

**PORTS LEGISLATION AMENDMENT BILL 2013**

*Second Reading*

Resumed from 23 October.

**MS R. SAFFIOTI (West Swan)** [7.38 pm]: I rise to contribute to the second reading debate on the Ports Legislation Amendment Bill 2013. Members will be aware that the shadow Minister for Transport is in the other place, but I will be looking after this legislation on behalf of the opposition in this place. The opposition does not oppose the bill, but it will move some amendments to the bill in the other place. Most of the concerns of the opposition about the bill relate to the removal of some of the regional port authorities and the port authority boards. The member for Albany is significantly concerned about the future of the board of the Albany Port Authority, its location and the removal of staff and resources from regional Western Australia. Of course, there are other concerns about the entire process being centralised in Perth. Another key issue is exactly what conditions and requirements these new boards will have in relation to regional representation. Those are the key issues relating to this bill.

With the exception of the Fremantle Port Authority, port authorities will either merge or remain to create four new regional port authorities; namely, the port authorities of Kimberley, Pilbara, Mid West and Southern. The Southern Ports Authority will control and manage the ports of Albany, Bunbury and Esperance. The Mid West Ports Authority will control and manage the port of Geraldton. The Pilbara Ports Authority will control and manage the ports of Ashburton, Dampier and Port Hedland. The Kimberley Ports Authority will control and manage the port of Broome. The 13 non-port authority ports currently managed by the Department of Transport will come under the jurisdiction of these regional port authorities. The second reading speech outlines that as a key thrust of this bill, but there are a number of other aspects to it. Opposition members will go through many of them in our second reading responses tonight. The opposition's key concern is the removal of many local elements to the existing boards. This government has shown a willingness to reduce regional representation and some of the requirements that have existed for regional representation, as we saw with the Horizon Power board and now with the governance structure of these port authorities. We will question the government about what impact this will have on the ground at port authorities around the state. The member for Albany, particularly, has significant concerns related to the Albany port.

As the second reading speech outlines, a number of reviews have been undertaken into port authorities around Western Australia. I will refer to the first one in detail later—the “Report to the Western Australian Parliament on the Operation and Effectiveness of the Port Authorities Act 1999”. This review was undertaken under the stewardship of the former Minister for Planning and Infrastructure, Hon Alannah MacTiernan, in the former Labor government. The bulk of this report was completed before the 2008 state election. The report was ultimately tabled by Hon Simon O'Brien. A number of recommendations were made. The majority have been picked up through this bill, but the report also raises some other issues that I will refer to in my discussion.

The minister outlined in his second reading speech that the other key reports this legislation will reflect are the Western Australian Education and Health Standing Committee's report titled “Inquiry into the Cause and Extent of Lead Pollution in the Esperance Area” and the Council of Australian Governments' review of Western Australian ports. This report basically picks up many of those recommendations. It also picks up the findings of the ports governance review undertaken by this government in the past number of years. I will go through that in a bit more detail. Interestingly, one of the key findings of that governance review—it was not tabled but it was produced in the past 12 months—was that our ports are actually operating effectively. Another key finding reads —

The bottlenecks that have restricted commodity exports, particularly coal, through ports in New South Wales and Queensland and led to long queues of ships waiting to berth, have been absent from WA ports.

I remember being in government when there was a lot of debate—I think under the COAG reform agenda—about what was happening around ports on the east coast. I saw the images of Dalrymple port that were constantly shown and some of the issues there.

Despite WA ports being proven to be operating effectively, the governance review states —

In ... 2010, however, the State Government decided that a ... high level review of port governance should be conducted to ensure that our ports could continue to meet the increasing demand for port services resulting from our rapidly growing economy, particularly the resources sector.

That is one of the other key reviews that led to the legislation being put forward tonight.

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I will go through a quick analysis of port performances across Western Australia. For a trading state like Western Australia, ports are indeed essential pieces of infrastructure. When we look at economic development in Western Australia and at economic infrastructure, port infrastructure is critical. WA is, and always has been, a trading state. Our success as a state and our contribution to Federation and to the nation is contingent on our ability to continue strong export growth. Ports facilitate these exports. Port infrastructure is vital to the economic growth and to the economic opportunities in Western Australia.

The state's exports have risen from \$25 billion per annum in 2000 to \$101 billion in 2012–13. That is significant growth. Forecasts show significant growth over the next number of years. Capital infrastructure and capital investment in ports is also very important. One of the key things that occurred over the period of 2000–01, with the election of the Gallop government, was the refocus of energies and priorities on port infrastructure around the state. The report tabled by Hon Simon O'Brien, at appendix 3.2, analyses Western Australian port authorities' capital works expenditure from 1994 to 2005. This is a little dated but it provides a good comparison with what was happening in port infrastructure when there was a change of government. In 1994, capital works expenditure from our ports was estimated—this is my estimation from this graph at appendix 3.2—to be about \$30 million. In 1999 that fell away to only \$11 million. The graph shows that a significant trend downwards in port expenditure was occurring around Western Australia.

**Mr T.R. Buswell:** Is that government spending?

**Ms R. SAFFIOTI:** Yes. This is the appendix in the government report.

In 2000–01, expenditure shot up, which is shown in this report. In the year 2000 it was approximately \$20 million. In 2001 it shot up to about \$70 million, and in 2005 to \$100 million. That is a significant increase in port expenditure. When we lost government in 2008, we had projected and budgeted about \$831 million capital investment in the forward estimates. That was a significant concentration on our port expenditure.

I want to go into a bit of detail on Geraldton port. It was a demonstration of Labor focusing and getting things happening in Geraldton. At the time, it was an issue similar to Oakajee. The then opposition pretty much opposed what we were doing in the Barrow Island deal. The then Leader of the Opposition opposed what we were doing to ports. Geraldton port is an example. I remember it very clearly; it was the end of the Court government reign. There was significant friction between the National and Liberal Parties, particularly about what was going to happen to Geraldton. The National Party wanted significant expenditure, either for the port upgrades or the Geraldton southern transport corridor. That was being blocked by the then government. One of the reasons that Geraldton fell in 2001 was the lack of investment undertaken by the then Liberal government. One of the key projects undertaken by the Gallop Labor government was the port infrastructure upgrade at Geraldton. That was seen as vital to kickstart the iron ore industry through the midwest. I remember the debates significantly. I also remember the then Leader of the Opposition, Colin Barnett, completely opposing that Geraldton upgrade. I quote from an article in *The West Australian* on Monday, 29 April 2002 —

Opposition Leader Colin Barnett said upgrading the State's regional ports was commendable but he questioned the value-for-money in spending \$100 million on deepening the Geraldton facility.

He said there was hard rock at the bottom of the harbour and an enormous amount of money would be spent getting little extra depth.

On 30 April 2002 *The West Australian* reported —

LIBERAL leader Colin Barnett was out of step with colleagues when he criticised the expansion of Geraldton Port, Infrastructure Minister Alannah MacTiernan said yesterday. Mr Barnett said at the weekend that \$100 million to deepen Geraldton Port would be better spent on a new deep-water port at nearby Oakajee. But his deputy Dan Sullivan and Liberal Greenough MLA Jamie Edwards are both on record supporting the \$100 million Geraldton plan. Mr Sullivan said this month the Government could not use its Budget situation to reject the expansion.

**Mr B.S. Wyatt:** When was this?

**Ms R. SAFFIOTI:** It was in 2002. It continues —

The former government spent \$23 million on developing the Oakajee port for a nil result. It might be a decade before Oakajee was needed. Ms MacTiernan said tenders had been called yesterday for the port project and work was expected to start in September. Construction is expected to create 660 jobs.

Again on this issue the then Leader of the Opposition came into Parliament and made some very strong accusations about some dealings with Geraldton port. I will not go through all of those, but again he came in, opposed the port expansion and questioned the probity of the process and a number of issues relating to that

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expansion. As I said, the Geraldton port expansion led to the transformation of Geraldton and the associated transport corridor. Again, it changed Geraldton and those projects also helped to facilitate the midwest iron ore industry.

I want to go quickly through some other key points of the review, which was commenced in 2005 or 2006 under Hon Alannah MacTiernan and on which many of these recommendations and proposed amendments are based. As I said, the “Report to the Western Australian Parliament on the Operation and Effectiveness of the Port Authorities Act 1999” was tabled back in 2009. In the report, the former Minister for Transport made a number of recommendations and raised a number of other key issues. As I said, this legislation accepts and adopts many of the recommendations laid out in the report, but it rejects a couple of recommendations and I seek the government’s view on why they were not accepted. One of the key recommendations, recommendation 1, reads —

The Steering Committee recommends that the Act be amended to allow port authorities to enter into contracts (Section 40), and easements, leases or licences in respect of vested land (Section 28), subject to the instruments being conditional upon Ministerial approval being (subsequently) obtained.

That was the first recommendation that I cannot see has been accepted, and I again seek the minister’s view in his response later to the second reading debate.

Another key recommendation, recommendation 2, reads —

The Steering Committee recommends the insertion of a new subclause Section 28(6) into the Act, to negate the need for a port authority to get the approval of the Western Australian Planning Commission under Section 136 of the Planning and Development Act 2005, to any lease or licences entered into by the port authority.

Basically the report found —

The application of this section raises some ambiguity relating to the port authorities’ leasing powers. Potentially it could restrict the capacity of the port authorities to lease land and maximise the revenue from this source. Its application is also contrary to the intent of the Act which was to provide the port authorities with greater rather than less commercial freedom.

That recommendation was accepted. Recommendation 3 of the report, relating to the provisions of the Heritage of Western Australia Act, was not accepted. I can understand why, but again perhaps the minister will provide some information in his response.

A number of other recommendations were put forward and again accepted. One was about port security. Since the 1999 Port Authorities Act, of course, there were issues to do with port security, driven a lot by what happened on 11 September 2001. The amendments to section 30 of the act helped to pick up those issues. Section 30 of the act prescribes the functions of a port authority. The amendment put forward in this legislation will add a broad responsibility for port security to reflect the port authority’s responsibilities in relation to the new commonwealth and international maritime legislation, which was legislated after the 9/11 terrorist attack in 2001 and which was not in existence when the Port Authorities Act 1999 was enacted. Port authorities have always been responsible for the maintenance of port property. However, the amendment clarifies the existing environmental responsibility of port authorities arising from port operations. Again, that was a needed change since the changing landscape of terrorism across the world.

Another key recommendation in the report, and one that is probably a little more controversial at a local level and was picked up in this legislation, reads —

The Steering Committee recommends the Act be amended to incorporate a 24 hour day, 7 day a week functional requirement for the port authorities.

Basically, the amendment put forward by this government will clarify that although the act does not restrict port authorities from operating 24 hours a day, operating hours remain subject to the Environmental Protection Act 1986. Therefore, under the existing framework, a port authority is required to obtain an environmental licence that permits a range of operating conditions. The approvals process for an environmental licence is managed by the Department of Environment Regulation and includes a period of public consultation. As we understand it, therefore, this provision will not usurp the need for the DER approvals process, but it reflects that it does not restrict ports from operating 24/7.

A number of other recommendations appear in the report relating to the ability of ports to hedge their financial transactions to protect them from foreign exchange risk, and to the issue of liability, basically to protect the state’s interests more widely from faults or mistakes made by the users of ports. Again, those are recommendations that we support.

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There are a couple of issues that I want to highlight about the proposal in the bill before us. A couple of recommendations were put forward in the 1999 review that are worthy of some discussion but that I understand were not included in this legislation. One proposal put forward by the then Department of Industry and Resources referred to trade facilitation versus profit. The Department of Industry and Resources believed that the current legislation did not go far enough to promote trade facilitation above profit. There was a significant contribution from the department seeking to change the nature of our ports to better allow for trade facilitation, not commercial profits. The response from the committee, which I think is the right one, was that ports are profit-maximising entities in some sense—they are commercial entities—and that if the government wants ports to undertake any investment that does not return a commercial rate of return or is not seen as a wise investment, the government needs to make that transparent through either a subsidy or a community service obligation. I think that is the right path to take with commercial entities. A government of any persuasion on any day can seek to direct its commercial entities to undertake particular projects or activities, but it is incumbent on the government to make that transparent. Using a government trading enterprise as a vehicle for subsidising or creating another outcome should be done only if it is done in a transparent and open way. We do not want—this is one of the arguments that have been put forward about the Synergy and Verve Energy merger—this entity to become some sort of investment facilitator or to pursue other government policies that do not deliver the commercial rate of return. The whole process of commercialisation or corporatisation of government utilities under the national competition policy and the reforms of the past 20 years should ensure that some sort of corporate or commercial rigour is delivered to the utilities that the government owns. There is no use going through that process and then simply using them to achieve other objectives that may be quite right or can be defended. We need to do it in a transparent way. We cannot use these GTEs to pursue other objectives, unless we do so in a transparent and open way. An interesting contribution was made by the former Department of Industry and Resources and now the Department of State Development. It has always been in the game a bit to try to achieve other outcomes through GTEs, and this is another example of that.

The other key issue I will touch on relates to a couple of other sections that will be changed. Proposed section 14A relates to community consultation. Because the nature of port authorities will change significantly from being town based to region based —

**Mr T.R. Buswell:** Member, can I just make a point on that? I accept and listen with interest to what the member for Albany says, but I'm not sure that there is actually a local resident now on the Port Hedland Port Authority or the Dampier Port Authority, the two largest ports. I will talk about that in my response.

**Mr B.S. Wyatt:** You're not sure or there isn't?

**Mr T.R. Buswell:** I don't think there is. I would have to double-check, but I'm pretty sure that there isn't. What the bill is putting in place as a structure is actually a reflection of what is currently happening. It's really just a reflection of the increased complexity and the changing nature of ports. It's an interesting topic of discussion. It's not meant to disenfranchise local communities; it's really just a reflection of what's happening.

