

CORRECTED VERSION

PORT OF MELBOURNE SELECT COMMITTEE

Inquiry into the proposed lease of the port of Melbourne

Melbourne — 8 September 2015

Members

Mr Gordon Rich-Phillips — Chair

Mr Daniel Mulino — Deputy Chair

Mr Greg Barber

Mr Damian Drum

Mr Craig Ondarchie

Mr James Purcell

Ms Harriet Shing

Ms Gayle Tierney

Staff

Secretary: Mr Keir Delaney

Research officer: Mr Anthony Walsh

Witnesses

Mr Len Warfe, president,

Ms Jenny Warfe, secretary, and

Mr Walter Grahame, Vice President, Port Phillip Conservation Council.

The CHAIR — I now welcome representatives from the Port Phillip Conservation Council, Mr Len Warfe, Ms Jenny Warfe and Mr Walter Grahame.

Evidence being taken this afternoon is not sworn evidence, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. All evidence taken at this hearing this afternoon is protected by parliamentary privilege pursuant to the Constitution Act 1975 and subject to the provisions of the Legislative Council standing orders. Therefore any information you give in the hearing today is protected by law. However, any comments made outside the precincts of the hearing may not be so protected. Your evidence is being recorded by Hansard, and you will be given a proof version of the transcript in the next couple of days.

The committee has allocated 45 minutes for this session this afternoon. We invite you to make a brief opening statement, if you would like, and the committee will then proceed to questions.

Mr WARFE — Thank you, Mr Chairman. I just want to make a few supplementary comments to our original submission. We oppose any further port expansions in Port Phillip Bay and the privatisation of the port of Melbourne, and indeed any remaining publicly owned commonwealth, state or territory assets.

It seems that when governments embark on privatisation of infrastructure assets that, in order to attract private investors, assets are sold well below likely commercial value or a range of sweeteners are offered to the private entity. The sale process itself is also put out to tender, with private firms being paid millions of taxpayers funds to manage the sale on behalf of the government. Indeed, we note that the US multinational investment bankers Morgan Stanley and corporate adviser Flagstaff Partners were engaged in August 2014 to sell the port of Melbourne and the former CEO of the Port of Melbourne Corporation is now advising Flagstaff Partners in their advisory role to the government on the sale of the port of Melbourne. We are not happy about that. It is getting pretty close to being scandalous, in my opinion. I put this to the panel: how much are Morgan Stanley and Flagstaff Partners being paid for their advice to government and how many rail crossing upgrades could we finance out of that fee alone?

Treasurer Pallas has described the port as the jewel in the crown of our freight and logistics system, and shadow Treasurer Michael O'Brien described it as the jewel in the crown of Australian ports. We therefore object to the much-touted notion that the funds from the sale will be used to fund the removal of 50 level crossings in Melbourne, effectively transforming an irreplaceable sovereign asset into an assortment of non-strategic scattered infrastructure that could never again be described as crown jewels.

For years we have been told that the port of Melbourne is an irreplaceable asset for all Victorians — farmers, retailers, manufacturers and consumers across the state — but we are now asked to believe that its sale will largely fund grade separations of rail crossings in metropolitan Melbourne. If so, the major beneficiaries would be Melbourne motorists. Victorian taxpayers' investment in the port of Melbourne could be swallowed up entirely by a grade separation project largely to benefit Melburnians.

The other point that I would like to make is that notably the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015 indicates that funds from the port sale, once transferred to the Victorian Transport Fund, would fund all or any part of the development of:

- (i) the level crossing removal program; and
- (ii) infrastructure projects for or in relation to public transport, roads, rail, the movement of freight, ports or other infrastructure.

So rather than the port sale being entirely directed to level crossing removal, as the public is invited to assume from government spin and media releases, based on estimated costs of the port site road projects, the entire port privatisation proceeds of \$5 billion to \$7 billion, we are told, could be swallowed up by road building and other projects to assist private port and freight entities.

We suggest that if the public realised this, they would realise that the pre-election promise to spend the funds from port sale on level crossings was deceptive, and support for the port sale would be even further diminished. Victorian taxpayers would much prefer government to be in control of the crown jewels, investing prudently for the long term, rather than disposing of the jewels and then being beholden to private rent seekers.

