

PREMIER'S STATEMENT

Consideration

Resumed from 12 February on the following question —

That the Premier's Statement be noted.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [12.17 pm]: As the Leader of the Opposition, I would like to give my response to the Premier's Statement.

A little over two years ago, the Western Australian Labor Party won the state election in a landslide, after a very vigorous campaign. It had a plan, and it presented it to the public of Western Australia. It was a plan for jobs, to improve essential services, and to get the economy going again. The people of Western Australia voted overwhelmingly for the Labor government, and across the board they wish it well. They want the government to succeed because if the government succeeds, they succeed. As Leader of the Opposition, I might say that the opposition might not want the government to succeed. However, most members of the opposition want the government to succeed in what it has set out to do.

The government's plan was broad ranging. It wanted to create jobs. At that time, the unemployment rate was high and in many areas people were struggling to find jobs. The government wanted to improve the economy. Wages were declining, or flat. The government wanted to diversify the economy. The state's economy struggled during the boom because the high wage rates and excesses in the mining and resource sector suppressed developments in retail, hospitality and tourism. It was very difficult to run any businesses other than in the mining sector. That made this state even more dependent on the resource sector and the inherent volatility in that sector, and the economy needed to be resuscitated. The government promised to build infrastructure that was needed and was affordable and built on time and on budget.

The government has had a long honeymoon, as we would expect given the magnitude of its win and what it promised. Also, to be honest, the people of Western Australia were sick of us, and they voted for the Labor Party. But the honeymoon is over, as it should be. It is over for a number of reasons. Firstly, the government is two years into its term. Now it has to deliver. More importantly—we have talked about this repeatedly—the government has made some backflips. This is not just about the issue of backflips; it is the nature of the decisions that the government is backflipping on. Last year we saw a raft of education cuts. The public looked at the government and said, "Aren't you the people who advocated more spending on education and decried the previous government's supposed cuts on education, yet you promoted cuts to and the elimination of the Schools of the Air and the gifted and talented program?" The government claimed to be community based, yet it was going to cut the community resource centres, which are essential assets, particularly in rural and regional communities. The public said that that did not compute and asked what was going on. It is not so much the backflips and the number of them—that is an issue—but the poor decision-making along the way. As I and, I think, Hon Peter Collier have said, the education department put those cuts to us in government and we said not only no, but also used an expletive before we said no! We said, "If you come back with those again, you will be in trouble. Don't ask us to do something stupid." But this government fell for it.

We have seen a number of those types of decisions. I will not go on at length, but I will mention the decision about the crayfish industry by the Minister for Fisheries. We have not seen a nationalisation—that is what it was an attempt at—since the 1940s when Stalin ruled Russia. Come on! The minister is laughing at himself. It is profoundly stupid. It is not just what the minister tried to do; it is how he did it. He went out to the Western Rock Lobster Council, whose major function is to provide a conduit to the minister when planning decisions and bring the crayfish industry together, and he forced it to sign a confidentiality clause that prevented it from talking to its members. Then he said, "Here is a term sheet. We're going to nationalise 17 per cent of the industry. By the way, you have three hours to discuss and agree to it, and if you don't agree to it, I am going to put in place my emergency powers." That might work in the union movement and in Stalinist Russia, but this is dumb. I think Paul Murray pegged it perfectly in *The West Australian* today.

Mr D.J. Kelly: Of course you do!

Dr M.D. NAHAN: Of course I do, because he is right. There is a whole range of these things. Cracks are starting to appear all over the government's policy areas. This is the year when the government starts being held to account. The government has been very lucky—lucky, lucky, lucky. It has had a lot of things. The resource sector has come good. The government had virtually nothing to do with it; it is luck. Commodity prices have come back, the liquefied natural gas and iron ore sectors are investing in large new expansions to keep the production scale going—not increasing, but going—the gold industry is doing well and the lithium projects that started under us are coming to fruition. Is the government not lucky? It is a good sector; it is helping the economy. Good on the government—lucky.

The commonwealth government in Canberra, a Liberal–National government, has showered this state government with funds, mainly, I think, to make up for its tardiness to address issues under the previous Liberal government when the state of WA was forced to bear, in a fiscal sense, the full impact of the decline of the investment boom through the decline of GST revenue, iron ore prices and economic activity. The last time I counted, the federal government made up the difference with \$4.5 billion over the forward estimates. Is the government not lucky? Good!

The government has also had a long tail of projects it has been able to cut the ribbon for that were started—not only started, but built and got ready—under the previous government. This government has been able to take ownership. Of course, the classic one was Perth Stadium, but there are literally hundreds of others. The government has been able to very effectively take credit for the openings of these things, but any issues related to them are because of the other mob. The funding for them is from the other mob; this government takes it for free. People might hear me lament that, but the reality is that history is written by the victor and the Labor Party was the victor. In life we have to take advantage of every bit of luck we have; I understand that. The question is: what is the government doing with that luck? The point is that the government did not make that luck—it got it, but it did not make it. What is it going to do with it? Cracks are appearing everywhere.

The Labor Party's major promotion was on jobs. We heard it over and over again. We went through a jobs bill that was about as vacuous as we can get. It is an embarrassment. A local job is any job in all of Australia and New Zealand! Come on! By the way, the minister, who is the Premier, knew nothing about it. But that is what he proposed. What is the reality two years on? What has happened in job growth and unemployment? Not what the government says, but what has happened? I encourage everybody to read Peter Kennedy's article of 4 February in *Business News Western Australia*. He basically says that the McGowan Labor opposition promised a lot—the now Labor government—with a jobs plan three years ago, which it has had two years to implement. It promised jobs growth and diversification. What has happened? We still have the highest unemployment rate in the nation. That is a key performance indicator the government cannot run from. The number of unemployed in net terms has increased, and that is despite low population growth. Thousands of people are going over east; large numbers of people are leaving the state. Population growth is largely due to kids, and they are not in the workforce. Despite this, the pool of unemployed is going up. As Peter Kennedy says, this trend in WA is going against the national trend. The unemployment rate in Victoria is 4.2 per cent and in December Western Australia's was 6.2 per cent. Job growth in this state is turgid, and that is despite the rapid expansion of the resources sector—mining, LNG, fishing and others. Mates, you are failing! When the government fails, the state fails. The government is failing.