**Ms R. SAFFIOTI:** I think the Minister for Transport might be right; there might be differences in approach and local ownership between, for example, Albany and Port Hedland. I suspect that that will be the case.

**Mr T.R. Buswell:** I suspect, though, that if you had a look at the capacity to impact on the local community, the Port Hedland Port Authority is much more significant than Albany simply because of its physical size and some of the impacts that that has on the local community. I'm not saying that it's not a worthwhile topic to explore; I'm just saying that it wasn't done to disenfranchise local communities. It was done because I'm about trying to get the best skill set that we can on the boards of the different ports.

**Mr B.S. Wyatt:** On that minister, if it is already happening effectively, is the current legislation limiting their capacity to do it?

**Mr T.R. Buswell:** No, it's not.

**The SPEAKER:** The member for West Swan is speaking. Hansard is trying to follow this debate, so I hand it back to the member for West Swan.

**Ms R. SAFFIOTI:** This has been one of the calmer debates over the past few weeks!

**Mr T.R. Buswell:** In relation to the member's comments, my understanding is that the current chairman of the Dampier Port Authority is a resident of the town of Denmark and the current chairman of the Albany Port Authority is a resident of Perth.

**Mr B.S. Wyatt:** But there would be other members of the board.

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**Mr T.R. Buswell:** Of course, but not of the northern ones. My understanding—I would have to double-check—is that there aren't local residents on the Dampier or Port Hedland Port Authorities. Sorry.

**Ms R. SAFFIOTI:** It is a very cordial debate.

The Minister for Transport has just outlined some issues about how local our ports are—that is, the level of ownership and community involvement—but I am sure that the member for Albany can respond to that in his contribution.

In relation to the issue of consultation, a new section will be inserted. It is something that we support. The section introduces a new mandatory requirement for port authorities to establish a community consultation committee for each port under their control, with local government representation insofar as a local government has electors who are or may be affected by port operations.

**Mr T.R. Buswell:** Correct, in communities where the port is integrated with the community, so in Albany, yes; Esperance, yes; Bunbury, yes; Useless Loop, no; and Cape Cuvier, no.

**Ms R. SAFFIOTI:** Again, we support creating these committees to ensure that there is some consultation and some communication with the local community.

The other interesting part relates to the amendment to schedule 6, and this is something that we support. This amendment will remove specified company—port user—representation on the Dampier and Port Hedland Port Authority boards and related definitions. I understand that currently there are a number of nominees from some of the key users on these boards and this amendment will remove them from the boards. Given the debates about third party access in particular, this seems to be movement in the right direction. I am not sure what the shadow Minister for State Development would say on this point, but the issue of third party access representation by particular companies on the board has raised some questions in the past. I know it has been a hot topic of debate at times over the past decade. Again, this is something that we support.

I want to raise some other points about some of the financial changes being made to the act. Proposed section 34A will be inserted. This proposed section introduces a provision under which port authorities must comply with state budgetary requirements. Port authorities must also comply with capital works expenditure limits that are set by the government from time to time, in addition to endeavouring to achieve agreed outcomes specified in approved financial statements. State budgetary requirements will override any requirements in a port's statement of corporate intent and strategic development plan.

From my reading of some of the background to this legislation, particularly the original reports that led to this legislation, it strikes me that some original recommendations might have been put forward and Treasury has got hold of them. I think that probably some of the Treasurer's non-Treasury agencies do not like being under the same umbrella.

**Mr T.R. Buswell:** I think all of them!

**Ms R. SAFFIOTI:** Yes! As I see it, and from my reading of what is happening here, a lot of changes were put forward in relation to the governance structure, the number of boards, and the new regional authorities. However, Treasury then got hold of them. This one looks as though it is straight from Treasury's handbook—that is, while we can, let us try to make sure that these authorities abide by the limits.

**Mr T.R. Buswell:** It is not a bad idea!

**Mr B.S. Wyatt:** I am curious as to why you need to bring it in.

**Mr T.R. Buswell:** It already happens.

**Ms R. SAFFIOTI:** Yes, it is not a bad idea. But the Treasurer cannot get any of his other agencies to abide by the limits.

**Mr T.R. Buswell:** There is some GTE legislation on the horizon.

**Ms R. SAFFIOTI:** I am not talking about GTEs. I am talking about consolidated fund agencies run by the minister's colleagues, such as the Treasurer's little colleague who sits to the right of him, and his colleague in the upper house, the Minister for Education. It appears that no other agency in the Treasurer's government needs to stick by expense or capital work limits, but these guys will have a new provision telling them to do that. I find it quite curious that the port authorities are being subjected to tighter financial control than the consolidated fund agencies being run by the cabinet colleagues of the Treasurer.

**Mr B.S. Wyatt:** We have to start somewhere!

**Ms R. SAFFIOTI:** I find that curious.

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Another key point that I would make in relation to when Treasury got hold of the bill is the interim dividend requirements. The amendment to section 84 of the Port Authorities Act provides for the payment of interim dividends. Interim dividends are not currently provided for under the act. I am not sure why we need this amendment, given that ports are primarily capital agencies by nature. They run on small operating budgets, and their funds are sourced primarily from either operating activities or borrowings. So, again, it is interesting that the Treasurer would bring in this new interim dividend. I have not seen which review recommended an interim dividend, and nor have I seen which review recommended the new budgetary controls. As I have said, I suspect Treasury had a look at this bill and thought, “Here we go; let us bolster some of the financial requirements of the bill.”

The last point I want to touch on is what is happening with Kwinana Bulk Terminal and the discussions that are being held on the legal problem that this government inherited from its predecessor, the previous Liberal government.

**Mr T.R. Buswell:** Predecessors.

**Ms R. SAFFIOTI:** No, no; we did not sign the deal.

**Mr T.R. Buswell:** I know that, but it is a cumulative issue.

**Ms R. SAFFIOTI:** It is cumulative, yes.

**Mr B.S. Wyatt:** The basis of the action is a shocker.

**Ms R. SAFFIOTI:** Yes. But as anyone in their right mind would recognise, the deal that was struck by the then Court government, in which the now Premier was a senior minister, and Buckeridge in relation to James Point was a shocker. I remember that the previous Labor government was trying to figure out how to get out of that deal, because it was an absolute shocker of a contract. The key issue is how those discussions about Kwinana Bulk Terminal fit into the model of these corporatised entities. I found it very interesting to read the “Ports Handbook Western Australia 2012”. It is amazing what we can find in that handbook. It says the following about the port of Fremantle —

The Fremantle Port Authority (FPA) has experienced strong trade growth with the total port trade for 2011/12 reaching a new record of 28.2 million tonnes. This was a 7.9 per cent increase on the previous year. The main reason for the increase in trade volumes was a rise in outer harbour bulk exports, particularly iron ore and grain. Inner harbour container volumes rose by 9.8 per cent, while non-containerised break-bulk cargo was up 10.2 per cent, with strong growth in imports of industrial vehicles and machinery.

It goes on to say that the highlights for 2011–12 included completing a \$44 million upgrade of export infrastructure at Kwinana Bulk Terminal, which increased capacity and efficiency for the export of iron ore and coal.

This bill has come at a fortuitous time in relation to getting some more clarity on what is happening with this deal. The Treasurer has asked the Premier, I think on five separate occasions —

**Mr T.R. Buswell:** The shadow Treasurer.

**Ms R. SAFFIOTI:** Maybe the Treasurer has asked the Premier, too; I do not know. The shadow Treasurer has definitely asked the Premier on five separate occasions —

**Mr T.R. Buswell:** I think it is six.

**Mr B.S. Wyatt:** Five.

**Ms R. SAFFIOTI:** It might be six tomorrow, but it is five currently—whose idea these negotiations were. I must say that I do not remember—maybe I was on another planet at the time—this proposal being put forward under the previous government. I do not remember anyone saying that we could just sell Kwinana Bulk Terminal in some sort of secret deal without valuations and without going through a tender process. I know there were issues about whether they were legally able to build at James Point and what access the contract gave them, but I do not remember anyone saying we could just sell Kwinana Bulk Terminal. So the shadow Treasurer has asked the Premier on a number of occasions —

**Mr B.S. Wyatt:** Five.

**Ms R. SAFFIOTI:** Five, and soon to be six—about the circumstances that led to this being a real issue that is on the table and is currently being negotiated. I find it ironic that we are standing here talking about how we need to make our ports more commercial and more corporatised, and more effective and efficient, when in this deal we are basically undermining the work of the Fremantle Port Authority. The shadow Treasurer will probably raise

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these questions again in his contribution. But this is a perfect opportunity for the Treasurer to outline how it is that this bill is on the table, whose idea it was, what state Treasury is saying about it, what the State Solicitor is saying about it, and what the Treasurer's Department of Transport is saying about it. As far as ideas go, this is a beauty. I have never heard of an idea such as this, where we will just sell, as part of some negotiated agreement, a major government-owned utility, without any market process. It is beyond comprehension that we would do that. The Treasurer has the ability, if he so chooses, to take this opportunity to provide the Parliament with far more clarity on this deal than the Premier has been able to do

Mr Acting Speaker (Mr I.C. Blayney), I am upset you were not here for the Geraldton port discussion, given the fact that the now Premier opposed its expansion during all that time. It was actually up to the Gallop Labor government to expand that port, which kickstarted the industry in Geraldton. I am upset you missed that part of the debate, but I am sure you will read the *Hansard* later, as I know you have been known to do!

**The ACTING SPEAKER (Mr I.C. Blayney):** If I am allowed to respond, member, if you read *Hansard* yourself, you will see that I actually supported that expansion.

**Ms R. SAFFIOTI:** There is no doubt you would; I am sure you did.

**Mr T.R. Buswell:** I think the expansion you're talking about happened before you came to this place; but that is just splitting hairs.

**Mr B.S. Wyatt:** I'm sure he would have supported it, in any event.

**Ms R. SAFFIOTI:** I am sure any right-minded person living in Geraldton or the area would have supported it. Anyway, it does not matter. The operation of our ports in Western Australia is fundamental to our future economic success. We are an export-driven state. Our future, again, lies in our ability to continue to grow our exports and to facilitate trade through Western Australia. The report that was undertaken under the stewardship of Hon Alannah MacTiernan made a number of recommendations. Most of those recommendations have been adopted. One relating to heritage was not adopted; I think there will be some issues in relation to the Fremantle Port Authority. Again, the recommendations were all about improving and making sure that our ports can operate as effectively as possible.

From my reading of that review, the summary of the government's review and other reviews frankly show that WA ports have been operating effectively under the 1999 legislation. The key change, which has been more of a government-directed change, has been the creation of four regional port authorities and basically the abolition, or merger—whatever we call it—of some of the smaller port authorities, such as Albany. The member for Albany raised some concerns from his community about that, but it would be good to get a better understanding about how the minister sees these new port authorities interacting with the community and representing the local views. As I said, there are a number of new Treasury recommendations that require these port authorities to probably do a lot more than many other government authorities being funded through the consolidated fund—the normal general government agencies.

There is a new requirement for an interim dividend. Again, I have not seen any independent report or any review that recommends this interim dividend. I basically think it is the Department of Treasury taking its opportunity to strengthen the financial aspects or the protection of the bottom line aspects of this bill; that is quite transparent through the reading of it. As I said, the key issue for us continues to be the Buckeridge deal—what impact it would have on the Fremantle Port Authority; also, the situation, circumstances and all the goings on that led to this deal being on the table, and what process the Treasurer sees with that deal going forward.

As I said, the opposition will not be opposing this bill. I suspect there will be some amendments put forward, mostly in the other place. However, we look forward to making a continued contribution to this debate.

**The ACTING SPEAKER:** The member for Victoria Park.

**Mr P.B. Watson:** I've been bumped!

**MR B.S. WYATT (Victoria Park) [8.23 pm]:** Sorry, member for Albany! As a man with a port, he should have got priority! I do apologise. I do not have a port; I can only envy his port.

Several members interjected.

**Mr B.S. WYATT:** I apologise.

**Ms R. Saffioti** interjected.

**Mr B.S. WYATT:** Maybe that is the plan! They will take my Burswood peninsula and stick a port on the end of it! I, too, rise to make a short contribution to the Ports Legislation Amendment Bill. The member for West Swan has outlined a number of questions about concerns the opposition has, but of course the opposition will not be

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opposing this bill. The member for West Swan went through some of the history about the report to the WA Parliament on the operation and effectiveness of the Port Authorities Act 1999 that was submitted to the Parliament by Hon Simon O'Brien, but of course that review largely took place under the stewardship of the former Labor government. As the member for West Swan pointed out—indeed, as the Minister for Transport's own document "A Vision for Western Australia's Ports" points out—we are a state very dependent upon our ports. The Treasurer's document at page 4, citing the vision for ports, makes that point. I quote —

Since 2000, the value of WA's exports has risen from \$25 billion to \$112.2 billion, or from 26 per cent to 46 per cent of the nation's total. The State's exports are now greater in terms of value than Queensland, New South Wales, Victoria, Tasmania and the Northern Territory combined.

In 2010–11 Western Australia's ports handled a total of 501 million tonnes of exports and 16 million tonnes of imports.

I must admit, I have the Army Reserve to thank for my appreciation for our ports and our other vital assets. I will recount an experience in Geraldton, which I will relive in just a minute, but not long after I joined the Army Reserve and got my commission, we did a vital assets tour. Visiting a lot of the ports in the north west really brought home to me in my very early 20s the importance of our ports as vital assets in this state. Then, not long after I was elected in 2006, there was a regional sitting of Parliament in Geraldton. I had been in the Parliament very briefly when the Parliament moved to Geraldton for a regional sitting in the town hall, from memory.

**Mr T.R. Buswell:** If only the former member for Geraldton was here today!

**Mr B.S. WYATT:** That is right! We were up there showing the love!

**Mr T.R. Buswell:** The former Premier was reflecting on his performance, I think, in a production called *Shane*. Do you remember that? He waxed on about that for some time.