Notably, in the 1960s Premier Bolte managed to build the underground city loop rail system without selling off any other state assets to finance it. Incidentally, he also took over inefficient privately owned metropolitan and country gas companies and incorporated them into the state-owned, highly efficient Gas and Fuel Corporation of Victoria, which turned out to be the biggest in the Southern Hemisphere, and tariffs were lower than any other gas company, including the privately owned Australian Gas Light Company in New South Wales, whose tariffs were consistently double that of the government-owned Gas and Fuel Corporation of Victoria.

On other costs to taxpayers, port users and consumers, in the *Port of Melbourne Lease Transaction* presentation by Morgan Stanley and Flagstaff Partners we see:

The leaseholder will be incentivised to invest in the future growth and development of the port on a commercial basis.

That can only mean payments of unknown quantum and duration from government to the private sector — in other words, corporate welfare, an absolutely avoidable cost if the port remained in state ownership.

I would like to make some comments on the *Port of Melbourne Lease Transaction* presentation by Morgan Stanley and Flagstaff Partners. Page 12 provides six reasons why the proposal is a compelling investment opportunity. In our view, each reason is a compelling reason why the state should retain ownership of the port, especially no. 6, 'Stable and reliable cash flow profile'.

The disclaimer at page 13 is also worthy of comment. It advises that the information therein is important and should be read. Paragraph 2 states:

This presentation contains forward-looking statements. When used in this presentation, the words such as 'could', 'plan', 'estimate', 'expect', 'intend', 'may', 'potential', 'believe', 'continue', 'should', 'anticipated', 'will' and similar expressions, and the negative of such expressions, are forward-looking statements. These statements are only predictions.

Thus, as we see it, if any one of these predictions did not come to pass, we could assume that all other related predictions would be invalid.

It goes on to state:

Statements or assumptions in this presentation as to future matters may prove to be incorrect and differences may be material. DTF does not make any representation or warranty as to the accuracy of such statements or assumptions.

As we see it, then, the case presented for the lease proposal is entirely on some very expensive gloss and spin and supposition.

In conclusion, I would like to say that the top 300 pension funds control assets of about \$14 trillion, including port operations, and these funds invest for long-term returns, reliable earners, ones that are monopolies, preferably. This begs the question and is the nub of our submission: as these assets are considered such good long-term investments for private wealth funds, why are they, especially those run as monopolies, not also considered good long-term investments for government to hold? There is no logical answer.

Mr DRUM — Thank you, Mr Warfe, for your presentation. Are you aware of the trends of the existing port? Irrespective of whether or not this port is sold or maintained in government hands it seems as though we are heading towards more ships, bigger ships, and probably in the next 10 or 15 years a doubling of the existing trade. Are you aware of that?

Mr WARFE — Yes, I am aware. Growth is the big thing that is being promoted continually by everybody at the moment.

Mr DRUM — I am trying to characterise where you are at. Are you against the concept and the philosophy of the sale of the port or are there parts within the legislation that you are desperately against? From your presentation, it seems as though you are probably very strongly against the concept and the philosophy of the government selling the port per se?

Mr WARFE — We are certainly against it, and what has been proposed to be put in its place is completely unacceptable. We have got a Rolls Royce system at the moment, and we are proposing to replace it basically with a scarecrow.

Mr DRUM — Are there particular aspects of the legislation that you think are fundamentally wrong or substandard, or is it simply the overall decision to sell the port that is causing you the biggest angst?

Mr WARFE — Everything about the legislation that I have looked at creates more bureaucracy to administer a leasehold or a sale, to try to bring it under control. As you heard from Shipping Australia just a short time ago, they are very concerned about the likely outcome if this did occur.

Mr DRUM — Does your organisation have a view — whether it be in 10, 15 or 20 years when the port reaches its capacity — as to where a future port of Melbourne should be located?

Mr WARFE — Yes. Our opinion is that we do not support any more ports in Victoria. We believe that we should work on the basis of a national solution for logistics by expanding the northern ports, which are closer to our trading partners anyway.

Ms WARFE — We have a policy on it.

Mr WARFE — We have a policy, yes, statement no. 17 on our website. It goes into quite an amount of detail as to what our alternatives are.

Mr DRUM — Brisbane or further up north, Darwin?

Mr WARFE — Darwin I think has got potential. Gladstone is a deepwater port. We believe they should be connected by the rail system. That is where the money should be spent, on the inland rail system. Rail is a very efficient form of transport and a very cheap form of transport. In the end, all these containers have got to come onto the land at some point, somewhere, anyway. They are no good sitting out in the water; the contents have got to be put onto land. We believe that you need to minimise shipping around the world, because shipping is a very dirty and polluting industry. We need less ships in the world. There are 90 000 of them traipsing around the world's oceans at the moment, carting exotic organisms, particularly into Port Phillip Bay. There are 400-odd species of exotic organism in Port Phillip Bay that have come directly because of the shipping industry, whereas in Western Port there is only a handful there because of the low volume of shipping. We need to minimise shipping, not expand it.