I will highlight where the government's jobs bill has really failed. I admit this is difficult. In opposition the Labor Party made a lot of noise that our largest expenditure was, as always, in the LNG sector. When it spends, it spends large amounts of money. That led to the investment boom, especially the \$US250 billion in the LNG sector off our north west. Woodside is rapidly expanding investment in its facilities through bringing the Scarborough field into the Pluto plant. It is planning and committing to undertake billions of dollars more worth of investment—I am not exactly sure how much, but perhaps \$4 billion to \$5 billion. In the last few weeks, despite the Premier's jobs bill, the main lead contract was allocated to McDermott, which is a US firm, and McDermott said it would pull in labour from everywhere. It would not be just local jobs from Queensland, New South Wales, Auckland and everywhere else, but from everywhere. I understand the limits to that and the difficulties. It just shows that the government's jobs bill is as worthless as the paper it was printed on. The government is failing on jobs, its key performance indicator.

I turn to diversification. It needed to be done. We all agree on the industries identified. There was no real debate about that—tourism, retail, science, medical research and all that. Great. The Premier mentioned many of these in the Premier's Statement. We support them. They are targeted and need to be broadly based. After the boom, they needed to be resuscitated because the boom kicked the wind out of them. How has the government done it? It has had two years. We have a very active and very vocal Minister for Tourism who has promised much, right from the start. He has badly over-egged the tourism industry. Whether it was him or the government, a number of the policy decisions that were made early on have hamstrung the tourism industry. The government should have known that they would do that, but it made those popular, stupid policies in the campaign and followed through on them. As Evan Hall says, the industry is in a disastrous state. Two years on, Evan Hall, who runs Tourism Council Western Australia and is an independent commentator, has said that the situation in the primary policy focus area of tourism is diabolical. What did the government do? Here is what it did.

First of all, during the campaign it decided to cut the regional migration scheme. We know that has had a permeating effect on the economy. First, international students who come to Australia, in large part, choose the area to get work upon graduation. Some stay for a variety of reasons, including marriage, but 85 per cent go home. After they graduate, they want the option to work locally in Australia, because it looks good on their CV. All members should know this already, but this government eliminated that. We have seen a freefall in the number of international students at Western Australian universities. People who would have otherwise preferred to come here are going to South Australia and Tasmania. We raised this issue. The government denied that was a possibility.

The government said that there is no link between immigration issues and the number of international students. It is in denial of reality.

The government caused chaos at the Tourism Commission. The government amalgamated it into a department and fired Gwyn Dolphin. The government is living off the fruits of his service, particularly at the new stadium, but it fired him. The government put tourism under Steve Wood and then the government fired him. The government caused chaos and it was told not to amalgamate it and that a lack of leadership would have direct ramifications in the tourism industry, and that is what is happening. In other words, there has been a decline in tourism in absolute terms in contrast with the boom nationally. We are down six per cent and Tassie is up 16 per cent. That is what the government did. It then brags to the world that it will spend \$400 million on tourism promotion. The government does not say that there is no additional new money in that—none. The government spends more in one area and pulls from another. The government spends more to subsidise All Nippon Airways, but that funding comes from somewhere else. The government has not allocated any additional money to tourism promotion and development.

Royalties for regions extensively funded tourism promotion in our regions because one of our key attractions to tourists internationally and nationally is our natural gifts in the regions. Go there. We just went to Albany and it is a gorgeous place. We drove through Margaret River, Pemberton and Manjimup. All those places are beautiful. Albany is doing well, but other places are in the doldrums because the government pulled money from RforR to fund its election promises, both in recurrent and capital expenditure. We have seen a decline in tourism. We see the minister bragging about it and attacking our very vociferous and pleasant, but on-the-ball, shadow tourism spokesperson. I think the government will struggle to turn this around.

Second, the government essentially promised economic recovery. We heard from the Premier during the Premier's Statement, as we hear from the Treasurer repeatedly, that the government sees only blue sky. The Treasurer last year said that he struggles to find a single dataset that is negative. Have you looked at house prices, mate? Yesterday the ABC released a report that showed that from 2009 to 2019 house prices in Western Australia have gone down by 17.7 per cent and are still declining. The Treasurer has the whole of Treasury and the Department of Finance behind him. Finance levies a duty on house transactions, so he has all the data on housing that he can get. How could he possibly say that he cannot find any negative data? The retail sector tells me that this is the worst retail environment since Whitlam was around. It is also tough in hospitality. Disruption is going on, on a range of fronts. The demand is low. There is structural change and people are going bankrupt. Every sector—hospitality, retail, housing, tourism, construction—is struggling. We heard the Premier say that everything is great and it is all due to the government. In 2019 it will be due to the government. This reality is going to come true, and the reality is there.

The government is not totally responsible for the pace of the economy. That is largely the private sector. However, it has contributed to the decline of the tourism industry with its stupid policies, and it is in denial. The government did three things that affected the economy where it hurts most. The heart of the economy is household budgets. Working middle class Western Australian families drive the domestic economy. We knew that they were struggling when the Labor government came in, because after the boom, wages went down sharply and unemployment became a more difficult problem. The working class lost all those big fly in, fly out jobs and other things associated with them, and that is why they voted for Labor. They voted for Labor because Labor promised to have a plan. What has happened? The Labor Party claims to represent the working class, but it came in and hit the working class with the mother of all increases in fees and charges. There was a 19 per cent increase in electricity charges and no avenues to avoid it because the government put in a fixed charge over 18 months. There were massive increases in the cost of water. The government is the largest employer in the state with over 110 000 employees and it put, basically, a below inflation rate cap on wage increases. The government increased the cost of living and decreased the wage rate increases. It was like a kick to the solar plexus of the household sector, which represents 45 per cent of the economy. No wonder it is not spending and going into hospitality or tourism. The government is in denial. The data is there for all to see.

I will not be in the business of predicting what the economy will be, but 2019 will be a difficult and uncertain year for a variety of reasons. As the Minister for Housing mentioned yesterday, a credit crunch is underway now for many different reasons. It has been underway for a while and it will restrict access and increase the cost of capital to businesses and households, mainly for building and buying houses, but also running businesses. It will not affect Rio Tinto and Woodside, but it will affect household budgets, and the government is desperately trying to address that.