**Mr B.S. WYATT:** Yes, I do indeed. It was a big, steep learning curve for me, not only with the regional cities, but of course with some of my colleagues on both sides, and also about Geraldton and the history surrounding Geraldton Port that the member for West Swan went through. It all became apparent to me from that visit, particularly the importance of the deepening of Geraldton Port. Anybody who visited Geraldton over the years would understand the transformation and the impact it had. The member for West Swan outlined some of the concerns with regional and local representations on boards. The member for Albany will no doubt talk to that; I would be very interested in his views. As I said, he is a member who has a port in his electorate, and of course I have some questions of the Treasurer about the James Point port proposal. I make the point to the Treasurer, without intending to inflame the debate this evening, but from listening to his interview with Paul Murray about this issue last Friday, I think he appreciates there is some sensitivity around this matter. Not only is it unusual to treat a public asset in this way—or to consider to treat a public asset in this way, the history of this matter makes it more so. To be frank, as he would no doubt be aware, when the applicant in the litigation is known publicly to be a very strong supporter and donor of the Liberal Party, of course we should expect more scrutiny not only from the Parliament, but also from the media.

I want to remind members by quoting Hon Alannah MacTiernan's statement she made in this place on 30 May 2011 about the contract that was signed in the dying days of the Court government with Mr Buckeridge. I will not quote her entire statement, but I do want to quote for benefit of members one key part that reflects what contract obligations it put on the state and the rights it gave to Mr Buckeridge, and I quote —

The contract has been subject to legal analysis and the main concerns from a public policy point of view include the fact that the contract has a term of 50 years with an option to extend by a further 10 years. James Point Pty Ltd is obliged to pay only a nominal rent to the state throughout the whole term. The commencement rent is set at \$500 per annum and there are no escalation provisions or any market rent review provisions. The nominal rent delivers a seabed lease of approximately 70 hectares in stage 1 of the port and approximately 276 hectares in stage 2 virtually free of charge. In addition, James Point Pty Ltd has been given the option to purchase the freehold title of two reclamation areas for \$10 each. The freehold titles to these areas may be worth considerably more to James Point Pty Ltd if it sold its business and reclaimed areas at some point in the future. Under the contract, the State has obligations to provide specific road and rail improvements for the benefit of James Point Pty Ltd. At this stage only preliminary costings have been obtained for the improvements but estimates range from immediate needs at \$5 million to \$21.9 million at full operation. There does not appear to be any mechanism in the contract under which the State obtains any return on its capital outlay for this expenditure. Although the contract contains a provision that the port must be operational within five years, this can be extended indefinitely if James Point can show a lack of demand for the port. Although the contract obliges James Point Pty Ltd to provide access to third parties who wish to provide services in the private port, it also



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allows James Point Pty Ltd to grant exclusive licences to third parties for the provision of port services. As a result, the freedom of access to third party service providers contemplated in the contract can be substantially restricted by the grant of exclusive licences.

As members can see, that is quite an extraordinary contract for a government to enter into with a private sector operator. I say this, minister, not intending to inflame: in truth this was a former Liberal government; this was the Court government in which the now Premier was a senior player. That is why the Premier simply saying to the media that we should trust him, that he will ensure the taxpayer gets a satisfactory outcome in the event that the Kwinana Bulk Terminal is used or offset as part of litigation, is simply not sufficient. The minister made the point, in response to a question I asked him about this process, that on one side we have revenue, being the potential sale of Kwinana Bulk Terminal, and on the other side we have a potential cost, being whatever potential liability there may be to James Point Pty Ltd by way of the litigation. He is right. On five separate occasions I have asked the Premier who came up with this idea. He will not tell me. Firstly, the Premier simply makes the point: he does not say it was the mediator in the Supreme Court; it just arose through the mediation. It is not the role of mediators to offer up state-owned assets; that would have come from one of the parties to the litigation. Secondly, the key point of the question I asked the Premier today, members, was that in light of the fact that the government is not going to provide any information now, in the event that Kwinana Bulk Terminal is used and sold as a result of the settlement, will it afterwards release all valuations of the Kwinana Bulk Terminal—so we can at that first instance, that point that the Treasurer made, work out what the potential revenue is—and then release the legal advice? I understand that the opposition will often call for the release of legal advice and the government will always say no. However, I made the point that it would be released after the settlement of the litigation; therefore, I do not seek for the government to compromise its negotiating position with James Point Pty Ltd. However, once it is settled, the government has to then prove its point that the potential exposure to the state justified the transfer of that asset. Let us not forget, members, that the Premier was willing to litigate to the High Court on the MRRT when he publicly said we had no chance of success, yet now he is very happy to get into negotiation, mediation and settlement discussions very quickly and keep it all off the record.

We do not know what the strength of the state's case is. If indeed Hon Alannah MacTiernan was correct in the statement she made back in 2001, I dare say that the state does not have a very strong position because extraordinarily strong and incredibly beneficial rights were given to James Point Pty Ltd. However, the Premier cannot simply get by with saying, "Trust me; it's all going to be okay." I recall an opinion piece, I think by Gareth Parker, shortly thereafter in *The West Australian* that made the point that in a modern democracy, that is not the way we operate. As I said to the minister at the beginning, although it will have no impact on the legal rights, certainly there is more political interest in light of the fact that Mr Buckeridge is publicly well known as a significant donor and supporter of the Liberal Party. That obviously creates more interest. That is why I will continue to pursue this issue in Parliament. I think the minister knows that this is not a sufficient way in which to deal with public assets—not by any stretch of the imagination.

I want to spend a short time reflecting on the process that followed the release of the minister's "A vision for Western Australia's Ports", which I think was in February 2012. Was it the beginning of last year?

**Mr T.R. Buswell:** Yes.

**Mr B.S. WYATT:** I had scrawled "last year" in my notes. Interestingly, online there is a series of communiqués from March 2012 through to last month titled "Ports Governance Review Implementation". They are actually quite useful and I commend the steering committee for releasing quite regular communiqués after its meetings. They are dated 15 March 2012, 22 November 2012, 15 May 2013, 19 August 2013 and 31 October 2013. They really outlined the implementation process of the government's vision for Western Australia's ports. Clearly, there was the steering committee and then a series of, effectively, subcommittees or working groups dealing with each new regional port authority—namely, Kimberley, Pilbara, Mid West and Southern. As we move through the various communiqués, which are in effect really, I assume, minutes or results of those meetings, we see some of the more interesting issues that arose; for example, discussions with the Australian Taxation Office and discussions with the Australian Competition and Consumer Commission. Helpfully, the ACCC made the decision that it was not going to conduct a review of the proposal—that is, the mergers—pursuant to section 50 of Competition and Consumer Act 2010, but it did take some time for the Australian Taxation Office, of course, to make its decision about whether the proposed ports amalgamation would attract goods and services tax or the national tax equivalent regime. The communiqué dated 19 August 2013 made the point that —

... the Commissioner of Taxation issued a private ruling relating to ... GST ... Based on the information provided, the ATO is of the opinion that there is no GST payable on the assets or liabilities transferred as a direct result of the proposed ports amalgamation.

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There was a similar ruling on the national tax equivalent regime. Those private rulings were just in June this year, so not that long ago. I dare say that was perhaps one of the final issues that would have then led to the drafting of this legislation. Interestingly as well, in the same communiqué dated 19 August 2013, there were some discussions with the WA Office of the Auditor General who had a few points of interest including —

- the timing of the amalgamation (preferring it to be at financial year end);

Hence the minister made the point that this comes into effect on 1 July 2014, I assume as a result of that advice from the Auditor General. Other points of interest included —

- the asset valuation methodology (preferring it to be at fair value);
- which of the port authorities are continuing authorities and which are merging authorities (as this will affect the work of their contract auditors) ...

Another point of interest was about the ATO rulings made.

In the final communiqué dated 31 October this year, I note some chairs-elect of the proposed port authorities have now been named—that is, Mr Ken Pettit of the Pilbara Ports Authority, Ms Neema Premji of the Southern Ports Authority, Mr Ian King of the Mid West Ports Authority and Mr Laurie Shervington of the Kimberley Ports Authority. I assume that is the Laurie I know, a lawyer with Minter Ellison —

**Mr T.R. Buswell:** I strongly suspect there is only one of them.

**Mr B.S. WYATT:** I have no doubt. If there was another Laurie Shervington wandering around, I would be very familiar with that because there really can be only one Laurie Shervington. I am pleased to see that Laurie has met the satisfaction of the government; he is a man of wise counsel who will no doubt do very well in that role. Is the intent of the government that they will continue as chairs for a term?

**Mr T.R. Buswell:** Yes.

**Mr B.S. WYATT:** So they will see the transition to 1 July 2014 and stay in those roles.

**Mr T.R. Buswell:** Correct. Well, it is our intent, but that will depend on their concurrence.

**Mr B.S. WYATT:** I do not assume that the government will pass legislation to force them to occupy those roles!

**Mr T.R. Buswell:** But it is our intent.

**Mr B.S. WYATT:** The point was also made about a handover to the reconstituted steering committee, coupled with presentations by the four ports' working groups on their progress to date, scheduled for 7 November 2013. I assume that happened. Interestingly, a question I have for the Minister for Transport is about the next phase of the legislative work.

[Member's time extended.]

**Mr B.S. WYATT:** I will read a paragraph from the October 2013 communiqué, which states —

In October 2013, DoT met with officers from the Regulatory Gatekeeping Unit to explain the intent of proposed legislative changes in the second phase of the amalgamation, which will effect the transfer of non-port authority ports to the new port authorities.

In relation to this second phase of legislative work, DoT is set to prepare instructions to draft the enabling legislation.

There is still more legislation to come for the delivery of that.

**Mr T.R. Buswell:** Yes. This legislation deals with the port authority ports. There is a range of other ports, as the member for Victoria Park pointed out—the Shipping and Pilotage Act ports.

**Mr B.S. WYATT:** The SPA ports.

**Mr T.R. Buswell:** A number of those are basically state agreement ports, if I can put it that way. Probably a good example is Rio's port at Cape Lambert, but there are also others such as at Cape Preston. There is a legislative process and a negotiation process around bringing those into the amalgamated port authority structures.

**Mr B.S. WYATT:** When will that legislation come through?

**Mr T.R. Buswell:** I would have to get you some advice on that.

**Mr B.S. WYATT:** I would figure that it would be in the first half of next year. Is it something that the minister wants to get done before this legislation comes into effect, or does it not necessarily need to be?

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**Mr T.R. Buswell:** No, it is not necessary. I would have to get some advice on that. It is a slightly more complicated part of the reform.

**Mr B.S. WYATT:** I daresay it is probably something that Hon Ken Travers will pursue in more detail, but it is a point of curiosity that arose from the communiqué of October this year. Of course, the communiqué went on to make the point about discussions with the commonwealth Office of Transport Security. The member for West Swan has already gone through some of the recommendations in the “Report to the Western Australian Parliament on the Operation and Effectiveness of the Port Authorities Act 1999”. Recommendation 4 was that —

The Steering Committee recommends the Act be amended to incorporate a definition of the term ‘security’ and to include security within the scope of a port authority’s functions.

I daresay that the meetings between the Department of Transport and the Office of Transport Security are probably dealing with some of those issues.

The member for West Swan made a number of points during her contribution that were interesting and will no doubt form the subject of a number of questions, particularly around the issue of the interim dividend. I daresay that the member for West Swan is right; Treasury has now had the opportunity to extract a little more from the balance sheet of the state. It sees the payment of an interim dividend as an extra way to extract some value from the balance sheet of the state. Interim dividends have been the subject of some debate in this place already, not necessarily for the ports, of course, but with other assets of the state. Of course, the Insurance Commission of WA received some focus.

**Mr T.R. Buswell:** You only get the benefit of an interim dividend once.

**Mr B.S. WYATT:** I am assuming a dividend before the end of the year.

**Mr T.R. Buswell:** I don’t think we’ll get it this year, but I don’t think we need it. Effectively, if there is any benefit to flow through to the state’s books, if I can put it that way —

**Mr B.S. WYATT:** It is early cashflow.

**Mr T.R. Buswell:** Yes, but you only get it the first year you apply it. If we got an interim dividend this year, 2013–14, it would be accounted this year, but in the following year we would account only the balance plus the interim dividend for the following year.

**Mr B.S. WYATT:** So in 2014–15, only the final dividend from the previous year would be accounted for.

**Mr T.R. Buswell:** And the interim dividend from the next year.

**Mr B.S. WYATT:** Let us say that the interim dividend works out to be half, theoretically. It would still be accounted in each financial year for 100 per cent of the dividend; it is just a matter of a different mix.

**Mr T.R. Buswell:** That is right; yes.

**Mr B.S. WYATT:** Okay; I think I understand that. There will be some further questions on this point.

Are there any other government trading enterprises that have in their enabling legislation a specific requirement such as the one introduced by proposed section 34A? Proposed section 34A(2) states —

A port authority in performing its functions must —

- (a) comply with approved requirements as to capital works expenditure limits and associated funding; and

It goes on. I would have thought that statements of corporate intent, as set in other documents, would be looking to those issues anyway. The minister does not need to answer now, but no doubt when he gets to his feet, he can deal with why that has been introduced. I think he said by way of interjection or discussion with me across the chamber that it happens anyway. Is this dealing with a problem? Has there been a particular port that went on a capital-works frolic of its own and caused any particular problems for the state?

**Mr T.R. Buswell:** No, but some of them went on some long-term planning frolics of their own that potentially could have caused some problems.