Ms TIERNEY — Thank you, Len, Jenny and Walter, for being here today and providing us with statement 17 and the very detailed presentation that you provided, Len, and of course the passion that you bring to the table this afternoon as well. Just so that I have some clarity, my understanding from your last answer is that your organisation is categorically opposed to a second port at any location in Victoria; is that correct?

Ms WARFE — Our position is that Australia is already well served by ports right around the coast, particularly probably in Queensland, where there are a lot of coal ports there that may or may not continue to be coal ports into the future. So, yes, our position is that we should use the existing national port infrastructure that we have and develop better interstate rail infrastructure, to make better use of our existing ports.

Ms TIERNEY — One assumes that growth will continue, though, in terms of ships and trade. That is the way the world seems to operate at the moment. Given that, what mechanisms could you see put in place to support the growth capacity of the port of Melbourne?

Ms WARFE — It already has pretty substantial plans on the table to double the capacity at least, I think to 5.5 million containers per annum. The expansion of Webb Dock underway at the moment is going to add at least another 1 million container capacity to the port in its existing form. As we say, if Melbourne is going to have 8 million people by 2050, I do not think we need to be concerned about the possibility that we might have to land bridge because the port of Melbourne might wither on the vine. If there are 8 million people in Melbourne, there is a market there, and if you believe in market forces, the goods will get here by whatever means. They will get here by smaller ships, hopefully more fuel-efficient ships that are not as polluting as the ones that we have at the moment. They will get here by land bridging. If we have got 8 million people here, it is a substantial market and the market, if you believe in the market, will sort it out.

Ms TIERNEY — How do you think the proposed lease arrangements will impact on that growth?

Mr WARFE — The lease arrangements are based on expansion. It is all about growth and if growth goes ahead to the extent that is proposed, it is going to have a big impact on Port Phillip Bay, as far as the health and

welfare of Port Phillip Bay goes. If we have got to have continual dredging to get more ships in because we have got a private operator there who wants more ships in to make more money, we see that this should not be allowed to happen, because it will degrade Port Phillip Bay. It is under enough stress as it is, with the current 3000 ships a year going in and out.

Ms WARFE — I think there are a couple of environmental issues that I would like to comment on as well about the future growth, which is to do with shipping emissions. With the 3000 ships that come into Port Phillip Bay already, we are already being exposed to considerable health impacts from the emissions from shipping. The nitric oxide and sulphur oxide emissions in shipping, according to research undertaken in the US by the National Oceanic and Atmospheric Administration, are already responsible for 62 000 deaths around the world per annum. Growth in shipping — and shipping being reliant on the sort of fuel that it is reliant on, the dirtiest, cheapest, gluggiest fuel from the bottom of the barrel that ships are burning — is contributing significantly to health impacts.

Also, shipping is the sixth largest emitter of greenhouse gas emissions. Behind five other large countries in the world that are the largest greenhouse gas emitters, shipping is the sixth largest. So shipping in its current form is already contributing significantly negatively to the local environment, not to mention the world's greenhouse gas emission issues.

Another issue about the current legislation that I think is pretty unclear and which I think we are very concerned about is the issue of the dredge spoil ground in the middle of Port Phillip Bay, where 3 million tonnes of toxic and contaminated sediment from dredging the Yarra during the channel deepening project was dumped. That toxic dump, as I understand it, is not covered by the lease arrangements; it is still going to be the responsibility of the state. I also cannot find anywhere in the current legislation whose responsibility it is going to be when any further maintenance dredging is done in the Yarra and any further toxic sediments are produced from that dredging. Where it is going to be put, that is not made clear, and nor is whose responsibility that contaminated material is going to be in the future. If it was produced by dredging done by the port operator and dumped in a spoil ground in the middle of the bay, which is presumably still under the jurisdiction of the state, whose responsibility is it if something goes wrong?

Ms TIERNEY — Can I go back to the shipping issue and the problems that you alluded to in terms of shipping? If there is not shipping, then what, in terms of trade?