Probably the most disconcerting thing is the risk of a Shorten government. He set up most of his policies in 2016 when things were pretty good, at least interstate, and his tax increases, the effect of his policy on dividend imputations and his policies on negative gearing and trusts and whatnot are basically going to kick the guts out of small business. He does not really care, because small business people do not vote for him too much, but that is what he is going to do. Then we have the risk of international slowdowns. China's growth is slowing, though it might come back and stimulate its economy. It is having a trade war with the United States. I am not going to say

what will happen there, but if people read what the experts are saying, they say 2019 is going to be a difficult year. Other than the mining sector, we do not enter into that period in a good economic state.

Another thing the government promised before the election was that it was going to increase spending on and improve the delivery of essential services. That is largely what governments are here to do—to provide the essential services of education, health, police, corrective services and child protection. Like so many things, the government inherited a set of essential services that were exceedingly well funded by its predecessor, which is something for which we did not get the credit. We funded those like no other government in Western Australian history, or, I put, national history. There was a 120 per cent increase in funding to child protection, education and health—all of them were up in not only recurrent expenditure, but also capital, with record investment in hospitals, schools and everything else. More importantly, we invested heavily in the non-profit sector to make sure it was on parity with the public sector. That is why we spent a lot of money. Members opposite were, in a macro sense, critical of us spending too much, and, in a micro sense, critical of us not spending enough. The government also brought on a mandate to reform the public sector and essential services. The government has a mandate to do it. It inherited a system that was really well funded, which it says is too well funded, and it also inherited an economy when population growth was slow at 0.8 per cent. In our time, especially in the first term, population growth was 3.5 per cent. During that period, growth in spending had to be in the vicinity of 2.5 per cent a year above what it is now, just to match the population growth. The government inherited a period of very well funded recurrent and capital expenditure in its public sector essential services, a mandate to reform and slow population growth, but what has it done?

I will give members an example. The government could have drawn efficiencies into it; that is, it could have delivered the same level of services, but more efficiently. That is what it claims. This year, 2019, we are going to put the acid test on members opposite. We are going to put the acid test on how they are doing on the National Disability Insurance Scheme. How much money has the government pulled out of there? How much from child protection? What about health and the record levels of ramping? What about education? We know the government tried to cut that.

Last year, most of the backflips were from the Minister for Education and Training. All members of Parliament must speak about their electorate in their speeches. I am blessed; I represent the electorate of Riverton. It has two of the finest public high schools in the state, if not the nation. I am lucky. They are big; together they have 4 500 kids, who come from all over Perth in the gifted and talented program. They were the subject of those attempted cuts, because the minister was going to cut 25 per cent from the funding for the gifted and talented program. She backed down on that, thankfully. But those schools were subject to massive cuts, this year and next. The government has cut over 100 staff from those two schools, despite them growing rapidly. Now, Willetton Senior High School, which is rated probably the third or fourth public high school in terms of academic outcomes for a non-selective school, has the second-lowest per student contribution from the state government. The third lowest is Rossmoyne Senior High School. The lowest is Churchlands Senior High School. If we look at the academic results and not the number of kids, the government is taking money away from the highest-performing schools. What is it doing with that money? It took half of it and blew it on the Local Projects, Local Jobs program. That is what the government did. It promised that it was going to take that money from these large schools and give it to other schools. The government did that for half the money, but pocketed the remaining half for its election promises. That is its commitment to education. Everybody in my electorate knows it, as they went back to school last week. A lot of the staff who had been pulled out and laid off from those schools were addressing the needs of kids who were struggling on certain educational issues, such as reading and maths. The schools had a large program to provide specialists and focused education for those who needed it, because both those schools have kids with a wide range of ability in their catchment area. To get excellent results, the schools have to bring up not just the top results, but also the median. They work primarily on the kids who are struggling. That is where the cuts came from. The Minister for Education and Training, of course, is a local member for both those schools. Her office is 200 to 300 metres from Willetton Senior High School. In our term, she showed up to every ribbon cutting and made every promise to spend more money on those schools. She said, “You should’ve done it earlier and you should do it more.” Now, she is cutting funding. Of course, she is a union bigwig; she is first on the ticket and will get re-elected. But I tell members what: if it were up to the people of Riverton, she would be down the gurgler next term.

This is happening across the education system and the health system. It is clear to us, and we will highlight it, that the commonwealth government has increased tied grants on education, health, child protection—not so much—and NDIS. What the government and the Treasurer have done is to say, “Thank you very much”, while cutting the equivalent amount of state money. The government is cost shifting to the commonwealth. The commonwealth told it not to do this, and that if it did, it would cut its grants. We are going to make plain to the commonwealth government that the state government is cost shifting. We are going to let the people of Western Australia know that the government wants to pull its own expenditure out of essential services.

We already have the data on NDIS. The budget that the government inherited included funding for the WA NDIS. This specialised scheme was called My Way. It was specifically geared for what we had in Western Australia. It was more hands, more non-government organisations, more targeted. The government decided to go to the national

system, because it was a lower cost. Again, it has pulled \$100 million, in one year out, of the disability sector. We are going to let the commonwealth government know. That is not what the state government is saying to it. That is not what it promised. The Labor Party campaigned for the opposite, but that is what it is doing. We will be around on this issue.

In terms of infrastructure, can anyone name three things this government has built in its own name? The stadium? When did it do the stadium? I cannot remember anything. Yagan Square? No.

Mr V.A. Catania: Karratha Health Campus?

Dr M.D. NAHAN: Karratha Health Campus? No.

Mr W.R. Marmion: Elizabeth Quay?

Dr M.D. NAHAN: No.

Mr V.A. Catania: The Ningaloo Centre?

Dr M.D. NAHAN: No. What has it done? Here is what it has done—it came into government and convinced the then Turnbull government to redirect the Perth Freight Link money. The Labor government put a gun to the federal government's head and said, "Listen, if you don't help us redirect the money, we are going to destroy 3 000 to 4 000 jobs." That is what it did. The Turnbull government, Mathias Cormann and others, were concerned about jobs in Western Australia. They knew there was a big issue, so they accepted that and redirected it. Where did they redirect it to? It was redirected to shovel-ready projects that the previous government had already identified. The government took it from the commonwealth government and previous state government's budget and put it into projects that had already been identified and prepared by the previous government. That is what it has done. They are not the current government's projects. Some of them have been made worse by the current government, and some have been redirected, like the roundabout in Fremantle. What a disaster that is going to be, but anyway, we will get there.