**Mr B.S. WYATT:** If they made decisions around it.

**Mr T.R. Buswell:** One of the problems, and I still need to do some more work in this space, is that the strategic development plans have a five-year horizon. I think the ports should be planning on a 20 to 30-year horizon in terms of long-term growth. We do not have a formal mechanism to capture that at the moment. We are doing a little more work with Ports WA on how we can take a longer-term view of where we think the ports are going to

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end up. Most ports independently have a long-term view, but it is often a view of the port and the board that has not been endorsed by government. There is a bit more work to be done in that space. A good example is the 10-year asset and investment plan that most of our agencies now have to develop. This doesn't deal with that, by the way.

**Mr B.S. WYATT:** That is right. What the minister has said makes sense—having large infrastructure such as ports develop 20-year plans all makes sense. However, the bill requires, under proposed section 34A(2), that a port authority must comply with approved requirements for capital works expenditure and associated funding and then, of course, must also endeavour to achieve financial outcomes that are consistent with forecasts contained in approved income and cash flow statements and approved statements of financial position. The bill then goes on to make the point in proposed section 34A(3) that —

If there is any conflict or inconsistency between the duty imposed by subsection (2) and the duty imposed by section 33, the duty imposed by subsection (2) prevails.

That will necessarily make it more difficult for a port to have the 10 to 20-year view if they are always constrained by the four-year cycle. Does the minister understand what I mean? We do not have a 10 to 20-year financial document.

**Mr T.R. Buswell:** The development of that longer-term plan is still a work in progress. I do not necessarily agree with what you are saying. I am very keen to do some more work with the port authorities on the capacity to develop these long-term plans. Some of them have had plans, which have come as a surprise to me.

**Mr B.S. WYATT:** Is the minister willing to give some examples?

**Mr T.R. Buswell:** Port Hedland.

**Mr B.S. WYATT:** Okay. At the time, was that going to expose the state to much more significant capital works exposure than the minister thought?

**Mr T.R. Buswell:** Yes.

**Mr B.S. WYATT:** To what level?

**Mr T.R. Buswell:** It wasn't quantified.

**Mr B.S. WYATT:** Was that over a 10 to 20-year period or a much shorter period?

**Mr T.R. Buswell:** No, a long-term period, outside of our budgeting cycle. Notwithstanding that, one of the things that the ports review recommends is developing, on the back of the state freight strategy, a longer-term port strategy. In theory, when you think about it, each of the individual port's longer-term views in aggregate should be that long-term port strategy for the state. That level of overarching planning has its limitations, but I also think it is pretty important to do.

**Mr B.S. WYATT:** I agree, but it is interesting. The Minister for Transport made the point about the ports that he would like to see a 10 or 20-year plan. The 10-year projection for net debt in the budget shows net debt on an upward trajectory for 10 years. It does not change—only up to \$47 billion. The Premier has made the point that it will not and cannot get there; I think he said that it is not sustainable, so there are already some capital constraints, I would have thought, as a result of that debt position.

**Mr T.R. Buswell:** The assumption in that is that the development plans for the port require state capital.

**Mr B.S. WYATT:** True, absolutely, but I make this point by way of an aside: I am still surprised at the Premier's desire for public spend on Oakajee when, at the time, the private sector was willing to do that without any public spend. The minister does not need to comment on that; I am just surprised by that because it seems to be contradictory to some of the messages that the minister tries to send.

In my final couple of minutes, I note that the member for West Swan referred to the appendixes of the 2009 report tabled by Hon Simon O'Brien. She noted the fact that from 1994 to 1999, there was a downward trajectory of capital spend and then, of course, there was a quite considerable increase between 2000 and 2005. Interestingly, there is also a chart regarding profitability and the return on assets between 1994 and 2005 that shows a steady increase in profitability, but a steady decline in return on assets. No doubt that is the reason why, in the communiqué I talked about a short time ago, the Auditor General was keen to get some answers around that. Appendix 3.5 has a chart dealing with dividend and income tax payments between 1994 and 2005. Interestingly, from 1994 to 1998 there are very small payments, and then it starts to increase beyond the period covered in the appendix.

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There will be questions from the opposition in respect of the Ports Legislation Amendment Bill 2013, which we do not oppose. It is timely to have a debate on this legislation, particularly in respect of the issues I talked about earlier—the James Point Pty Ltd port proposal and the litigation surrounding the agreement signed by Richard Court in the dying days of his government. As I pointed out to the Minister for Transport, it is not acceptable to hide this under litigation and mediation and to not be open and accountable in respect of two things—the value of any assets the ownership of which is transferred, and the likely exposure of the state. That is going to require the state government to have the maturity to release legal advice for the satisfaction of Western Australian taxpayers, who own those assets. That is an absolute necessity for there to be satisfaction surrounding any transfer of ownership of a state-owned asset. I look forward to the minister's response, whether during his reply to the second reading debate or during consideration in detail.

**MR P.B. WATSON (Albany)** [8.53 pm]: I would like to speak on the Ports Legislation Amendment Bill 2013 from a regional member's point of view.

**Mr W.J. Johnston:** We've got a quality contribution to come!

**Mr P.B. WATSON:** I have not started yet!

I say to the minister that in Brad Williamson, we have the best chief executive officer in the state. We have a very good port in Albany, which is run very successfully, so why do we have to change it? I am disappointed that the member for Eyre, a government member, is not in here sticking up for the Esperance port.

**Mr T.R. Buswell:** Do you know where Brad Williams went when we had a problem at the Esperance port?

**Mr P.B. WATSON:** He went to Esperance.

**Mr T.R. Buswell:** He went to Esperance!

**Mr P.B. WATSON:** That is right. Now he is running a very successful port in Albany, and we have a good board. I was interested to hear it said today that the chairman comes from out of town, but I think that is good, because the port is not just Albany; it is the whole hinterland, and the people in the hinterland are the ones who send in the grain and the timber. We have a really good mix of people there, and we have someone from outside who can control them, but now everything is going to be done from Bunbury. That might seem great to the minister, but not to the people from Esperance and Albany; it means Bunbury is going to run those ports. Would it not be better to start in the middle—in Albany? I know the minister will think I am biased because I am the member for Albany, but —

**Mr T.R. Buswell:** Member, can I say, having travelled around the state, if I had to choose anywhere other than Busselton to live, it would be Albany.

**Mr P.B. WATSON:** Yes, but we do not want the minister!

**Mr T.R. Buswell:** Come on!

**Mr P.B. WATSON:** I know the minister says great things about Albany, but if he thinks it is such a great place, he should not take away the power of our port authority.

**Mr T.R. Buswell:** We're not.

**Mr P.B. WATSON:** The minister is; he is taking it to Bunbury, and we know what will happen next: it will go to Perth. Where is the National Party on this issue? The National Party says that it will build SuperTowns, and it will do this and that, but where are the development commissions run from now? They are run from Perth. Where will this be run from? It will be run from Perth. Everything is being centralised to Perth, but we want to be able to look after our own port. We recently had an issue in which there was trouble with the mussel farmers in the port, so I had the opportunity to take these people down there and sit down with the board, and we sorted it out. I should not have to go all the way to Bunbury with every issue that happens in our area, and I think it is disgusting the way this has happened. I am worried that the Buy Local policy will disappear and that everything will be bought from Bunbury. I am worried that it will be privatised, and I know there are things in there about privatisation that we are really concerned about in Albany.

**Mr T.R. Buswell:** Can I just say, member, of all the ports in WA, the one I often refer to as a landlord model for port development is the port of Albany, because in the port of Albany, a large percentage of the exporting infrastructure has been delivered and is operated by private entities, controlled on an overarching level by the port authority, but delivered by the private sector—and that is exactly the model for port development. Brad has given me a lot of advice, and that is exactly the model we want to see rolled out in other port authorities.

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**Mr P.B. WATSON:** If we are the best one, why can we not be the central one? The minister has not stopped talking about how good it is; I have not stopped talking about how good it is. Why does that power have to go to Bunbury?

**Mr T.R. Buswell:** That's your view.

**Mr P.B. WATSON:** That is the view of the people of Albany.

**Mr T.R. Buswell:** We'll see.

**Mr P.B. WATSON:** Pardon? Is it not? Has the minister spoken to the board?

**Mr T.R. Buswell:** No, I didn't say that it wasn't the view of the people of Albany; I said that we'll see how that plays out.

**Mr P.B. WATSON:** It is going to go to Bunbury.

**Mr T.R. Buswell:** What's going to Bunbury?

**Mr P.B. WATSON:** The power to run the board.

**Mr T.R. Buswell:** What document are you referring to?

**Mr P.B. WATSON:** When I read through the minister's second reading speech, I am sure it said that it would be based in Bunbury.

**Mr T.R. Buswell:** We haven't determined where it will be based yet.

**Mr P.B. WATSON:** Then after the minister's glowing report today, it is in *Hansard* and we know that it will go to Albany.

**Mr T.R. Buswell:** I didn't say that at all; I just said —

**Mr P.B. WATSON:** I am quite willing to back the minister on this.

**Mr T.R. Buswell:** I just said that we haven't made a decision where it will be based, and I'm not sure that in the modern working environment the idea of a single base is required. The best people do the jobs in the relevant places.

**Mr P.B. WATSON:** I am just worried that we are going to lose the focus in Albany. Let us say that it was in Albany; that is great, but then Esperance loses the focus on its port. We get these people on the board because they are people in the area; they are the ones who know what is going on in the area, and now we are going to have people who are not in the area making these decisions. I can understand the minister's point of view, and we will be supporting the bill, but there are lots of questions that have to be asked—about privatisation for one thing. If the minister can say that there is going to be no privatisation—he has talked about how it works in Albany —

**Mr T.R. Buswell:** A lot of the assets in Albany are already owned and operated privately.

**Mr P.B. WATSON:** Which ones?

**Mr T.R. Buswell:** Woodchips, grain —

**Mr P.B. WATSON:** Grain is off the port—Co-operative Bulk Handling Ltd.

**Mr T.R. Buswell:** It's still not state owned. The stevedoring is done privately; from a landlord model point of view, it is a very good model.

**Mr P.B. WATSON:** We are building up the case even more.

I would like the minister to explain the provisions of the bill that will allow the ports to operate 24 hours a day subject to compliance with the Environmental Protection Act. I am concerned about this during grain drops, especially as this year's harvest is going to be a bumper. What sorts of things will allow ports to operate 24 hours a day?

**Mr T.R. Buswell:** A lot of ports already operate 24 hours a day. My advice is that that clause in the act simply codifies current practice in a range of ports. If for operational reasons a port has to operate 24 hours a day, it can already, although it is not specified in the legislation. This is simply a matter of codifying, or putting into legislation, a practice that already exists. But, of course, it is subject to the normal environmental controls, around dust and noise in particular, and other approvals that sit around port operations

**Mr P.B. WATSON:** When the Albany Entertainment Centre was built, one of the main concerns was that trucks would be going by 24 hours a day. It has not been an issue so far, but it was a big concern raised at that time.

**Extract from *Hansard***

[ASSEMBLY — Tuesday, 19 November 2013]

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**Mr T.R. Buswell:** A good example in Albany would have been if Grange Resources had got off the ground. That magnetite export facility—which was admittedly at the southern end of the port—would have been a 24-hour-a-day operation.

**Mr P.B. WATSON:** The trains do not go 24 hours, but they go for a fair bit, and that is a big issue for people in Albany, because train drivers like to blow the train horn every time they pass a crossing. I can receive up to 50 phone calls the next day when that happens.

The second reading speech also refers to a reduction in the number of members on the boards. If a board is run from Bunbury, how will it be situated? I know that the government picks the board members, because the National and Liberal Parties are well represented on the board in Albany, but how will the members of the boards be chosen now? Will the minister do that?

**Mr T.R. Buswell:** Yes.

**Mr P.B. WATSON:** Will there be any additional people on the boards?

**Mr T.R. Buswell:** No. I think the act says five to seven board members. We, in consultation with the chairs, try to get the skill set that is required for the port at the time. That may change from time to time depending on the phase the port is at. But the ports review, which the member for Victoria Park referred to, makes some significant commentary around the composition of boards. So I think the best thing we can do for our ports is to have the best and most appropriate people sitting on those boards. I would not like to think that we appoint board members based on political allegiance. I have reappointed Gary Wood, the CFMEU organiser from Collie, to the Bunbury port at least once. I think he is a good member of the Bunbury Port Authority.

**Mr P.B. WATSON:** That is how it should be, but it does not always happen.

**Mr T.R. Buswell:** I think when I had the commerce portfolio, I reappointed Tony Cook, is it, who was one of your predecessors?

**Mr W.J. Johnston:** He was the secretary of the TLC.

Several members interjected.

**Mr P.B. WATSON:** I did not want to interrupt the minister's conversation! The opposition supports the bill, but I want to ask a lot of questions. Some people in my electorate are concerned that the Albany port will lose its identity. The port is a big part of not only the City of Albany, but also the entire hinterland. I want to make sure that the producers in the hinterland and the local people who have jobs there are looked after. As I said, Albany has the best port, and the best CEO, so why change it?

**MR W.J. JOHNSTON (Cannington)** [9.03 pm]: This is much sooner than I was expecting to be on my feet. I, too, want to make some remarks about the Ports Legislation Amendment Bill 2013. The first thing I want to raise is the capacity of the port for the iron ore industry in the Pilbara. If I were the Minister for Transport, this issue would worry me a lot. The minister stated in the second reading speech that 44 per cent of Australia's export merchandise goes out of our ports; is that right?

**Mr T.R. Buswell:** It is more now.

**Mr W.J. JOHNSTON:** Whatever the figure, it is a huge amount. The second reading speech identified Port Hedland as the world's busiest port. By that I think the minister means by tonnes of exports, because Rotterdam, Holland, is the busiest container port, and other ports in the world are busier in terms of ship movements. However, Port Hedland is certainly the busiest by tonnage shipped due to the super bulk carriers that come into that port. Dampier port is also incredibly important, with a multitude of different products going out through that port. There is an intention to expand the Dampier port, but Port Hedland is a more complex port, which has led to BHP Billiton coming up with its outer harbour plan. I cannot remember the last figure, but I remember there was a suggestion that it would take something like \$19 billion to build it. Naturally, BHP has said that \$19 billion for one project is an awful lot of shareholders' money, so it will not proceed with that plan at this stage. Perhaps at some time in the future it will come up with that sort of money, but it is unlikely in the current environment that that will happen any time soon. Last year the shadow Treasurer and I were briefed by BHP about its plans for milking the maximum volumes out of Port Hedland. It had a range of options to get more tonnes out of Port Hedland, because its competitor Rio Tinto is not similarly constrained at the Dampier port.

