountable than that.

It is worth pointing out that the Fremantle container terminal is the last one in Australia in government hands. The Victorian Labor government is currently in the process of leasing out the port of Melbourne. That more than anything indicates there is nothing to be afraid of in this process. Also, the proposed lease has a mechanism to put funds aside for the eventual construction of the outer harbour. It makes no sense to force a new lessee to build the outer harbour straightaway. It should be timed so that when the existing harbour is full, we start construction of the new harbour to take up the slack. There is also the smallish matter of the federal government encouraging the recycling of assets, which will allow us another 15 per cent which we can add on to the sale price.

There is no bogeyman in this process. Most people in this world have moved on from their fear of privatisation, or sale of government assets. As I said, it is not about who owns things but about the regulations that they sit under. Having gone through with the Treasurer the rules under this lease, I have absolutely no fear of it. The homework has been done. More than anything, this proposed lease of the Fremantle port is a comprehensive plan for the future of the port. I do not see any other ones coming.

**MR D.T. REDMAN (Warren–Blackwood — Minister for Regional Development)** [6.52 pm]: I thought this would be talked out as the debate runs its course, and I suspect my comments will do exactly that. I want to make a couple of comments on land asset sales.

**The ACTING SPEAKER:** Minister, just checking: are you the lead speaker?

**Mr D.T. REDMAN:** The Treasurer is the lead speaker on this motion; I am picking up a component of that but I suspect it might be a challenge to get that message out in the next eight minutes.

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

I want to comment on the opposition's points on land asset sales. One point put forward by the member for Victoria Park was that this government was somehow desperate in the business of getting assets out the door, which includes land assets. I am pretty certain that the member for Victoria Park, who read the motion into the house, knew about the "Land Asset Sales Report" coming out from the Office of Auditor General, and that he expected something quite different from this report than what it contained. Although reports will always contain findings and recommendations that can be improved, this is probably one of the best reports any agency has ever received for one of the programs that it runs. I have held a number of different portfolios in my time and if I were the minister of this portfolio, I would like to get a report like this. I will quote some of the comments in the summary of the report. It states —

The Department of Lands (DoL) has made good progress and is managing the planning and implementing of the Land Asset Sales Program (LASP) well.

LASP provides a robust framework for identifying, assessing and, where appropriate, selling surplus government properties and for managing the overall government property portfolio. Notably, it increases the accountability of agencies to identify surplus properties by requiring them to justify their property holdings.

It certainly goes on to make a couple of recommendations, as a report from the Office of the Auditor General should. However, this response to a government process that was put in place to sell surplus land assets is not a report that reflects on a government desperate to get land out the door. It states that we have a very strong and robust process for identifying land assets. As a couple of opposition members have highlighted, from time to time, there are sales and purchases of land and they are done in the good order of managing government. This report states that the government is doing exactly that in a very managed, orchestrated, coordinated and strategic way. The fact that we have the Land Asset Management Advisory Group, which is chaired by the director general of the Department of Lands and is made up of a range of other directors general of central government agencies who are responsible for the various property-focused portfolios, means that we have the right filtering process to ensure that when land assets are put out to market, it is done in such a way that their value to government and to government's core business is assessed.

On top of that, as the Minister for Lands, I can direct the sale of land, but I also have access to the Valuer-General to ensure that we have his independence and that he brings to the table his guidance and assessment of valuations so that we know that if we make the decision to sell something, it is at market value. However, if it is sold at auction, the Department of Lands has authority to sell it for up to 10 per cent below the Valuer-General's valuation, and we recognise that there is some variability in the market.

One of the main points that the member for Victoria Park highlighted—he went through a couple of examples that showed up in the media—was the assessment of properties that were purchased for a lower value than they were sold for. That will happen from time to time, and there will also be properties with lower values than their valuations. I think the member for Victoria Park mentioned that properties have been sold for less than the asking price. I cannot remember selling any property that I have owned for more than the asking price; often they are sold for less than the asking price. Overall, I am comfortable with the assessment of valuations of lands put on the market. I am very comfortable with the process we have gone through to achieve that, and the Auditor General's report reflects on the quality of the processes that sit behind that and the fact that we are getting good value for the taxpayer in selling those land assets.

I want to touch on a couple of other issues. It is also good practice for government to do this. It is easy to sit back and say that we are making the decision to get land assets out the door to deal with debt, but we are also making those decisions to do a couple of other things. The first of those is to activate land areas that have not been activated to allow private developers or local governments or, in some cases, not-for-profit organisations to utilise land assets that are surplus to government to provide a service or to activate those land assets in such a way that development can happen where development otherwise would not occur. There is a whole range of reasons why property is put on the market, and it goes well beyond dealing with just the debt issue. It is good practice for government to do that.

When we did the scan of the available properties that government has in its land registry, we found that it is substantial. A lot of these properties are just sitting there because no-one is assessing them to determine whether they contribute to the activities of government. I think of the Agriculture Protection Board depots; at one stage, there were dozens of those around the place. They are no longer used, as we do not have an APB, yet the properties are not activated. Putting those properties on the market in a coordinated way is smart government, and I think we have reflected on that.

The top 20 assets that have been put on the market have been very highly constrained sites, as the Auditor General reflected. Only three of those have been sold. They are lot 500 in Wanneroo, Kaleeya Hospital and the former Potato Marketing Corporation headquarters. A further two—Fremantle Police Station and the

**Extract from *Hansard***  
[ASSEMBLY — Wednesday, 6 April 2016]  
p2221b-2245a

Mr Ben Wyatt; Mrs Michelle Roberts; Mr Vincent Catania; Mr Dave Kelly; Ms Mia Davies; Acting Speaker; Mr Joe Francis; Ms Simone McGurk; Mr Fran Logan; Mr Ian Blayney; Mr Terry Redman

---

Yirra Yaakin Theatre Company sites—are under contract pending settlement. As mentioned by the member for Midland, Swan District Hospital is currently out for a registration of interest. The member for Midland mentioned that a range of community needs and uses may have to be considered in the sale of an asset if there are higher and better uses. I make the point that, hopefully, the registration of interest process will determine from the market whether those interests are indeed there. The government needs to make the decision on whether that is an appropriate use or whether there is another use. I expect that once that registration of interest process occurs, a strong community consultation process could follow once we identify the concerns. I have had a number of meetings with groups that have an interest in Swan District Hospital.

Debate adjourned, pursuant to standing orders.

*House adjourned at 7.00 pm*

---