After that, what has the government done? It is building a school down in Kitchener Park—"Bob Hawke High". I wonder if they will have a drinking contest there? Of course, the government pulled that out of Churchlands, so that does not count. Shifting funding from one area to another does not count. So, what has the government done? Well, nothing. It promised a lot and committed to a lot, but it has not done anything. However, it has to start delivering in 2019 on its major project, which is Metronet.

Metronet has a lot of really big faults to it, which we will point out. Firstly, the government has grossly underfunded it in the budget. We know it and the government knows it. It is billions short and there is nothing budgeted for recurrent costs. Secondly, there have already been delays in the Metronet project, both new and old. The government has claimed the Forrestfield–Airport Link as a Metronet project. One of its major plans so far has been, when there is any problem, to blame the previous government. The government's problem with FAL was that it branded it as Metronet. Then problems started happening with the bore, which they named "Grace"; Grace is having some problems. The government went out and said, "Oh, that's the previous government's fault", but it is Metronet, so the government is blaming the Barnett government for a Metronet project. The government shut up after that. It is the government's; it has taken possession of it and it takes credit for it.

It is already officially delayed by a year and the claim is that that delay will not cost any additional money. How does it do that? Has the member for Nedlands ever heard of a rail or road project that has been delayed by a year at no extra cost? Anyway, we will see. The Minister for Transport has special powers, but we know that the main contractors for the Metronet project are also being delayed. We know that the signalling is going to be more costly because of the Huawei project, but, most importantly, we have been told by contractors that there is a record level of spend around Australia on rail projects—in New South Wales, Victoria and Queensland. Most of those interstate projects are very mature; they are getting into them. The Metronet project is coming late and there is a limited number of contractors for it. There is going to be a huge increase in costs to get the limited number of contractors to build Metronet. Do members know what that means? It means huge cost increases.

Dr A.D. Buti: You'd know all about that.

Dr M.D. NAHAN: Yes. The Australian Renewable Energy Agency is a really good one. We are going to see cost increases in the vicinity of ARENA. The government can complain about our costs, but it has not done anything yet. Two years—nothing. Wait until we get to Metronet.

The important thing about Metronet is this: it has put a great big hole in the budget, it is already delayed, and it comes at a real cost, because the government has cut its spending everywhere else. It is spending on nothing other than Metronet. How many schools have been developed? There are those that the government promised and those that it pulled money for from somewhere else. Hospitals—nothing.

Mr D.J. Kelly: When are you going to get on to state debt?

Dr M.D. NAHAN: The biggest increase in state debt that we have is on Metronet. The Treasurer says, “What are we going to do with all this money we get from the commonwealth? Oh, we’re not going to spend it. We’ve already spent it on Metronet.” We know it.

I want to emphasise one thing to the people opposite: we are going to watch very carefully their activity with property developers and how they are going to value capture planning reforms and the funding of Metronet. We are going to keep an eye on the deals done, the rezoning of land and the land transactions that take place for the promotion of Metronet to property developers.

Mr D.J. Kelly: Are you going to get Ian Goodenough to look at it?

Dr M.D. NAHAN: Yes, we are going to keep an eye on that and make sure we do not have WA Inc mark 3.

Mr D.J. Kelly: I mean, honestly.

Mrs L.M. Harvey: I’d be keeping my head down if I was you.

Dr M.D. NAHAN: Yes, I would. He is going to get it bitten off by a shark pretty soon.

Firstly, Westport. Remember that one? The government ripped up the Perth Freight Link contract. It was not necessary because it was going to start, during this term of government, the construction of a port in Cockburn Sound near Kwinana. We already knew that was rubbish and could not happen, but politics is politics, particularly when we are dealing with the Greens. Truth and reality kind of go out the window. The first Westport study hit the minister’s desk and she sat on it for months. We now know from Paul Murray that the government doctored it. Even though it is doctored, what does that report say? It says that there is no need for a port to be built in Kwinana within our lifetime—for 100 years. Fremantle has the capacity to more than double, yet the government said it was already at capacity. There are also severe environmental and other issues preventing the construction of a port at Kwinana. The next real alternative to Fremantle, decades hence, is Bunbury.

I had a debate with the then shadow Treasurer in the run-up to the last election in which I basically said to the National Party that if we got into government, I would not, as Treasurer, impose that five per cent levy. We had a disagreement. He popped up and said, “I will match that. I will resign as Treasurer if we do not start building the Kwinana port during the first term of government.” The government had better get going because it is going to lose its Treasurer! By the way, it is impossible, so we expect a new Treasurer towards the end of this term. He might be Premier! That is probably the transition. Maybe that is his long-term plan—he did not want to be here for more than one term.

I turn to privatisation. Do members remember the campaign the Labor Party ran on Western Power? The then Leader of the Opposition, Mr McGowan, said, “Read my lips: there will be no privatisation under a government I lead. We will not privatise any money-making asset that the state owns. That is fiscal madness.” Okay; it has not sold Western Power—yet—but here is what it has sold so far.

Mrs L.M. Harvey: Lobster?

Dr M.D. NAHAN: Yes, he was into it! The leader of the left was going to privatise. Was he going to privatise or nationalise? He did not know the difference; what the hell.

I turn to the Albany wind farm. The government has gone to the people of Albany and said that someone had complained to them: “You sold our wind farm.” “Oh, no, no. We didn’t sell it.” “Well, do you own it?” “No, we don’t own it.” “What happened to it?” “It’s out there; you can see it going around.” “Who owns it?” “Oh, Bright Energy.” “Well, that’s not Synergy; it’s Bright Energy. Who owns Bright Energy?” “Largely, the CFMEU and Cbus and a Dutch firm. Oh, but we have control of it.” “Well, if you have control of it, it’s on your books, and you’re going to have to sell it back.” Anyway, that is the game the government was playing. Advara. These are all money-making assets that the government promised not to sell.

The big one is Landgate—something that is an essential monopoly and government-owned asset that deals with all land transactions. Its information is vital. It also has huge value in terms of big information—banks and others acquiring that information for purposes other than land transactions.