**Mr T.R. Buswell:** And Cape Lambert.

**Mr W.J. JOHNSTON:** But it is the Dampier Port Authority that runs that.

**Mr T.R. Buswell:** Cape Lambert is a state port authority port at the moment, but it will go across.

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**Mr W.J. JOHNSTON:** I am just saying that BHP's competitor is not similarly constrained. There is also the matter of the expansion for junior operators and FMG. All of that led to the idea of building a port at Anketell so that there would be expansion capacity in the Pilbara for junior operators, and, indeed, FMG—which is hardly a junior anymore—to have the capacity to get more out through the Anketell port. The problem is that whoever invests first in Anketell will have to build the facility to a capacity for—I am no specialist in these things—a turning basin. Whoever goes first has to build a turning basin so that there is the infrastructure to allow for the ships.

**Mr T.R. Buswell:** The channel and the turning basin.

**Mr W.J. JOHNSTON:** The problem, of course, is how to finance these things. A lot of operators around the country such as Aurizon, the former QR National, say that they can build these facilities, but they need to get offtake agreements from the mining companies first before they can bankroll those activities. The problem is that mining companies do not have that sort of capital to guarantee a project will move forward, so an infrastructure provider has to convince some 29-year-old in New York that the project will fly. If the counterparty is, say, a \$400 million company, how can that guy in New York be convinced that that \$400 million company will fund them for 30 years to pay back the loans? That is the problem. It is the problem at Oakajee as well—I will talk about Oakajee in a moment. These are the fundamental problems for the continued expansion of Western Australia's export industries. We are coming to potential bottlenecks, particularly in Port Hedland, but more generally in the state's ports. Mr Acting Speaker (Mr I.C. Blayney), this is also an issue in Geraldton. The former Labor government did an excellent job by upgrading the Geraldton port. Without that upgrade there would no midwest iron ore industry—none at all—because there would be nowhere to put the ships out and nowhere to load. No matter what criticism is made of any part of that port expansion, the simple fact is that without it there would be no midwest operation.

Getting back to Anketell, how is that not going to be cut? How can we get a long-term investor confident enough that there will be people to use their infrastructure and thereby repay the debt? Some people say perhaps superannuation funds should be asked to invest in these projects. Sure, I think that superannuation funds should look at them, but again they are not charities; they are not going to invest in a 30-year project if they do not have confidence in a return on their investment. It is interesting that Karratha Airport has been marketed to superannuation funds. Of course it is an airport and not a seaport. A problem that the Roebourne council has in marketing Karratha Airport is that nobody knows what passenger numbers will be in 10 years' time. A superannuation fund with a 30-year investment horizon is very nervous about investing in a 10-year asset. The same problem arises for a multiuser port that might allow junior operators to come to fruition. I am often told by people in the resource sector that if there is no land transport solution and a port, the project is just dirt because nobody is going to pay for the resource in the ground; they are going to pay for it only when it is on a ship heading to Korea or China, or wherever else it is going. I think this is a significant problem for the state. The question of what is going to happen to the expansion of our northern ports is probably the number one issue we are confronting if we want to continue to expand our iron ore industry. I am sure the minister thinks that is probably right.

**Mr T.R. Buswell:** It is a big issue.

**Mr W.J. JOHNSTON:** The minister can either tell the house now or in consideration in detail whether it will be possible to take out a long-term lease or sell individual assets of the port authorities through this legislation. What further parliamentary scrutiny would be required before the government moved to privatise any aspect of the port operations? The minister does not have to respond now, but does he understand the question I am asking?

**Mr T.R. Buswell:** Yes. I do not think this legislation inhibits the government from selling individual assets within ports or, the flipside, encouraging private sector investment in new assets at ports. I hope it does not inhibit it! No, it does not.

**Mr W.J. JOHNSTON:** It is obviously a real question for us about what is going to happen with the ownership structure of the ports. If a Fremantle outer harbour was ever built, it would be an ideal investment for the private sector.

**Mr T.R. Buswell:** Absolutely.

**Mr W.J. JOHNSTON:** Because volumes could effectively be guaranteed.

**Mr T.R. Buswell:** There would effectively be a container terminal within the port of Fremantle which would still be a state-owned entity, which is the Port Hedland model over and over again.

**Mr W.J. JOHNSTON:** Yes. It is really what the commonwealth has done with the airports. It sold 50-year leases on the airports but the airports continue to belong to the commonwealth. Eventually it will come back to



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it. It is also the model that was proposed for the James Price Point port. I cannot remember whether it was after 50 or 60 years it would come back to —

**Mr T.R. Buswell:** James Price Point.

**Mr W.J. JOHNSTON:** Not James Point; James Price Point. The Browse gas project was the proposed model. The private sector would have done the investment but it still belonged to the state. At the end of the project, 50 or 60 years—I forget what it was in the act—it would revert to state ownership. In fact under that one I think it would have reverted to Indigenous ownership but with the state having the right to continue to operate it. The point I make is that that is the sort of proposal. There is no question that state governments do not have unlimited capital. There is an opportunity to ensure private investment in risk assets; that is, they are not just taking cream; they are putting their assets at risk. Risk is very important. That is what “incentivises”—if I can use that wonderful word—the private sector: the risk that they will not succeed as well as the possibility of reward for them succeeding. Without the discipline of failure, there is no private market. That is probably China, where corporations run by the state do not have failure. China is trending down on asset returns, so it is very important for there to be risk. We do not want to just pass over an asset to the private sector without it risking anything. The expansion of an outer harbour in Fremantle and the Anketell port are opportunities for the private sector.

I want to talk about the possibility of competition for Fremantle in the container area. I do not have access to all the information, but I do know that people in Bunbury often talked to me—when I was state secretary and more recently—about the possibility of a container wharf in Bunbury. That would require an upgrade of rail infrastructure. It was put to me that a third rail is needed, like the freight rail that shares both narrow and standard gauge rail out east. If I am wrong, please tell me. This is what people say to me: we could have a container wharf at Bunbury in an expanded Bunbury port. That would provide competition between Fremantle port and Bunbury. If there was an outer harbour—still ultimately owned by the state government—there would be more competition and more opportunity. Obviously, Bunbury will never be as busy a harbour as Fremantle, but to the extent that commodities are exported in boxes, we give them another alternative.

The same question arises at Oakajee. When Hon Gary Gray, the federal member for Brand, was the resources minister in the commonwealth government, he often talked to me about how exciting the opportunities at Oakajee were not just for the bulk export commodities, but also for a container facility. I cannot remember whether it was the Geraldton Iron Ore Alliance or the Midwest Group —

**The ACTING SPEAKER (Mr I.C. Blayney):** Geraldton Iron Ore Alliance.

**Mr W.J. JOHNSTON:** It is the Geraldton Iron Ore Alliance, but there was also another group. We spoke about opportunities in having a container wharf at a future Oakajee port. There could be a connection to the east–west rail link, which provides a new alternative. One benefit would be not only reducing the travel time for containerised freight from port to the north west, but also reducing the number of trucks on the road. These are all really interesting, but I think we really need to look at the Darwin port outcomes. It shows that despite the fact the commonwealth spent hundreds of millions of taxpayers’ dollars upgrading and completing the rail line to Darwin from Adelaide, it has not been the success that everybody thought, partly because it is still cheaper to put containers on a ship and let them go around the coast than the potential saving in putting them on rail. That is why I say that Bunbury is a better option because it is closer to where the freight currently goes. There is probably a better likelihood of an economic outcome from investing in Bunbury than spending billions and billions to get either Oakajee or Anketell going. If Oakajee or Anketell come together because of the export volumes for bulk commodities, we could look at doing something like a container port, but it is not going to happen any time soon; whereas at least there are opportunities at Bunbury right now. I know that the Department of Transport is deep in negotiations with Lanco for coal export opportunities. I hear very big figures.

**Mr T.R. Buswell:** The port of Bunbury is.

**Mr W.J. JOHNSTON:** Yes. I hear big figures like \$500 million or something—that was in the newspaper the other day from a Lanco executive—on how much it is going to cost to get them ready to go. The minister reckons it will be less than that or more than that—I do not know.

**Mr T.R. Buswell:** No, no.

**Mr W.J. JOHNSTON:** The minister is not making any speculation. I do not speculate. All I know is what I have read in the newspaper and that speculation is either right or wrong; but \$500 million is a bit of money. I would notice it! Again, getting an opportunity for coal exports through Bunbury would be great for the state. Having that opportunity would benefit everybody in Western Australia. It would potentially increase volumes through the coalmine. As the coal companies say to me, as the marginal cost of mining goes down, the average cost of production goes down as well.

[Member’s time extended.]

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**Mr W.J. JOHNSTON:** Either the gap between the amount being paid or the profit margin—whatever the case may be—will be better for the coal companies by increasing their volumes. It is interesting to note that the coal companies tell me that they have quite a big resource in the Collie area. There is not just the one seam for mining, but also there are potentially other seams of coal, some at depth, that they reckon they can work. So it would be a good thing if we could have an export facility in Bunbury. It is interesting to note that in the past the companies tried to export coal out of the same loader they used for woodchips and that caused trouble for the woodchippers.

**Mr T.R. Buswell:** The other thing is, let us not forget that there's already coal being exported out of Kwinana.

**Mr W.J. JOHNSTON:** Yes, in boxes or something.

**Mr T.R. Buswell:** No, it is a stockpile in the open and loaded —

**Mr W.J. JOHNSTON:** But it is trucked.

**Mr T.R. Buswell:** No, it's coming in by rail, or I think it is. I don't actually know how it gets there.

**Mr W.J. JOHNSTON:** I think there is some trucking to Kwinana.

**Mr T.R. Buswell:** But the woodchip loader at Bunbury, for example, is very inefficient because it's an old-fashioned piece of infrastructure. You actually have to move the ship along.

**Mr W.J. JOHNSTON:** Yes.

**Mr T.R. Buswell:** But that is where Bunge is looking to export wheat from.

**Mr W.J. JOHNSTON:** Yes.

**Mr T.R. Buswell:** So you are right, the woodchip facility at Bunbury is underutilised and they now have an arrangement in place to increase that utilisation.

**Mr W.J. JOHNSTON:** And increasing utilisation is why I think Bunbury is probably the best opportunity for investment in the state for an additional port because of the lowest cost. I have no idea what the member for Bunbury thinks about this, but it seems to me to be the lowest cost solution for additional capacity in Western Australia for handling both exports and imports. It does not solve all the problems, because bringing in containers to Bunbury does not reduce but in fact increases the distance to the north west. It does not therefore solve any of those problems, but it might solve some other problems, including creating competition. I have no trouble with competition. I have no trouble with private sector funding expansion. The Labor Party is opposed to privatising the ports but we have never been opposed to private investment in the ports.

When the member for Albany sat down precipitously I was actually looking for a quote and I could not find it. However, in my memory of a couple of years ago the Premier in an estimates committee hearing ruled out private ports south of Geraldton. Again, I do not have the quote in front of me and I might be mistaken in my commentary, but that is my memory.

**Mr T.R. Buswell:** We have no intention to make any port private. There will be private facilities in the ports.

**Mr F.M. Logan:** As there are now.

**Mr T.R. Buswell:** Yes.

**Mr W.J. JOHNSTON:** Yes. The James Price debate was about the original contract let by the Court government

**Mr T.R. Buswell:** James Point.

**Mr W.J. JOHNSTON:** I am sorry, James Point.

**Mr T.R. Buswell:** It was for a port within a port.

**Mr W.J. JOHNSTON:** Yes. The other day Hon Ken Travers sent around the speech that Minister Alannah MacTiernan gave in 2001.

**Mr F.M. Logan:** I have it and I might run that out right now.

**Mr W.J. JOHNSTON:** The member for Cockburn has it right in front of him. It was interesting to read. I cannot say I read every clause but I did scan through that agreement, which did seem to be a suboptimal arrangement. I know from my time as state secretary of the Labor Party that one of the interesting things was that everyone says "Len Buckeridge" when they talk about James Point, but actually his company was only one of three companies. It was one of the other shareholders who came to see me when I was state secretary to talk to me about that issue. They described to me all the problems they had with the land in the agreement, and in their

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view the arrangements were not adequate to get the port to operate. It seems a bit of a strange deal and the more we go into it, the worse it looks. It is a bit like the Westrail privatisation: the more we look at it, the worse it gets.

**Mr T.R. Buswell:** At the end of it, irrespective of the merits or otherwise of the agreement, there is an agreement and at some stage you have to try to resolve those issues and get on with it.

**Mr W.J. JOHNSTON:** Sure, but the minister would not want to do what he did with the Mandurah rail line when the government settled the claim when he came into government. A court action was pending at the time of the change of government in 2008 that was settled after this government came in without completing the trial.

**Mr T.R. Buswell:** Sorry, what was that for?

**Mr W.J. JOHNSTON:** That was for the argument about the rise and fall on the tunnel. It was about the interpretation of the rate of inflation, and the incoming government gave in to the contractor. Just because there is a claim does not mean the government has to give in to it.

**Mr T.R. Buswell:** No.

**Mr W.J. JOHNSTON:** Again, a question has been asked by the member for Victoria Park of the Premier—I think five times now—about whose idea it was, and that the idea that the mediator in a mediation in court somehow came up with the solution was not right.

