

WA port sales the latest privatisations to hit political hurdles

Written by The Conversation USA

The Western Australian Nationals recently [announced](#) they will no longer support the [government's plan to privatise Fremantle Ports](#)

. Last week, the WA Nationals also

[halted passage of the Pilbara Port Privatisation Bill](#)

, which deals with the sale of the Port Hedland Utah Point Bulk Handling Facility. They have asked a parliamentary committee to investigate the proposed sale.

A number of junior miners such as Atlas Iron, Mineral Resources and Consolidated Minerals use the Utah Point facility to export their iron ore. These miners have expressed concern about a potential increase in handling charges if the new owner was looking to improve their return on investment.

The Association of Mining and Exploration Companies (AMEC) says the [privatisation plan is creating uncertainty for the junior miners](#)

. AMEC also says an increase in costs could jeopardise their operations and viability.

The asset sales agenda is [driven by the state's large debt and budget deficits](#) in the forward estimates. The Barnett Liberal government had flagged its

[intention to sell a number of public assets](#)

, including Fremantle Ports, the government-owned manager of the state's biggest general cargo port and Australia's fourth-largest container port.

The WA Nationals' decision comes soon after political posturing [delayed the privatisation of the Port of Melbourne](#) in Victoria.

After a Legislative Council select committee inquiry, Victoria's Labor government had to water down the proposed legislation to secure the support of the opposition to pass the bill. The changes resulted in more regulatory oversight, a shorter period of potential compensation payments to the new owners if a competing port was built during the lease period and control measures in port pricing regimes.

Whether the delay in timing (the sale is now scheduled for late this year or early next year) and the legislative changes will affect the sale price of the port remains to be seen. Victorian Treasurer Tim Pallas is still hopeful of hitting the A\$6 billion-plus mark.

Privatisations prompt strategic concerns

Another obstacle in the way of privatising critical infrastructure (and achieving bigger proceeds) is federal Treasurer Scott Morrison's [announcement of tighter foreign investment rules](#) in the wake of the controversial sale of the Port of Darwin to a Chinese company. From next month the Foreign Investment Review Board will need to approve the sale of critical infrastructure, such as ports and airports, belonging to the states and territories.

The 99-year lease of the Port of Darwin to an [entity with alleged links to the Chinese government and military](#) did not please the US government. Washington considers Darwin's port a strategic asset in view of the presence of a large contingent of the US Navy, which uses the port for its supply chains.

WA Premier Colin Barnett told Parliament [his government still intended to introduce legislation](#), probably in the next sitting week, to support the sale of the port. He hoped for a change of mind by the Nationals and/or support from Labor and the Greens. If the sale was stalled, Mr Barnett said he would take it to the next election.

Labor seems to be hedging its bets with no publicly declared position on the sale of the port. But given Labor's strong links to the Fremantle electorate (federal and state) and the maritime union (MUA organiser Chris Brown is [favoured to be preselected for the seat of Fremantle](#) for this year's federal election) the opposition would be hard pressed to support the sale.

What changed the Nationals' mind?

Nationals leader Terry Redman previously supported the sale. His change of heart comes after likely pressure from provincial backbenchers who still recall the sale of the WA government-owned country rail network to Brookfield, a global infrastructure company based in Canada. That left grain farmers with failing infrastructure and [rising costs to get their grain to global markets](#)

Some of those fears were also played out in the proposed takeover of Asciano where Brookfield intended to have control over Pacific National, a rail provider and part of Asciano, which hauls grain to ports on the Australian eastern seaboard. Now that [Qube Logistics and Brookfield have joined in a bid for Asciano](#), a

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revised split-up of Asciano businesses has ensured Pacific National will no longer be under the control of Brookfield. This seems to have eased the concerns of grain growers across the country.

Fremantle Ports is the last capital city port to be privatised. However, a lot of water will probably have flowed under the Stirling Highway Bridge (a vital link to the port of Fremantle across the Swan River) before a deal can be done.

Peter van Duyn does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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