Mr D.J. Kelly: So you support selling Western Power but not Landgate?

Dr M.D. NAHAN: Mr Nationalisation, the Stalin of the Parliament, is lecturing us on privatisation! The man who first went out and tried to steal, and then sell, 17.3 per cent of the crayfish industry is lecturing us on policy development and transparency! Anyway, the government is committed to selling Landgate. The government is not privatising Landgate, by the way—it is commercialising it.

Mr Z.R.F. Kirkup: That’s right.

Dr M.D. NAHAN: That is right. The problem is that Hon Terry Redman commercialised Landgate three or four years ago. Oh well, the government is going to commercialise a commercial business. That is absolutely

ridiculous! It is stupid! Be honest: the government is going to sell the bloody thing! Be honest. The government is going to sell to a bunch of banks the business that every Western Australian relies on to keep the data on their most important asset—their house—safe and secure.

Mrs L.M. Harvey: And selling is privatising.

Dr M.D. NAHAN: Selling is privatising—the government will not own Landgate anymore. Landgate is owned by the state and it is going to sell it to a private party. That is called privatisation. The government comes up with semantics, words and whatnot. The reason the government’s honeymoon ended not early on, but a while ago, is that it cannot cop it sweet; there is hubris, nonsense and propaganda. My advice to the Premier is to get rid of all the spin merchants and Labor union hacks in his office and to put some policy people around him, so he can put more effort into policy development rather than spin. But it is good for us if he does not.

Privatisation—the one area in which we were most successful in government was reform of the electricity sector. What the member for Victoria Park did as Minister for Energy was very sensible. He took the in-tray he inherited from me and implemented it—nothing new. The only thing he did was jack up prices higher than I would have done and pull more money out of Horizon Power, Western Power and Synergy. He pulled out that money. He did what Treasury wanted him to do. In a policy sense, he did exactly what I intended to do. Good on him! That is what he should do—follow our lead.

Now we have a new energy minister, who, if members remember, was dumped during the campaign because he kind of got mixed up on renewable policy. He stood up in a pre-election campaign event with me and said, “If we’re elected, we are going to have a 40 per cent renewable policy.” It was all on tape, of course—big mistake. Then he went out. McGowan started panicking, because the proverbial hit the fan in South Australia and there were blackouts everywhere. What had South Australia done? It had a 40 per cent renewable policy. McGowan was shaking. He said, “We’re not going to have it.” The trouble was that the energy minister was promoting it. Well, he is back! He is back! Mr 40 per cent is back! What is one of his major policies? He goes to the seat of Collie and says, “By the way, you’re going to be no more. Here’s what we are going to do in Collie.”

Several members interjected.

The ACTING SPEAKER: Members!

Dr M.D. NAHAN: We have to be honest.

Several members interjected.

The ACTING SPEAKER: Member for Armadale!

Dr M.D. NAHAN: He’s going to say, “Your community’s major reason for existence—coal—is going to go down the tube; we’re going to cut it out. They’re going to be cut out. But we’re going to come up with a whole range of bright ideas to turn the coalminers into something else. What are we going to do? Well, we’re going to have a data centre. We’re going to have a tourist centre. Oh, you already have that now.” Basically, he could not come up with any ideas whatsoever. Our side would solve it very simply. We would not shut down the coal industry; we would not kill Collie.

All those people who have voted for Mick Murray, the member for Collie–Preston, year on year—I think he will support this—will realise that their biggest threat is the government and the Minister for Energy. Collie is under threat because Labor is in government. The real worry is, of course, that Labor might be in government here and also federally and will put in a de facto carbon tax and a 40 per cent renewable policy. We are not connected to the eastern seaboard. What happened in South Australia will happen here. What did they do in South Australia? They blew up their coal-fired power stations and went to renewables. South Australia has the highest cost energy in the world, or is amongst it, and no coal industry. That is the new minister.

Mr W.R. Marmion: A disaster.

Dr M.D. NAHAN: It is a disaster waiting to happen.

We listened to the Premier’s Statement. I might add that while we listened, we looked at members opposite and some of them were actually sleeping. It was not a scintillating speech.

Mr W.R. Marmion: Not his office.

Dr M.D. NAHAN: He has a lot of spin merchants who are pretty good at spinning things. Nonetheless, it is obvious that they are no good at policy spinning. This year is the third quarter—what they call the champion quarter. The government cannot fight the battles of the past. The Treasurer wrote a piece in *The West Australian* in which he said that he was fighting the battle of the fourth quarter of the previous game that he had won, rather than the game that is underway now.

Mr W.R. Marmion: Living in the past.

Dr M.D. NAHAN: The government is living in the past. Please continue that. It is like driving while looking in the rear-view mirror—it will hit something.

Mr D.J. Kelly: It's like driving while making a video on your phone, maybe?

Dr M.D. NAHAN: The member for Bassendean does this regularly. He has never forgotten any of his lessons from his Marxist texts. He is the gift that keeps on giving. Remember the SMART drum lines? I guess that “smart” and him do not go together. But the SMART drum lines worked. Do members remember when he said that they were going to cost tens of millions of dollars? Well, that was wrong. Then the New South Wales government offered him a bunch and he said, “Oh no, we don't want them. They are too slow and very difficult to roll out.” Does the Minister for Fisheries know how the government funded them? Has the minister funded SMART drum lines with additional money or from the existing budget of the Department of Fisheries?

Mr A. Krsticevic: He doesn't know.

Dr M.D. NAHAN: He knows. I know that he knows; he has gutted the department. When the department has to repair or fix other fisheries, it will have no people—they will be out addressing drum line issues.

So 2019 is going to be a good year for us, because the cracks are everywhere and the policy foibles will continue to arise. The government has not met its promises on jobs, diversification, economic growth, essential services, infrastructure development and a whole raft of other things. We look forward to that. Good luck.