**Mr T.R. Buswell:** I do not think that is right.

**Mr W.J. JOHNSTON:** Clearly, one side or the other has made the suggestion and it is quite important for the people of Western Australia to know which side of the negotiations suggested that the sale of an asset without any tender or alternative bid would provide the best outcome for the state of Western Australia. It does not seem very wise to me that the people of the state will not get to know all the details of the mediation. I am sure the minister will give us all the assurances we need to hear.

I come at the Ports Legislation Amendment Bill on the basis of my responsibilities as shadow spokesperson for state development and for mines and petroleum. Unfortunately, I was unable to hear all of the contribution from the member for West Swan, but she made an observation about what happens on the east coast with Dalrymple Bay and the vision of all the ships sitting off there waiting for access to the coal loader. Indeed, on coming back from holidays with my daughter in July at the midyear break and flying over Port Hedland, we looked out the window and saw all the ships waiting there. The difference there is that they are waiting for their turn to berth, whereas over on the east coast they are waiting for capacity. The ships are arriving faster than they can be filled; whereas in Port Hedland they are waiting for their turn to berth. It is not the same as happens on the east coast. One of the reasons for that, I suppose, is the fact that we have this capacity for the ports to expand with the private operators as their demand grows, and now we have this problem —

**Mr T.R. Buswell:** In my memory, you can go to Geraldton sometimes and see no ship in the port and them all tied up in the bay because of the —

**Mr W.J. JOHNSTON:** Waiting for the tide?

**Mr T.R. Buswell:** No, you actually get the surge and they break their moorings, and it is a big issue there.

**Mr W.J. JOHNSTON:** I have heard about the suction devices that one of the companies is using. The minister is shaking his head. Its competitors say that they do not work, but we never know.

**Mr T.R. Buswell:** I'm not sure that they've been entirely successful. There are still issues there when everyone has to stop loading and leave the port, which is quite bizarre.

**Mr W.J. JOHNSTON:** Indeed, when I became the shadow Minister for State Development, Mr Langoulant, formerly of Oakajee Port and Rail, gave me a presentation on the challenges of Oakajee. One of those was that long-wave whatever they call it and the need to build the enormous breakwater. I know that some of the other companies in Oakajee said that they could do it cheaply in a different way. I remember that back in 2000, Mt Gibson Iron Ltd was not intending to go through Geraldton; it was going to do some sort of low-cost loader south of Geraldton and the ships would not be able to tie up in certain sea conditions. It is interesting that Cape Preston is doing that offshore loading.

**Mr T.R. Buswell:** Transshipping.

**Mr W.J. JOHNSTON:** Yes, transshipping and using those barges. I was quite shocked when I got the tour of CITIC Pacific Mining in the middle of last year. I saw the world's biggest desalination plant, the 450-megawatt gas-fired turbines and all the massive facilities, and around the corner there was its wonderful mine plan, which it explained, and the crushers. But it is going to use barge loading at the port.

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**Mr T.R. Buswell:** It actually happens in a lot of places around the world.

**Mr W.J. JOHNSTON:** I understand that.

**Mr T.R. Buswell:** In a lot of Chinese ports, they transship to off-load.

**Mr W.J. JOHNSTON:** Indeed, I was in Derby years ago and saw —

**Mr T.R. Buswell:** Wyndham.

**Mr W.J. JOHNSTON:** No; it was Derby.

**Mr F.M. Logan:** Derby used to do it.

**Mr W.J. JOHNSTON:** It was 15 years ago when I was up there and they were using a barge —

**Mr T.R. Buswell:** Hopefully, CITIC's first ship will be there in the next little while, notwithstanding the efforts of the new federal member for Fairfax.

**Mr W.J. JOHNSTON:** Clive, yes.

As I say, I come to this obviously with the perspective of the Labor Party's opposition to privatisation, and we will talk about that during the consideration in detail stage. I come to this from the perspective of the opportunity for state development. These are very complex issues. There are no simple solutions. The old-fashioned state development approach of the government paying for it and taking all the risks is no longer possible. Given that that is the case, we have to make sure that we provide the most stable environment for investors to do that. Management of the ports is critical. It is not just the major players; a lot of small and medium businesses operate out of the ports in Dampier. Different offshore service organisations operate in the port and they have told me about some of the problems in their relationship with the port authority. These are all important issues and they have quite a large impact on our capacity. They have all raised these issues with me.

We look forward to going through the details of this legislation in the consideration in detail stage. I am sure that a couple of other members will have a few remarks to make from the perspective of their portfolio areas.

**DR G.G. JACOBS (Eyre)** [9.33 pm]: I am sorry, member for Cockburn, but the member for Albany goaded me into speaking on the Ports Legislation Amendment Bill 2013. I listened to his comments earlier when he asked where the member for Eyre was when it came to talking about port authorities. I am no expert on port authorities, but I do have community experience of the port authority over time. I want to recount to the house a bit about the background of the Esperance Ports Sea and Land, which is the new name of the Esperance port authority. I had the pleasure of attending the naming of the new tug to join the fleet of two run by Mackenzie Marine and Towage. It has added a new \$8 million tug to its fleet to cope with the increased gross tonnage through the port of Esperance. The port of Esperance is the deepest port in the southern part of Australia; it is 19.5 metres deep. There has been a significant increase in export tonnage, particularly of iron ore, of 19 or 20 per cent over the past 12 months. There has been an increase in the number of containers shipped through the port; 32 000 containers were shipped through the port, which is an increase of 18 per cent in the past 12 months. Indeed, 840 000 tonnes of sulfur were imported for First Quantum Minerals Ltd, the nickel sulfide operation in Ravensthorpe, which is a nine per cent increase in the imports of that product. By far the largest percentage export is that of iron ore through the port of Esperance, which is at 80 per cent. The gross shipping tonnage has increased significantly over the past 12 months; more than 200 ships visit the port every year. The capesize ships export iron ore and the panamax ships export grain. There has been a significant increase in containerisation, particularly of nickel from Forresteria, the western areas and Ravensthorpe.

The port is the biggest single employer in Esperance. It is run by an excellent CEO, Shayne Flanagan, and a board headed by Bob McKinnon. I am sure that the minister would share with me in recognising that the port of Esperance has had its challenges in the past. Of course, many people know of the challenges it faced with the 20-month period of lead export through the port of Esperance and what that did to Esperance. This government committed to a program that took nearly two years and \$25 million to clean up the pollution created by the export of lead through the port. Things have improved very much since those days and we now have an excellent board and an excellent CEO, who is now coping with increased export and import tonnages through the very important deepwater port.

The port is facing upgrades to its iron ore export facility. It is up to the stage of a request for proposal shortlisted process to look at the work that has been done not only within the Esperance port access corridor, but also inside the gate to increase the throughput of iron ore from 11 million tonnes to 20 million tonnes in the not-too-distant future. The state government committed \$60 million to the Esperance port access corridor, matched by the federal government, for the grade separation between the rail, the road trains and the vehicular traffic, which had

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the potential to choke the entrance to the gate of the port and was a rate-limiting step to increasing exports through the port.

The port of Esperance is a vibrant and growing port. It is the single largest employer in Esperance. From a man-in-the-street perspective, I am concerned about what the umbrella management structure of the port authorities that is proposed in this bill will do for the ports of Bunbury, Albany and Esperance. I want to relate to members a couple of experiences. The man-in-the street concept of what has been happening in Esperance, and probably in a lot of other ports in Western Australia, is that a port authority act may have a mission statement that says that the port authorities should facilitate trade. However, there are then competing interests from different mining proponents. Mining companies that have a fair bit of muscle are able to play off one port against another by saying to Esperance port, "If you cannot facilitate this, we will take our business to Albany, because Albany port will give us a better deal", or they will say to Albany port, "If you cannot facilitate this, we will take our business to Esperance port, because they will give us a better deal." They are able to play off these ports, some of which have isolated boards, and some of which in the past did lack the skill set necessary for the job. That has now changed in Esperance, because the skill set on the board is excellent, and the chief executive officer has very good management skills to take us through this process. However, as a community member, I could see how the ports would often be played off against each other by the big players, in particular the mining exporters.

Another matter is that we have had significant industrial relations issues in the port of Esperance, and those issues then cascade onto other ports. The maritime union has had a propensity to pick off the Esperance Port Authority. A strike at the port of Esperance some time ago cost Cliffs Robe River Iron Associates and Esperance port around \$1 million a day because iron ore could not be exported through the port. Again, the maritime union had the ability to pick off this port, screw it down and get a deal in order to resume the export of the product, but the issues then moved on and whatever the union had achieved at that site cascaded onto another site.

As I have said, one of the problems is that large exporters are able to pick off one port against another and try to get the best deal. There are also environmental and safety considerations. There is no point in facilitating trade if it is not economically sustainable. It is also important in the Esperance scenario, with our experience, that things be done in an environmentally responsible way. Those guidelines need to be adhered to. It should not be dictated by commercial considerations alone. It should certainly not be at the expense of environmental considerations.

Those are two of the main advantages that I see from this reform. However, some questions are being brought to me as the local member. The Esperance Chamber of Commerce and Industry has been in contact with me. Very recently—so the minister might not have seen it—I wrote a letter to the minister outlining some of these questions. These questions are about trying to put a bit of flesh on the skeleton. The chamber of commerce and the community of Esperance want to know whether a socioeconomic impact assessment has been either planned or completed to understand the potential impact of the decision on the local Esperance community. They would also like the minister to provide some guarantee that the decisions regarding the new entity's purchasing and procurement policy will not impact negatively on the Esperance economy, specifically for the small businesses that are currently servicing Esperance port. The argument they put is that although these ports are in the southern part of Western Australia, Esperance port is some 500 kilometres from Albany, and it is more than 700 kilometres from Bunbury, so there are issues of distance. Esperance Ports Sea and Land, which is the new name for Esperance port authority, has a fundamentally different business structure from the ports of Albany and Bunbury. We need an assurance from the minister that Esperance port will remain a discrete business unit, in order to ensure continuity of service and trade, and that the structure of the new entity will be made public in order to ensure transparency.

I know it is early days and that some work will need to be done to put some flesh on the skeleton of this new entity, but it is about trying to get a handle on it for the community. The decision about the location of the head office of this new entity has been made, but we would like some information about how that decision was made. Just to engage in a bit of partisan reflection, Esperance port has the largest tonnage, the largest workforce, and the most complex structure of any of the ports in the south of the state. Of course, there have been some complexities in the management of Esperance port previously, as we all know.

Other questions arise from whether there has been consideration of the inclusion of Esperance port in the merger when the current board and management are able to work through the significant operational and contractual considerations and issues. It has been put by the Esperance Chamber of Commerce and Industry that this would allow a new port authority board to concentrate on locking down the Albany and Bunbury landlord ports, which could limit the risk to Esperance port operations if the new management and board are left to try to deal with both the merger requirements and the current management considerations at the port.

Those are just some of the considerations and I have no doubt that the minister will reply to some of the questions that have been put by the chamber. Obviously, I will support this legislation but I aim to have some of

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those answers so that I can take them back to my constituents in Esperance, the chamber of commerce and other organisations. They are concerned about the local content issues, management issues at the port and which senior operational staff will be retained at the port site to manage not only the port, but also the merger into the future.

**MR F.M. LOGAN (Cockburn)** [9.51 pm]: I rise to say a few words about the Ports Legislation Amendment Bill 2013 that is before us tonight. I will take a slightly different tack from some of the members who have spoken so far about the provisions of the bill and will talk about the way in which the eight ports are now basically concentrated in four authorities and why the Southern Ports Authority was chosen to be structured in the way it has been. I raise that because of an issue that the member for Cannington touched on earlier about the future role of the port of Bunbury.

I question why Bunbury is in the minister's proposed new Southern Ports Authority because if we look at the future development of Western Australia and the future development of the metropolitan area of Perth and greater Bunbury over the next 100 years, where is the most logical place to establish the next container port? Is it in Kwinana or is it in Bunbury? At the moment, if we look at Fremantle port, we see that Fremantle is still not at capacity. Over the last 10 years, Fremantle has had its port deepened and new computerised control mechanisms have been put in to Fremantle port to guide ships into their berths. The wharves in Fremantle, particularly the north Fremantle wharves, have all been straightened and lengthened so that the three shipping companies that use the north Fremantle port wharves can all have ships alongside one another right the way up the harbour. An intermodal terminal and a new rail connection with a new bridge have been constructed at the port. The companies in the port have invested in new high-capacity and larger container ship-lifters to deal with the capsize vessels that now visit the port of Fremantle. That has all occurred in the last 10 years, so Fremantle port has clearly kept up with the pace of change that has been happening in maritime logistics and with the demands on container infrastructure that are occurring around the world from the increasing size of container ships.

**The SPEAKER:** Member for Carine, will you settle down, please?

**Mr F.M. LOGAN:** Thank you, Mr Speaker. Fremantle Port Authority has risen to that challenge and has invested heavily in the capacity and capability of its port under successive state governments. It still has capacity. I know that the Department of Transport has put a limit on that capacity and a time frame to the limit on that capacity. Nevertheless, it still has capacity. It has got to that level of capacity over the last 100 years.