Ms WARFE — I am not saying there should not be shipping. Obviously we have to have shipping; we are an island nation. I am saying that the ships that we have need to be a lot cleaner than they are, and it is the responsibility of the shipping industry and nations that trade to put pressure on the shipping industry to clean up their act. They are currently immune from any legislation, basically. Their greenhouse gas emissions are not counted in any targets, and the health impacts they are responsible for they are not paying for; nation-states are paying for the illness and deaths of all those people. I am not saying get rid of shipping; I am saying that the shipping industry needs to smarten up its act.

Mr WARFE — I would also like to add to that. In the 1960s the Menzies government had a policy of minimising points of entry into Australia for ports. It made a lot of sense then. Because of the environmental questions now, that was possibly not the reason they did it at the time; it was obviously to minimise security risks and possibly for other reasons that I am not aware of. It was a good policy, but nowadays it seems anybody can come along and say, 'I want to build a port here' and government rolls over and encourages it.

Mr BARBER — Thank you for your submission. I think you have been pretty clear up-front and have said that you oppose the privatisation. We got that message. Congratulations on your sharp eyes in noting that in fact the proceeds of this sale under the act might go to all or part of the level crossing program, meaning that in practice some part of it might not be funded by this and that in fact almost anything else transport-related could be funded out of these proceeds. There is no actual definition of 'level crossing removal program' in the bill, even though it is capitalised in this particular clause. You have got one up on me in that respect.

You have also pointed out a whole number of other liabilities that will remain with the public even as the assets are transferred to someone who wants to make money out of them. It might be for our committee staff to follow up the questions you have raised about basic organisms and the so-called toxic sandcastle that is down there in the bay now. Just on that last bit, can you tell me if you have any more recent — I am reading your footnotes

here — information about how that sandcastle of dredged material is holding up? Has that been made available to you by the port?

Ms WARFE — Our understanding from the environmental management plan produced by the port during the environmental effects inquiry was that there was going to be an annual visual inspection. There was not going to be any sampling of sediments or plotting of where the sediments might have ended up, if they might have ended up outside of the so-called containment facility. No, we do not have anything more, and nothing has been made available as far as we are aware other than that there is going to be an annual visual inspection. Certainly the Office of the Environmental Monitor does not exist anymore, and even when they did exist they were not interested in the toxic waste facility in the middle of the bay.

Mr BARBER — We do not know who is liable for that at the moment and we also do not know what state it is in because the monitor does not continue?

Ms WARFE — That is as I understand it. It is a bit of an anomaly that the EPA has very strict legislation around what you can dump on land, where you can dump it, the volumes you are allowed to put in the one particular spot and the length of a lease for a toxic waste facility on land, but that there is no such thing for the toxic waste facility in the bay.

Mr BARBER — Underwater tips. Thank you.

Mr MULINO — You have raised a number of concerns in relation to the volume of transport and the volume of trade and the way that this impacts on the port but also the Victorian environment more generally. I wanted to put to you that some of your deeper concerns are really there whether this is in public or private hands. Some of the issues you are raising are in a sense beyond this transaction, the deeper issues you are raising for consideration. Even if this lease were not to happen, you would basically be saying to the Victorian government that you would be wanting to contain trade growth and not have a second port developed — even if this lease issue were not on the table.

Ms WARFE — Walter would like to answer that.

Mr GRAHAME — Walter Grahame is my name. What worries me about this is the future. You have got to think ahead 40 or 50 years and decide what size of shipping, quantity of shipping, is going to be sent here from Singapore and where it is going to go — which port it is going to go to when it gets here. I cannot see how you can do this — look into the future — when you have got a Chinese trade agreement coming on and you have a transpacific partnership coming on, with clauses that can sidestep our government. Unless you do a pre-mortem study, even thinking of the port of Melbourne — how viable is it if we are going to have to dredge it and fiddle with it to get ships in here of a size decided by Singapore? You are lucky to have me, because I am clairvoyant! I can see the future just as clearly as you can, which means that we are all guessing, so I ask you to study carefully Hermione Parsons's work on pre-mortem and consider the 'what if' if it fails or if it does not happen.

You have got to get these people on paper 40 years ahead saying, 'Yes, we will come here. Here's your contract — sign on, so we can use your ports' or think of another way. But the future is the thing you have got to think of — the energy use of the future, if you are going to have inland ports and how you are going to service them from the sea. Thanks.

Ms WARFE — I think, Mr Mulino, that you are correct that we are concerned about broader things that are beyond the scope of the legislation that is before you at the moment, but I would say that I would much prefer to feel that I had the state in control of assets that are irreplaceable than having the state a step further back, with the pressures being put on them by the private sector port operator that we do not have the direct trust in — I suppose you could call it — that we would have if the state, which has looked after the port and which we have contributed to, for the last 100 years, is the direct manager, owner and operator of it.

