

BHP BILLITON AND RIO TINTO — REMOVAL OF CONCESSIONAL ROYALTY RATE

333. Mrs L.M. HARVEY to the Minister for Health:

I refer to the historic announcement yesterday about the royalties agreement reached between this Liberal-National government and BHP Billiton and Rio Tinto.

Several members interjected.

Mrs L.M. HARVEY: Read it and weep.

Several members interjected.

The SPEAKER: There are only a couple of days to go and then we can all take a little break. I would like to hear the member's question in silence. You might conclude the question, member; I think we have heard the first part.

Mrs L.M. HARVEY: Minister, I believe there is a \$350 million one-off payment as part of this agreement. I ask the minister to please advise the house of the effect this will have on the construction of our new children's hospital.

Dr K.D. HAMES replied:

I thank the member for Scarborough for her excellent question. I thought we were going to have another groundhog day with the Deputy Leader of the Opposition's first question.

There are two answers to the question. In some ways it will have no effect. This government was committed to building a new children's hospital in the state and we are proceeding down that path regardless. Whatever might have happened, we would have constructed by 2015 a new children's hospital in this state. Under the original model, we were, in effect, going to borrow that money through a public-private partnership. Under public-private partnership arrangements, the hospital construction is funded by the private sector and the state government pays the money back over a period of 20 years and then the hospital becomes the property of the government. It is exactly the same model that is currently being undertaken by the government in Victoria to build the children's hospital in that state. It is a well-recognised, successful model that is being used around the world. Now that this \$350 million is available, as well as the subsequent funds that will be put in —

Mr T.G. Stephens: How much will it cost?

Dr K.D. HAMES: It is about \$1 billion in total to build the hospital. About \$600-odd million of that is for construction. Is the Leader of the Opposition telling him off?

Mr E.S. Ripper: I am communicating with him.

Dr K.D. HAMES: It seemed like fairly negative communication to me. The Leader of the Opposition turned and glared at the member.

About \$650-odd million is for the construction of the hospital, but there are other components that go with it. The plant now has to be moved. The original site proposed by Labor was not big enough; we had to change the site. Of course, under a PPP, we are still doing the adjacent multistorey car park. About \$1 billion of funding will be required, so this will need a further contribution. The construction will start in 2012, as was proposed, and will conclude in 2015. By that time, we will have to put away sufficient money to make sure that that is fully funded. As members know, well over \$1 billion in increased royalties are coming in, apart from the extra \$350 million. That is a great step forward. It will mean that the people of Western Australia, supported by our great mining industry, will be able to fund the construction of that hospital. That will save on those future borrowing costs. It slightly simplifies the process that we have to go through in the construction of the hospital. We will still have a design-build-maintain component; what we will lose is the funding component. The same companies will be involved, and, as members know, we are seeking further involvement of those companies to get on with the construction of the building. It is a great step forward and I am very happy that this has occurred.