If we take today as the benchmark, what will Western Australia and particularly metropolitan Perth look like in the next 100 years? Where will the growth happen in metropolitan Perth? Will it go further north beyond Clarkson and Yanchep and head off towards Geraldton? It is doubtful. It will probably continue to grow slightly further north, but the biggest growth in Western Australia—economic, housing, social and infrastructure development—over the next 100 years is going to be between the current southern suburbs of Perth and the outer suburbs of Bunbury. That is what will inevitably happen. The question then arises: why put a container port in the confined and congested area of Kwinana and Cockburn Sound? Why not put the next container port in Bunbury, as raised by the member for Cannington? Currently, there are rail infrastructure connections to the port of Bunbury. It does not have the third rail, as the member for Cannington said, but that is a very simple fix. There is heavy road infrastructure connection into the port of Bunbury, and the port is increasing its capacity and bulk tonnage regularly each year. Something that is not mentioned is that every year there are between 20 000 and 25 000 container movements from the south west of Western Australia to Fremantle port, and the number of container movements is growing. The member for Cannington talked about container movements logically occurring through Bunbury, but what he did not mention was the exact number of container movements that go through Fremantle. The current number of container movements from the south west actually justifies container cranes in the port of Bunbury right now. Why has that not occurred? There are a number of suggestions for why that has not occurred. One suggestion put to me was that a former CEO of the port of Fremantle was violently opposed to the port of Bunbury being in competition with Fremantle. Any time there was a proposal to put container cranes into the port of Bunbury, it has been suggested by various sources that a former CEO of the Fremantle port heavily lobbied various government ministers to ensure that that container lift did not get put into Bunbury. In fact, there are even suggestions that it was not just ministers who were lobbied but that shipping agents and authorities were also warned off pushing ministers to put container cranes into the port of Bunbury, with the threat that if they continued to lobby for Bunbury to have container cranes, their ships would go to the back of the queue going into Fremantle. That is one of the stories that has come back to me as to why Bunbury currently does not have any container capacity, even though there are between 20 000 to 25 000 containers coming out of the south west through the port of Fremantle. The Minister for Transport could today resolve a lot of the traffic movements from the south west through metropolitan Perth simply by approving the establishment by a private company of a container lifter in Bunbury.

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**Mr T.R. Buswell:** I'm not aware that I've seen a request, but I certainly wouldn't be averse to that request coming forward. The port of Bunbury knows that; it's their business to grow.

**Mr F.M. LOGAN:** Of course, but I am pointing out to the minister that Bunbury Port Authority has raised that matter regularly with governments of various persuasions; I am not too sure why it has not raised it with the minister, but it certainly has raised the need for one or more container lifters for the port of Bunbury. Whether shipping agents were actually scared off from lobbying ministers, particularly the Minister for Transport, is another matter.

**Mr T.R. Buswell:** Let me give you an example. Someone earlier raised the issue of Lanco Infratech exporting coal. Lanco had been in discussion with the port of Bunbury, an infrastructure provider and an operator for some time about using a retainer-type set-up at Bunbury as an interim solution while it tried to ramp up its coal exports. The retainer-type set-up is basically a container lifter of sorts that takes a half-container, for want of a better term, and tips it into the hull of the ship. I have a very open mind to ports looking to expand in innovative ways, and my view is that if the customers want it and there are people willing to support them through the required investments, there's no inhibitor to them doing that.

**Mr F.M. LOGAN:** Given that we are dealing with the future development of ports in Western Australia through this bill —

**Mr T.R. Buswell:** I'll try to get this information for you before I give my second reading reply, but we did some time ago publicly release a range of figures about the long-term growth of container trade in the metropolitan area on a 50-year horizon—not 100 years, but 50—and I will have to double-check the figures, but that showed that Fremantle Harbour has a capacity of, I think, about 1.2 million twenty-foot equivalent units—TEUs—per annum, and the estimate was, I am sure, that in 50 years we would need five Fremantles to service container movements into and out of the metropolitan area, which is a scary proposition.

**Mr F.M. LOGAN:** It is but, minister, I think you would have to question those figures. That is assuming exponential economic growth to lead to that situation. That seems quite bizarre. When we look at growth over the last 100 years that has led to the current state of Fremantle, I think those figures are being taken to a ludicrous proportion. Nevertheless, even if it were one quarter of the growth that the minister has highlighted to the house, it would justify investment in the port of Bunbury as the second container port for Western Australia. It is a logical choice.

Why is Kwinana not a logical choice? I will go through a couple of reasons. In terms of the logistics for a container port in Kwinana, the rail connection into the port of Kwinana is from the north and south. The rail network from the north is heavily congested already, and it runs through the majority of the southern suburbs of Perth. It runs from Midland right the way through to Spearwood and then diverts south and goes into Kwinana. Petrol, diesel, liquefied natural gas, liquefied petroleum gas, sodium cyanide in vast quantities, and lime are carried on that rail line. I have raised locally on many occasions the need for a safety and emergency response protocol to be in place should one of those sodium cyanide trains derail. If sodium cyanide leaks from one of the containers, it will immediately turn to cyanide gas and we would start evacuating half the southern suburbs of Perth. If water is put on it, it will explode. It is an extremely dangerous material carried in vast quantities from Kwinana to the goldfields for the gold extraction industry. Iron ore is also carried on the same rail line. We suggest that we hugely increase the number of train movements on the line that goes through all the southern suburbs of Perth by putting container traffic on it into an intermodal terminal at latitude 32, which is valuable industrial land that should be used for purposes other than a container park. Then there is the cost involved in building the infrastructure around the container port in Kwinana, which is valuable industrial land that can be used for much higher value projects in future that will be lost to container port backing. On top of that there is the congestion within the very narrow Cockburn Sound, which has effectively one entrance through a dredged channel. The significant number of shipping movements that would come into Cockburn Sound would bring in potential environmental pests and diseases on container ships from all over the world to an environment that is already under significant pressure from heavy industrial development.

They are all the reasons we should not build a container port in the middle of a very valuable heavy industrial strip that already has significant port infrastructure for purposes other than containers. They are the reasons it will justify future growth of container movement in Western Australia through the port of Bunbury and why we should create a west coast port authority, which would be Bunbury and Fremantle, as opposed to the southern port authority, which Bunbury is part of, under this bill.

Those are the reasons I have issues with the way this port legislation is being rolled out. With respect to the proposal for a container port in Kwinana, the Premier himself is on record in this house in December 2009 as making it very clear that during a Liberal term of government there would be no container port in Kwinana.

[Member's time extended.]

**Mr F.M. LOGAN:** I very clearly remember that being said, because Hon Alannah MacTiernan, the former Minister for Infrastructure and Transport, was in the house and she was as aghast as I was when the Premier said that and she asked him to say it again, and he did. I think the Premier was referring to proposals by James Point Pty Ltd, which, on top of its bulk cargo proposal, wants to prepare a container port for Kwinana. As the minister clearly knows, it has every right to push ahead with a container and bulk cargo wharf through the operating agreement it signed off on in the dying days of the former Court Liberal government. I bring to the attention of the house the exact wording contained in the operating agreement, as outlined in the house by the then Minister for Planning and Infrastructure, Hon Alannah MacTiernan, on 30 May 2001, who stated, when summarising this agreement in a ministerial statement —

The contract has been subject to legal analysis and the main concerns from a public policy point of view include the fact that the contract has a term of 50 years with an option to extend by a further 10 years. James Point Pty Ltd is obliged to pay only a nominal rent to the State throughout the whole term. The commencement rent is set at \$500 per annum and there are no escalation provisions or any market rent review provisions. The nominal rent delivers a seabed lease of approximately 70 hectares in stage 1 of the port and approximately 276 hectares in stage 2 virtually free of charge. In addition, James Point Pty Ltd has been given the option to purchase the freehold title of two reclamation areas for \$10 each. The freehold titles to these areas may be worth considerably more to James Point Pty Ltd if it sold its business and reclaimed areas at some point in the future. Under the contract, the State has obligations to provide specific road and rail improvements for the benefit of James Point Pty Ltd. At this stage only preliminary costings have been obtained for the improvements but estimates range from immediate needs at \$5 million to \$21.9 million at full operation. There does not appear to be any mechanism in the contract under which the State obtains any return on its capital outlay for this expenditure.

I can see the difficulty the minister has in trying to turn around what is an absolute dog of an agreement, signed in the dying days of the Court government, with James Point Pty Ltd. As members have seen from the details of this contract that I have read out to the house, James Point Pty Ltd is sitting pretty on future assets which are worth hundreds of millions of dollars, which it gained from the government at anywhere between \$500 a year and \$10 per hectare. Members should understand why it is unwilling to give up the contract given it has been able to extricate literally hundreds of millions of dollars in assets out of the state government for next to nothing. It also puts the onus on the state government to provide the infrastructure for servicing that port. The figures I quoted from Hon Alannah MacTiernan are 2001 figures. It is now 2013, so members can imagine how much it would cost the state government for road and rail infrastructure to connect up container ports and bulk cargo ports for James Point Pty Ltd. For that very reason alone, I strongly urge the minister to look at a future container port in Bunbury, as opposed to Kwinana. It removes the need to go back to look at this shocking agreement. We still do not know why that agreement was signed and delivered with such a generous series of options to James Point Pty Ltd. As I point out, there are ways and means in which that matter can be dealt with other than handing over a state-owned asset, being the Fremantle–Kwinana bulk cargo facility, to James Point Pty Ltd as part of a settlement of the demands of that organisation. I think, as we have seen from that summary of the contract, that it has already received enough from the state under this contract; it does not need any more. There is a completely different set of options available to the minister in this bill by using future development of ports in Western Australia to avoid any problems with this contract. Also, it would lead to the future economic development of the Bunbury area and the area of the member's own seat around Busselton, particularly with the investments that would naturally occur as a result of container port facilities being established in the south west. There would be a natural point of growth as a result of the port infrastructure being created in the port of Bunbury.

I will just highlight some other issues with the bill that I would like the minister to comment on. I go to the consultation process included in the bill. The community consultation process is set out and there is an issue that should be recognised that is valuable, certainly to the state, but also to the community. In his second reading speech the minister indicated —

The purpose of these committees is to facilitate communication, information sharing and consultation between the port authority and members of the public living in the vicinity of the port who are affected by port operations.

If there is a move to broaden the capacity of the Kwinana port for any particular reason, whether it is by way of discussions with James Point Pty Ltd or simply a growth of the Kwinana bulk cargo terminal under the Fremantle ports to move cars and sheep out of the movements in Fremantle port to a Kwinana port, that provision over consultation with the general public is critically important. I remind the minister that the local governments and the citizens of Rockingham and Kwinana are violently opposed to the movement of sheep to the Kwinana area, with all the associated traffic movements and odours. The movement of the cars will also



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bring significant traffic movements to an area already congested, particularly during start-up work time and in the afternoons in the Kwinana industrial area. I am glad that provision is in the bill.

The other thing I believe is important is the provision highlighting that the bill will recognise that port authorities operate 24 hours a day. The minister's second reading speech states —

This legislation clarifies government expectations of port authorities by specifically providing a power for port operations to take place on any day and at any time for the purpose of a port authority performing a function given to it under the act.

Although I have just talked about the need for community consultation and involvement, there is the other side of the argument; that is, a port operates 24 hours a day and should have the right to be protected to operate 24 hours a day, and people who live near a port should understand that very clearly even if they have lived there for 100 years or they have only just moved there. Those people should understand that ports are noisy, they have lights and they involve a significant number of truck and traffic movements. If a person wants to live near a port, they should understand that that is what they will have to put up with. This bill basically protects the integrity of the port and clarifies any port authority to be able to operate on a 24-hour-a-day basis, and I congratulate the minister for having that put in the bill.

Apart from that, as the minister knows, the Labor Party supports the bill. I listened to what the minister said in response to the member for Cannington about the future privatisation of the port authorities. I still do not trust the member for Vasse. I know that privatisation is a core part of his body and if anyone turns their back for five minutes and one of those port authorities has been sold off —

**Ms M.M. Quirk** interjected.

**Mr F.M. LOGAN:** Yes, exactly. I am sure I saw him down there back in the 1990s with a black balaclava!

**Mr T.R. Buswell:** I saw you with a balaclava on at the CCI opening!

**Mr F.M. LOGAN:** I did not have to wear a balaclava.

**Mr T.R. Buswell:** You had your hat on across the road.

**Mr F.M. LOGAN:** I was there waving at our friends across the road.

**Mr T.R. Buswell:** You were across the road directing traffic.

**Mr F.M. LOGAN:** I was trying to stop the minister's friend, who is the current head of the Economic Regulation Authority, from getting into his office!

**Mr T.R. Buswell:** They still have the video.

**Mr F.M. LOGAN:** I am glad. One day the minister should show it. It would be very funny to see the current head of the Economic Regulation Authority nearly having his car stolen by picketing metal workers outside the Chamber of Commerce and Industry!

**Mr T.R. Buswell:** That was in the control centre across the road.

**Mr F.M. LOGAN:** That is right—exactly. I am not too sure whether I saw the minister down there at the port dispute putting on a New Zealand accent and wearing a black balaclava! It could have been him; there were some people there who looked like him.

That is an example of an era and an industrial environment that nobody wants to revisit. It was a violent, unnecessary dispute. Hopefully, we never go back to a period like that again.

I hope this bill succeeds in achieving what the minister believes it will achieve and does not lead to further privatisation of, or any privatisation over and above, what is currently occurring in Western Australian ports. I reiterate that I honestly believe the future of Western Australia's container movements should be through the port of Fremantle as opposed to the port of Kwinana, as is proposed.

**MR M.P. MURRAY (Collie–Preston)** [10.21 pm]: Mr Speaker, it is good to see you doing the night shift. I am quite happy to see you around here and I hope you are enjoying your time.

**The SPEAKER:** I am a stayer, member for Collie–Preston!

**Ms M.M. Quirk:** What do you want—another trip or something?

**Mr F.M. Logan:** Where are you going now?

**Mr M.P. MURRAY:** I think that is very rude and cheeky!

I would like to talk about the community consultation of the Ports Legislation Amendment Bill 2013. I am happy to see it in the bill, although I do not think it goes quite far enough. I am sure the minister knows exactly where I am coming from about how far to take the community consultation process. As the member for Cockburn just said, it is very good to have a 24-hour-a-day, seven-day-a-week roster and for people to understand what will happen around the ports. Sometime ago I took to task Bunbury Port Authority officials about where they were headed and how they were going to bring their goods into port. I see the minister nodding; I am sure he knows where I am coming from. I must say, I had quite a strong debate with the port officials. They believed that they did not have to do anything other than to say that the port was open and that they had no community obligations on the roads about how goods were brought into the port. I am now talking about the Bunge grain issue that will raise its head. I do not think that will be an issue so much this year but it probably will be next year. I believe the port has some responsibility for how and in which direction that grain is brought in. I know the minister's announcement that he was very happy went "viral"—in today's terms. When he was questioned in this house about it, he said, "Oh no, it was only a press release. I had nothing to do with it." Now the minister has a chance to have something to do with it because we have a bill —

**Mr T.R. Buswell:** Something to do with what?

**Mr M.P. MURRAY:** With the grain cartage. The minister put out a press release. The ink was not even dry and he was denying that he had anything to do with it.