Mr MULINO — Just one last question: as Mr Barber said, you have pointed to a clause in the 'Victorian Transport Fund' section of this document, which indicates that proceeds can be spent on things other than level crossings. I just wanted to flag that our understanding is that the projected budget for 50 level crossings is such that it is a very significant amount of money and would basically align, in large part but not exactly, with the bulk of the proceeds. I wanted to put on the record that observation just to see if you have got any comment in relation to that.

Ms WARFE — I would return to the concern that we have that the funds are not necessarily going to be directed precisely to the rail crossing program and that the other things that the funds might be directed to might be things that are even less beneficial to Victorians — namely, port infrastructure and roads around the port. At least with 50 rail crossings in Melbourne, 4 million Melburnians might get some benefit from it, but improving the access into the port is going to benefit port operators and transport companies but not necessarily 5 million Victorians.

Mr MULINO — So you would rather it go to the level crossings than certain other projects? In a sense — notwithstanding the fact that you are broadly not supportive of the transaction — if there are going to be proceeds, you are saying that you would rather the government fulfil its commitment and put that money into level crossings by and large?

Ms WARFE — Certainly I would rather governments fulfil their commitments, yes, but if there were going to be proceeds from the sale of the port, I think those proceeds should benefit all Victorians — all the people who paid for the port and have supported the port for the last 100 years.

Mr ONDARCHIE — Len, you asked about how much Morgan Stanley and Flagstaff Partners have been paid. Perhaps you can ask that question of the government outside this meeting, because I am interested to know the answer to that as well. But more importantly, the government has pitched this lease proposal on the port having a capacity of about 8.4 million containers a year. We had an industry expert in this morning from Victoria University who told us that they can only take about 5.5 and if the biggest ships were to come in carrying all these extra containers, then there is going to need to be — and I am quoting from their document — some ‘dredging at the heads’ and ‘some channel widening’ as well to make that effective. What would you say about that — dredging at the heads and channel widening — to the members of the government on this committee?

Mr WARFE — I could say a lot of things about that. The first thing that needs to be said about it is outside the heads the tidal range is 3 metres; immediately inside the heads it is about 1.1 metre. That is because of the very narrow entrance that it is, to start with, but also the shallow depth. But when you contrast that with the tidal range in Western Port bay, which is a 3-metre tidal range, the same as out in Bass Strait, it is all because nature has made Port Phillip what it is, and we believe it should remain that way — it should not be deepened or widened any further, particularly at the entrance, because we are seeing the end results of that at the moment at Portsea. I know everyone is denying that it is what we did at the heads with the 2008–09 channel deepening and widening project, but nobody has been able to come up with why it is happening. The reality is that that appears to be why it is happening, because there is now more water in the bay. When it does come in, it seems to swing around and hit that particular beach.

You cannot predict what will be the end result of a lot of these projects when you start interfering with nature with massive machines like we saw ripping the guts out of the entrance to Port Phillip Bay. Just because somebody wants to build a ship that does not fit into our bay does not mean we should alter our bay to make the ship fit in. He can build ships that will fit in the bay; that is the solution to it.

Mr ONDARCHIE — Given that our industry expert said this morning that there is going to need to be, to make the government’s proposal effective, dredging and widening of the channels, and you have a lot of member organisations here, what do they say about what is going to happen to the bay as a result of this?

Mr WARFE — None of our members would support widening the entrance to Port Phillip or deepening it. In fact in the last hundred years the natural depth at the entrance was 10 metres. It is now down to over 20 metres, due to continual dredging at the entrance. That has caused continual coastal erosion in Port Phillip Bay over those 100 years, yet we do not seem to join the dots that it is because we keep letting more water into the bay when we do these dredging programs.

In fact 1986 was the last time that the rip had been blasted, and they said then that it would never be done again — it would not be deepened again. Yet here we were in 2008–09, and we did it again. Now we are paying the price. Millions of dollars have already been spent on Portsea beach, trying to salvage it, and there is nothing to show for it, except just hard rock there that has been dumped.

Mr ONDARCHIE — Now, Jenny, you are advising us, because we have to vote on this thing when it comes into the Parliament. What would need to change in the legislation as presented right now for you to encourage us to vote for it?