MS M.J. DAVIES (Central Wheatbelt — Leader of the Nationals WA) [1.08 pm]: Some very important points were made in the Leader of the Opposition's reply to the Premier's Statement. Every government wants to come back to the Parliament in the new year with a spring in its step, being able to outline future initiatives without coping any of the flak that comes from making poor decisions. I think it would be fair to say that the Premier, prior to the Minister for Fisheries' decision about the rock lobster industry, was thinking he would have a pretty good start to the year. All of a sudden we were thrown right back to where we were at the beginning of last year, and the Premier had another mess to clean up. The Premier had to walk into another community to fix another mess created by a government that is unable to consult before acting. There is no connection between the decisions the government makes and those communities. I went over the presentation that the Premier made yesterday and looked at the key initiatives he spoke about. He spoke about a surplus without making any mention of the return of the GST and the fact that significant work was done for many years at a federal level and by members of this side of the chamber to try to drive an outcome. He talked about the surplus but conveniently forgot to mention the GST. He talked about the hospitals that will be opening in regional Western Australia, including those in my electorate—Northam and Merredin made it into the Premier's Statement this year. However, as mentioned by the Leader of the Opposition, these projects to upgrade and improve the health system in regional Western Australia were started by the previous state government and heavily criticised by members opposite for spending royalties for regions funding. I am sure every member for regional Western Australia has experienced this: members opposite are very quick to stand for the ribbon-cutting and are happy to take the accolades in these communities now, but they were very quick to criticise when the previous government was spending that money from royalties for regions.

It is likewise with the sale of the TAB. It was violently opposed. I can only imagine the conversations that went on behind the scenes with the member for Collie–Preston, amongst the discussions around the future of Collie and how that will be impacted by policy decisions that were outlined yesterday. I would think the discussions were largely driven by a number of members opposite who have no interest in finding a future for Collie that involves coal. That will be a real challenge for the community. The member for Collie–Preston was violently opposed to the sale of the TAB but the Premier has now said it is something that the government will be progressing.

For a raft of other initiatives, including Metronet, we still do not know what the cost will be to the taxpayer. The minister overseeing the delays has told us it will not cost any money. Again, that was also highlighted by the Leader of the Opposition. It is magical how we can have a delay of over 12 months and not have any cost associated with the project. It has also been pinged in a report from the Auditor General that came out today. It continues a theme of this government for the last two years in which, despite telling everyone that the government would bring a rolled-gold level of transparency, two out of the four issues that were referred to the Auditor General were found to be unreasonable. The information that the opposition requested to be presented to Parliament and was not done so was found to be unreasonable. One of the requests was for minutes of Metronet Taskforce meetings on the tunnelling project, which was mentioned by the Leader of the Opposition. The Minister for Transport is hiding behind commercial in confidence, which she walked into this house and railed against every single day when she was in opposition, as did the current Treasurer. We see them absolutely undermining their message. With the hubris that the Leader of the Opposition talked about and despite the fact that members opposite spin things to say they are going to be the most transparent and far better than their predecessors in making sure the government is open and accountable, the reality is that is not the case two years in.

It is on par with the way that the Premier chose to paint the latest self-inflicted debacle in Parliament yesterday regarding the rock lobster industry. You, Mr Acting Speaker (Mr I.C. Blayney), would understand this well. Had we all stopped reading the papers, listening to the radio and talking to our constituents and the stakeholders we engage with over the last two months, perhaps what the Premier presented to Parliament yesterday might have seemed reasonable. The Premier made it sound like the government had delivered a win for the rock lobster industry, which had been done by consulting with these very difficult stakeholders. It was a step too far to claim the outcome of the rock lobster reforms as a win. It was a complete debacle from the moment that the Minister for Fisheries embarked on this plan. No consultation was made and the proposal was done behind closed doors. It was secretive and done with an ulterior motive that was hidden by a proposal to say that the government wanted to bring more crays to the domestic market. Every single person whom we spoke to about this matter knew that it was a cash grab for this government because every minister was told that they need to find money from their portfolios. It was nothing more than that. In the Premier's answers to questions asked yesterday and in the Premier's Statement, it was remarkable that the Premier tried to sell it as a win and that the minister even thought there was an opportunity for it to be painted in that manner. I can tell members there are people in that industry who have very long memories and they do not take kindly to having things foisted on them by people who have no understanding of the sector. We are putting this little debacle on the same side of the ledger for this government in the last two years as the decisions around Perth Modern School, the Schools of the Air, Moora Residential College, the camp schools, the gifted and talented education program, the south west emergency rescue helicopter, the community resource centres and the drum lines. The list goes on and on. The Premier valiantly tried to paint a picture that his government had listened, consulted and had responded but I think the idea is before the chaos is created—before the government causes angst and uncertainty in the community, which we have seen as a hallmark of this government over the last two years—it pays to have that conversation.

Funnily enough, in preparation for this speech, I had a look at the debate we ran on state agreements and an inquiry we had asked for back in 2017. I came across some words from the member for Cannington, whom I am not used to quoting because most of what comes from his mouth is a political diatribe or a lecture from on high. On this occasion —

Mr V.A. Catania: I wouldn't say it like that; I'd say something else!

Ms M.J. DAVIES: We are in Parliament, member!

On this occasion, what the member for Cannington said was quite astute. His advice would have been well heeded by the Minister for Fisheries and he could have avoided the pain and embarrassment he caused the Premier and the government as they tried to start this year with a fresh slate. I will quote the member for Cannington in relation to creating a code for fly in, fly out practices. Amongst many other words, he said —

I have directed the Commission for Occupational Safety and Health and the Mines Industry Advisory Council to create a code of practice. Let me make this clear. It will probably take one or two years to write that code of practice, because it needs to be negotiated with the industry partners. A code of practice is not something that is invented by a bureaucrat. It is a document that is created by the industry partners.

On this occasion, had the Minister for Fisheries listened to the very interesting advice provided by the member for Cannington during this debate, perhaps he could have avoided some of the angst that he brought upon himself and his government.

The rock lobster proposal was developed in secret within the department; we know that. It was then foisted on the industry in secret and it blew up in the minister's face. I think everybody on this side of the chamber understands the need to talk to industry and engage with stakeholders. Whether the member for Cannington is practising what he preaches is up for debate, but his words at that time would have certainly put the Minister for Fisheries in good stead. Instead, he engaged in the politics of envy. He dressed it up as caring about supply for the domestic market and then he put his hands out for a bigger slice of cash. Paul Murray's comments in *The West Australian* today, which have been touched on, were very astute. I think many other people believe exactly the same thing. The minister is getting into the habit of attracting headlines that no government wants and his performance regarding the rock lobster industry has been appalling. We can add that to the long list of other issues that have been appalling and a lot of them have impacted regional Western Australians. This issue affected more than just regional Western Australians, but many of the issues I touched on before predominantly impact people in regional Western Australia. That flies in the face of every word spoken by members opposite when they say that they have more regional MPs and understand that part of the community better than any other party. That is simply not borne out by the facts.