**Mr T.R. Buswell:** To do with what?

**Mr M.P. MURRAY:** The grain cartage and the loads that will come down the road, without the roads being up to standard to take road trains and other heavy vehicles. We have recently seen some of those truck drivers not abiding by the speed limit and their trucks have been impounded for 28 days. People speeding when they should not has caused some problems in my area.

All those aspects come back when we look at how we get to the port and how it can be controlled. I do not have the answer to that—I am not trying to be over-smart on this one—but I believe that if goods are coming in, the port should be able to regulate them on an hourly basis; not, as we see with the stockies, 10 trucks pulling up in a row. With other grain trucks there might be 15 trucks in a row, and they have all come down the one road and caused those problems. I think the port has a responsibility —

**Mr T.R. Buswell:** Would the issues be the same if one of the coalmining companies came to us and said, "In order to survive and keep the coalmine open and all the workers in jobs, we have to get coal down to Bunbury by road"?

**Mr M.P. MURRAY:** Yes; I am talking about them as well. I have been on record in many places saying that the more we can get onto rail, the better. I understand the companies' frustrations, and also the port told me that there would not be any coal coming down the highways and that it would all be on rail. That is what the port told me. I know there will be changes under the Ports Legislation Amendment Bill 2013, but I am asking the minister to look at those changes and maybe put some regulations in so that we do not have those problems in the future. There is no doubt that there will be problems and conflict between the groups who want to use the port.

I think it is incumbent on this house to make sure that we do not have any further disasters on the road. Just recently we have seen trucks crashing left, right and centre. I do not know why, but there have certainly been some horrific crashes. But if we condense those trucks into a short period when there is a ship in, there will be problems. It is great to see Bunge has put its silos up, so the time can be spread out a little and they do not all have to be out on the road at the same time. As to the issue about the coal, hopefully they will be able to sort something out there as well.

That coal issue brings me to multiuser ports. In Bunbury one of the berths was actually held for ransom, and it was great to see the recent changes. Because there was a woodchip loader on berth 5, no-one else was allowed to use it if there was a chance of some dust or contamination around the place. It was put there as a multiuser berth, yet it had become a single-user berth because a small company had the right to be able to use that berth but would not work with others within the industry. Offers were made to change belts on the loaders and have sealed conveyor belts; all those offers were put in place and Griffin Coal was put to a lot of expense. Griffin Coal wanted to send coal out through there, and it has now been asked to provide a huge amount of money to get another berth put up, although these are multiuser berths. They have not been able to be fully utilised until just recently. I again take my hat off to the minister for that; I do not know how much influence he had. He did not have a media release out for that one, so I am not quite sure how much influence he had on it. But now that berth 5 is available, it will certainly get things moving within the coal industry. Let us hope, as the minister said, we are able to bring those containers down on the trains, and not so much on the roads. I do not know how or when

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they are going to start, but I really hope that happens, because there will be a very big increase in grain trucks and coal trucks if they are not put onto rail. Also, as we know, many people live on the coastal strip and drive up into the Collie region to work. I have some concerns in that area.

**Mr T.R. Buswell:** Or football.

**Mr M.P. MURRAY:** Football? Well, the minister's team cannot win a game even when we give it some players, so I do not know what it is going to do, but we will see what happens.

**Mr T.R. Buswell:** The mighty Busselton Magpies, I believe, are on the record as having defeated the Collie Eagles in the replay of the tied grand final!

**Mr M.P. MURRAY:** I really do think one of the problems with the football down there is that they are not allowed to breathe in enough of that smell at the marina. I think if they were taken down there to do shovelling, it might toughen them up a bit, instead of spending \$23 million of taxpayers' money. I think that would probably be far better! But back to the port, and back to the —

**Mr T.R. Buswell:** Given that half of Collie holidays in Busselton every summer —

**Mr M.P. MURRAY:** I think the minister has that wrong—it might be three-quarters! It has dropped off a little bit. Then the government goes crook because we are good fishermen; it accuses us of taking all the herring and says it will shut that down as well.

I will get back to the port. I also have some problems with the set-up and the moneys that have been expended. About \$20 million was taken away from what we now call the Greenbushes terminal, which goes through to Bunbury, and was put into the Avon to Albany rail line. An election promise was made two elections ago that was not honoured by the Liberal government and the money was taken away and used elsewhere on the woodchip line.

**Mr T.R. Buswell:** That money went to Collie Coalfields Road.

**Mr M.P. MURRAY:** No, we are talking about the \$20 million that went straight to the Avon line. None of that money went to the Coalfields highway; it all went to the Avon line that was upgraded. Now there are trucks driving across that line to come south to the port. If it has gone now, I would like to see it. At least the government is starting to spend some money, but in the wrong places, as usual, where very little is needed. The problems in the places that need that money have not been fixed. Excisions from forests have not been done, even though —

**Mr T.R. Buswell:** Yes.

**Mr M.P. MURRAY:** The minister knows very well what I am talking about. Even though he knows that, he allowed the ones further south to be done. He did not put enough pressure on the Minister for Environment to get one put through Wellington National Park. I will not go down that line and will get back to talking about the wharf.

Again, it was great to hear from the member for Cockburn, although he stole a bit of my thunder about the expansion of the container shipping system in the south west. I have spoken about it previously and I believe it is an absolute must. We saw a great amount of publicity over the weekend about what is happening in Manjimup and about it becoming a vegie bowl more than a food bowl. It is different from what is happening in Carnarvon. Producers will save a huge amount of money by not dragging refrigerated containers all the way from Manjimup to Perth and instead going from Manjimup to Bunbury, and I believe this will make them quite profitable. The opportunity is there now because of the promotion and work being done down in the Manjimup area. The member who represents Manjimup is not in the house at the moment but I am sure he will back me up when I say that some farmers down there could save some of their ongoing costs, as it is a growth area. Those farmers are very quietly and very well lifting their production down there and they could have refrigerated containers going out of Bunbury. It is not happening. We see trucks coming along the highway. I see at the back of the chamber the member for Murray–Wellington nodding. I am sure he sees trucks along that highway on a regular basis that could be calling into Bunbury and dropping off their loads at the ships coming in there. That would be a big saving.

As an aside to the minister, my understanding is that coal going out through Kwinana directly to Bunbury saves \$12 a tonne. I can relate that back to the container issue as well so that the minister can imagine the savings there. Not only that but also the time involved by not having an extra day moving them out means that the vegies would be fresher. On the other side of that issue are dairy farmers. If they had a direct route out of the ports, I believe they could sell quite a lot more milk into Asia through a system of refrigerated bladders. They hold quite an amount of milk but they have to arrive within a certain time. All those sorts of things are positive for the south west—a huge positive to be quite honest.

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In saying that, I still have concerns, as others in this house have mentioned, about where we go with privatisation in the future. I have been asked the same question many times by the workers down there about where they are headed in the future with their jobs and which company will get the privatised jobs. Those sorts of things really cause angst in families because they do not know where they are going in the future. It is good to see the member for Warren–Blackwood is back in the chamber. We have been talking about the growth in the Manjimup area and the containerisation of some of the vegies going out of Bunbury, which would certainly help those people become more profitable.

In saying that, we need to look at all aspects. It is not as though we are running an Oakajee port. We would probably be limited to iron ore, just as some Queensland ports are used exclusively for coal. We need to look at a multipurpose use for this port and to accommodate everyone. We should not fall into the same trap as in previous times with the woodchip group. That happened under the Gallop Labor government. I make no apologies about that; I am not playing favourites. Woodchips were dumped in the middle of the port and caused all sorts of disruption because there was no proper planning. I am just saying that we should make the changes properly and make sure that the community is consulted. I know that one of the major contributors to some of the dissension down there is the head of the WA Liberal Party, Geoff Prosser, who did not want dust or woodchips blowing over to where he lives, just across the road from the port. It was good to hear in this house that people should accept that the port is there and that that is the reason why that town was established. We will have to look at that and work through it and make sure that the port is profitable.

Tonight I first heard the figure of 25 000 containers being taken to Fremantle from the south west. It is time to make a serious move. Privatisation worries me. If we go into privatisation mode, the cost for many companies to put in a loader and a berth for containers will probably be prohibitive. They will need government help. If the minister is going to sell the port, he should do that work before he does so and add it to the bill. But I am not too sure about that.

There are a couple of other issues about the insecurity of workers and people worrying about their jobs. It is about community consultation. The minister needs to explain to those people on the wharf exactly what his vision is, or he should get someone else to do it if he does not have the time. I know that he will be very busy shovelling the seaweed around Busselton! I ask that the minister consider the workers at the port, how we get our goods to the port, using containers in the short term as well as the long term, the amount of grain that will come down the road from the wheatbelt, and where the crossovers are. I believe the Kojonup–Duranillin road has now been deemed unsuitable for road trains, which means that they will have to go up to Arthur River and down to Albany on one line. I believe that under the new structure, the port authority will have to make sure that it is aware of community concerns and that it addresses those concerns. It is all right to be aware of the concerns, but it is also about addressing them.

At this stage the moves are good. It will be interesting to see what happens with the regulations when the bill is passed. It will be very interesting to see who gets on the boards of the ports and whether there is a fair balance in the future. It has not been too bad this time around. There was a time when I thought it was a bit biased. I am talking about the Bunbury port. The make-up of the board is quite balanced and reasonable. There is another group that I do not always agree with, but that is not unusual for me. I am saying that we need to keep that balance so that some of the inland towns have a say in what happens, where the supplies come from and where they go to at that port.

**MR I.C. BLAYNEY (Geraldton)** [10.39 pm]: I wish to speak briefly on the Ports Legislation Amendment Bill 2013. Port cities are different. It is a privilege to represent one, especially, in my case, the city that I was born and brought up in. Ports are always busy. To me, this represents jobs, and literally thousands of jobs depend on the port of Geraldton. The Geraldton Port Authority is probably the most interesting and complex institution in the city. Geraldton has always been a port city; that is why the city is there. Early transport to and from the town was by ship, then it was by rail and now it is by car, plane and truck. Economic change is reality. This change to new port authorities contains some changes that will lead to efficiencies. Ships have played a big part in the region in the past, starting with the wreck of the *Batavia* in 1629. Many other wrecks lie along the coast. They are a constant reminder of the potential danger in shipping.

Our port is successful. In the past five years our tonnages have gone from five million to 10 million tonnes, and in 2014 it may be as high as 15 million tonnes. Some cargoes will stay with Geraldton port when Oakajee opens, such as grain, Extension Hill's iron ore, which goes 300 kilometres up the Yangtze River by Panamax vessel, mineral sands that come both in and out of Geraldton, and other minor minerals. I am very glad that the midwest port authority will stay in Geraldton because the authority is a local institution.

I turn to other notable events in the Geraldton Port Authority. Western Australia's first magnetite was exported from Geraldton on 1 January this year. Geraldton was also the site of Western Australia's and Australia's first

Ms Rita Saffioti; Acting Speaker; Mr Ben Wyatt; Mr Peter Watson; Mr Bill Johnston; Dr Graham Jacobs; Mr Fran Logan; Mr Mick Murray; Mr Ian Blayney

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iron ore exports to Japan from Koolanooka. We also import fuel, fertiliser and mineral sands, as I mentioned earlier, from South Australia for processing, which are then re-exported. In most years we are the second largest grain export port from Australia. I think we handle environmental issues well. For example, Golden Grove was banned from exporting a couple of years ago, a problem that has since been solved. Another miner uses bins that it literally lifts straight off the truck and loads into the ship to unload.

Other things that link the port to the community include the HMAS *Sydney* memorial, which commemorates Australia's biggest naval disaster with the loss of HMAS *Sydney* and her 645 sailors off Shark Bay during World War II. It is interesting to talk about this today because today is the anniversary of the sinking of HMAS *Sydney*. I missed the memorial service for the first time since I have been the member for Geraldton. On the weekend we will welcome HMAS *Toowoomba* to Geraldton, which is the first naval vessel that has visited for quite some time.

It is also interesting to note that the oldest building in the city that is still used is the Mission to Seafarers building. It is accepted by the Geraldton Port Authority and the Anglican diocese of north west Australia that the community has a duty of care to the seamen who visit the city and who frequently come from poor countries and spend at least nine months of the year at sea.

The Mid West Ports Authority will include Geraldton and the ports that service the salt mines at Useless Loop and Cape Cuvier and the proposed port at Oakajee. Oakajee is an interesting proposition. It is one of the few sites on the west coast where a deepwater port can be built but it will require a two-kilometre seawall similar to those used in places such as the Faroe Islands and Iceland in the North Sea.

As I said, port cities are different. They are owned by the community that is built around them. The port users have a very strong sense of ownership as well, like the farmers and the miners. The most recent visit to Geraldton by a minister was Minister Francis to Geraldton yesterday. He came to launch a chapter of the Naval Association of Australia and visit the local sea rescue group. The sea and the port are always around us in a port city. But most of all, the port represents literally thousands of jobs. We should never forget that. We should respect the ports and manage them with care.

Debate adjourned, on motion by **Mr J.H.D. Day (Leader of the House)**.

*House adjourned at 10.43 pm*

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