Ms WARFE — That is assuming that the legislation is still around the port being privatised; I do not think that I could say how to improve on that, because we do not think the port should be privatised. In the event of that occurring, though, the thing that I am really concerned about our is what responsibilities stay with the port. In any event, those responsibilities that stay with the port would be too great I think to consider allowing the profit-making section of the privatisation of the port to be given over to the private sector. And the risk remaining with the public I think is unacceptable. In the event of you considering it further, I think you really need to think about how much risk and how many costs are still resting with the state.

Mr PURCELL — Just briefly, it is good you have been able to come along here and represent the 14 groups that you do represent. I presume the structure of the Port Phillip conservation group is that they actually get a say. So they would all oppose the sale of the port; is that the structure that it works under?

Ms WARFE — That policy, no. 17, that we added to our submission, yes, was voted on by the general meeting of the Port Phillip Conservation Council, which is represented by — —

Mr PURCELL — So they basically say that the port should stay in the hands of the state?

Ms WARFE — That is correct.

Mr PURCELL — The issue that this committee is considering is really a simple one of whether to lease the port of Melbourne. It is not whether there should be a second port, a third port or whatever; it is really to lease the port. Without trying to paraphrase where you are, my understanding is what you are saying is: you believe the state is better to control the environmental aspects of it, rather than a private operator? If we are getting to the crux of it, that is really the reason you are opposing the sale of the port?

Ms WARFE — Not just the environmental aspects, the logistics aspects as well.

Mr PURCELL — What logistical aspects?

Ms WARFE — As earlier submitters have talked about, the rail connectivity and the road connectivity into the port. The port does not just sit there on its own, does it? It requires infrastructure, largely provided by the state — —

Mr PURCELL — The state will provide those anyway.

Ms WARFE — Exactly, yes; that is right.

Mr PURCELL — So they will be provided by the state. So it is the port itself — the environmental aspect of the port?

Mr WARFE — The environmental aspect of the port is paramount.

Mr PURCELL — I am not suggesting it is not. I was just trying to summarise the position that your group is reasoning on not leasing the port.

Mr WARFE — The state has responsibilities to the community, and certainly it is to protect the environment and look after our assets properly. It has been proven — I can give you example after example where private operators only have one motive, and that is to make profit; otherwise they go out backwards, whereas the state is the combined resources of the community. It does not go broke. It has unlimited resources to do things properly, and it should do things properly. I know it does not at times, and that is to be deplored. But in this particular example I think it is a return to feudalism to talk about selling off something so we can lower some rail crossing somewhere else. This is not the way a state properly manages our community affairs. I know it is a worldwide activity at the moment to sell off everything, but it has proved to be a disaster wherever it has been put into practice. To think we have to pay to drive on roads in this state now! Toll roads. The way we are going, we will be going like feudal England whereby the state taxed the size of a windowpane in people's houses. That is the way we will go if we keep going down this road of privatisation. It is wrong.

Ms SHING — Thank you very much for your contributions this afternoon, for the submission you have made to this committee and for answering our questions. As you would be aware, there has been support for a lease of the port of Melbourne and port functions put forward by both the coalition and the government. I would like to ask for your reflections in relation to the environmental issues and the concerns that you set out today and ask you to reflect upon the extent to which there might be any change in your position when you compare and contrast a 40-year lease with a 50-year lease — so the 40-year lease being that proposed by the previous government and the 50-year lease being that proposed as part of — —

Mr ONDARCHIE — It is 70.

Mr DRUM — It is 70.

Ms SHING — As proposed by this bill.

Mr WARFE — I note that in the legislation, as Mr Drum has just said, that it goes up to 70 years, really — —

Ms SHING — No, the lease is 50 years, and then —

Mr WARFE — Plus 20.

Ms SHING — any right that is exercised beyond that is done by the government of the day — —

Mr ONDARCHIE — Can he answer the question?

Ms SHING — It is important after you have actually opened the door to this particular issue around duration, so — —

The CHAIR — Ms Shing, I think Mr Warfe understands.

Mr WARFE — The legislation does say a 50-year lease plus a 20-year option to extend, but if it were 40 or 50, it is still bad as far as we are concerned.

Ms SHING — Thank you. Is that also your view, Jenny? Walter?

Ms WARFE — It certainly is. It is just slightly less time that the state has lost control of the crown jewels.

Mr GRAHAME — More like the family jewels, I would have thought.

The CHAIR — If there are no further questions, Mr Warfe, Ms Warfe and Mr Grahame, thank you for your evidence this afternoon. We appreciate your submission to the committee, and we appreciate your time this afternoon.

Committee adjourned.