I digress because I want to talk about the revelations, which emerged over the last month, that the Premier was locked into secret negotiations with BHP to recover between \$200 million and \$300 million of underpaid royalties. The Premier has secretly been in those negotiations for two years. Secretive behaviour and lack of transparency is another hallmark of this government.

Mr D.J. Kelly interjected.

The ACTING SPEAKER: Thank you, minister.

Ms M.J. DAVIES: Imagine our surprise when Gareth Parker aired the story in January. For the purposes of clarity in this place, the alleged underpayment, which BHP disputes, was uncovered in an audit by the Department of Mines, Industry Regulation and Safety. The date of the audit is unclear because several different dates were provided to us by several different stakeholders, so it has been hard to unpick that. It is also not particularly clear when the issue was raised with the government. I objected to the Premier's statement yesterday, directed at myself and members of this side of the chamber, that we did nothing because that is actually completely untrue. It is my understanding that the Treasurer at the time did in fact ask for advice to ensure that any deductions or calculations being made were appropriate. The advice from the department at that time was that everything was in order. Between then and some time since this government came to power, that advice has changed. There is either new information or somebody else has a different opinion from what was provided to the government previously. In discussions with the department and BHP, and from the Premier's comments yesterday, there is still uncertainty about the timing, purpose and motivation of how all this emerged. The Premier and his government certainly are not being forthcoming. They are just saying the lines that they have been given; namely, "We are going hard on this. The Premier wants to make sure the people understand that he will take a hard line with these companies that he has been standing with shoulder to shoulder for the last few years." The answers to our questions yesterday, and particularly those provided by the Premier, were somewhat evasive. He chose to attack the Liberal and National Parties instead of shedding light on an issue that he has been hiding for two years. We understand that these negotiations have been underway for two years behind closed doors.

This is a government that promised to be open and accountable and to deliver a rolled-gold level of transparency. The Premier has been negotiating behind doors for two years with BHP. This is the Premier who says there is an obligation for the company to pay. I go back to the question we asked yesterday: why are we negotiating an obligation? If it is an obligation, BHP has to pay. Quite rightly, the public has been incensed that BHP, a multi-billion dollar company, can negotiate its obligations. Mrs Smith does not have the right, the means or the opportunity to negotiate when her fees and charges have been unceremoniously ramped up by this government; she simply has to pay. No doubt, instead of responding in a statesman-like manner, the Premier or the minister will revert to form on this matter and decide to go on the attack, because that seems to be the way they generally operate. That is what we have become used to in this chamber—a Premier who, in one breath, asks the opposition, as he did yesterday, to respect the house and its procedures, and, in the next breath, sinks to the very bottom of the barrel to personal denigration when he is challenged over decisions like the one we are talking about now, the Huawei contract, the lobster fishery reforms and many other issues.

However, that will not stop us in the National Party from again asking this government to consider a parliamentary inquiry into legacy state agreements. Two years ago, we brought this debate to this house and moved a motion that asked for the house to refer to the Economics and Industry Standing Committee an inquiry into mining legacy state agreements struck before 1970, and we listed terms of reference. That is on the record of Wednesday, 6 September 2017. It was a motion in this house—I thought the debate was laid out very well by the members who participated—about providing evidence about the state agreements and in relation to why these legacy —

Mr D.J. Kelly interjected.

The ACTING SPEAKER: Thank you, minister.

Ms M.J. DAVIES: I have no interest in any interjections from that individual.

The ACTING SPEAKER: Minister, the member on her feet has indicated she does not want to take any interjections, so I would appreciate it if they ceased.

Ms M.J. DAVIES: That is correct.

We laid out a raft of reasons we thought were reasonable—from conversations we had in the preceding month and since then, the broader public did not disagree—for why there is not a level playing field amongst state agreement holders in this state; why agreements struck in the 1960s may not be serving the best interests of our community in the current environment in which they operate; and why it would be appropriate if an inquiry of this Parliament looked at and provided some insight into and shed some light on some of the anomalies that we had been able to identify over time and that we thought did not stack up. Indeed, we asked a committee of this house, controlled by the government, if it would be willing to take that on. We said it was the government's responsibility to make sure that it created the opportunity for companies to have secure investment parameters. We completely understand that. We completely understand that these are big investments from companies making long-term decisions. We also know that it is the government's responsibility to balance that with getting a fair outcome from a non-renewable resource that belongs to the people of Western Australia. As a state, we are expected to provide the services and infrastructure to support the growth of those companies. It is about trying to find the balance and making sure there

is an appropriate level playing field, and that parameters are set around those state agreements to ensure we get a fair return.

This government is reluctant to take a step back, take stock and assess where we are at now post the biggest boom in the history of this state in the iron ore sector. Not all state agreements were created equally. The legacy contracts were written in an era in which no-one could have foreseen just how big the iron ore industry would become—not even Sir Charles Court. From reading his contributions to this Parliament, I noted that the amount of iron ore produced was minute compared with what is put out through our ports today.

[Member's time extended.]

Ms M.J. DAVIES: Subsequent agreements signed by the likes of Fortescue Metals Group, Roy Hill and others entering the market are more in line with the realities of a contemporary market and operating arena. Our view is that the legacy state agreements, which we define as the first four iron ore mining contracts signed between 1963 and 1964, do not necessarily reflect the economic, social and technological landscape of 2019. This is a time of record tonnage, a mature international relationship with our trading partners, Singapore trading hubs, international outsourcing of human resources and administration functions, and automation. Today we have heard that the Maritime Union of Australia is concerned about the employment practices of these companies and the nationality of the workforce they are employing. That all comes under the purview of those state agreements. I would have thought that some in the Labor Party would be very interested in having this conversation.

For a very good reason at the time, the agreements provided very favourable concessions, including royalty concessions, exemptions from stamp duty and exemptions from obligations to lodge environmental bonds. My understanding is that neither BHP nor Rio Tinto, nor any of the legacy state agreement holders, are compelled to contribute to the environmental rehabilitation fund, which is required by every other state agreement holder and mining operator under the Mining Act. Restrictions were placed on local and state governments in relation to land rating and much more. It has been a long-term point of contention for the communities impacted most by those companies in terms of where they operate. We do not know the degree to which these concessions are in place. We do not know which ones have been washed out or negotiated away or which obligations are no longer required to be met. I do not accept that it is an unreasonable request for a committee of this Parliament to look at some of these factors and maybe more. We are not Brazil—I noted this in 2017—which arbitrarily doubled its iron ore royalty rate. That is not being proposed. We are not Tanzania, which passed laws to scrap every state agreement so that they could be renegotiated in favour of the government. That is not what is being proposed. What is being proposed is a very reasonable inquiry that would allow the government and the broader public to understand what is going on. We brought it back to the Parliament because, coming into this new year, we found out that the Premier of the day has been locked in secretive negotiations with BHP over an underpaid royalty amount to the tune of \$200 million to \$300 million. Somebody gave me a calculation the other day of what that \$300 million could pay for. Is it a new school?

Mr D.T. Redman: A new primary school once a year for 16 years.

Ms M.J. DAVIES: A new primary school once a year for 16 years. It probably sounds insignificant among the numbers we have been talking about in the iron ore industry in the last 10 years; however, it is money that can be used by the state government to deliver on expectations, whether it is domestic violence services, infrastructure for education or health—all the issues we have been dealing with. That may not be an isolated incident. There may be other things this state is being short-changed on, but we do not know because we have no visibility on that. This is not about vindictively sifting through every element of these companies. These companies have delivered much for the community, but let us not sugar-coat it—they create jobs because it helps them achieve their purpose of delivering value for their shareholders. That is their purpose. They do that under an agreement with the state to process our ore, which must deliver a return for the state. We make the argument that the secrecy around this issue that has emerged over the last month, added to the other arguments we have made over the last two years, make the time right to take a step back and take stock of these legacy state agreements. All we are asking for is a level playing field and the ability to shine some light on what are very non-transparent documents.

[Mr J.R. Quigley entered the chamber.]

Ms M.J. DAVIES: Attorney General, how are you?

Mr J.R. Quigley: I didn't realise we were in session; I am so sorry.

Ms M.J. DAVIES: Welcome to the chamber, Attorney General!

Mr J.R. Quigley: My apologies, Acting Speaker.

The ACTING SPEAKER: It is a minor thing.

Ms M.J. DAVIES: That brings me to the point of this transparency argument. I will recap why we have brought this discussion to the chamber and why I have focused on this in my response to the Premier's Statement. Obviously, I have many issues in my electorate of Central Wheatbelt that I would love to discuss, but this is a significantly important issue. I foreshadow now that I will move an amendment to the question. At other times during debate on the Premier's Statement I will make an effort to raise the issues that are important to my constituents. Those issues are around health and education and having access to infrastructure that supports business growth.

A large portion of state income relates to these state agreements and the royalty flow from these companies. I think it is a worthwhile exercise for this Parliament to undertake to give the public a better understanding and confidence that the government is doing everything it can to make sure that the playing field is level and that the amount of tension between its regulatory role and its investment encouragement role is appropriate. I do not expect that it will be met with choruses of "Please, let's get on and do this tomorrow!" from that side of the house. There is probably even nervousness from our colleagues on this side of the house. I assure members that this is not a witch-hunt and that we are not seeking to destabilise the industry. I have had conversations with members who contributed to the previous debate and raised issues of sovereign risk. I do not believe that an inquiry will trigger that. Parliament can conduct the inquiry that the government of the day needs or declare its intention to act. A Parliament simply reviewing acts that were passed by this Parliament cannot in my mind trigger that sovereign risk argument. I do not believe that is the case. It is correct that the agreements that were struck in the 1960s do not reflect the way we operate today. For all the reasons we outlined today, and those we outlined in 2017 when we brought our motion to this house, we believe it is an appropriate time to refer the mining legacy state agreements struck prior to 1970 to a parliamentary inquiry.

Amendment to Question

Ms M.J. DAVIES: To that end, I therefore move to amend the question before the house. I move —

That the following words be added after "noted" —

and that this house refers to the Public Accounts Committee an inquiry into mining legacy state agreements struck prior to 1970, in light of the state government's current negotiations with BHP to recover underpaid mining royalties

If this government has any intention of living up to its claims of transparency and bringing the rolled-gold version of accountability that it sung from the rafters about prior to coming into government, I would expect it to find a way to make this work and not simply say no and keep those shutters down. But I suspect that that is what is going to happen; I suspect that the government will not want to engage with an issue that is not on the agenda the Premier laid out yesterday, but I put to this house that this issue is incredibly important.

I think sentiment in the community has shifted because people are wary. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has caused a significant amount of public concern that these companies that have been seen as almost too big to fail for many years have been intertwined with those that regulate them and are unchecked, and that there has been a light touch to make sure that they can continue to operate unimpeded. Community sentiment is less willing to accept that being the case. The community is less willing to accept that government should be allowed to conduct this business behind the scenes and shrouded in the secrecy of state agreements. The community expects members of Parliament to do their best to hold those organisations to account to get the settings right for future prosperity in this state. I assure all members who engaged in debate prior to 2017 in which we spoke at length about the special lease rental that although the special lease rental falls under the guise of state agreements, that is not the issue that we will pursue. We are looking for a respectful and reasonable debate into these legacy state agreements to make sure that we are getting the best outcome for our state in the future.

MR D.T. REDMAN (Warren-Blackwood) [1.35 pm]: I rise in support of the Leader of the National Party's position. As she laid out, we ran a debate in this place in 2017. What we are now seeing play out in the public arena with the discussions with BHP over what are arguably unpaid royalties adds weight and another layer to the argument the Nationals took up in 2017. In the last election, we ran on the special lease rental argument. Having found a little clause in old agreements that had not been changed in 50 years, we felt that the agreements needed to be reviewed. That is one aspect of it. But as the Leader of the National Party quite rightly highlighted, this amendment is not about that; it is about the broader question of transparency and ensuring that the people of Western Australia get a fair and right deal out of the agreements that have been in place in the state for over 50 years. It is about giving transparency to the people of Western Australia and understanding what concessions have been provided—what has been washed out and what has not been washed out—to those companies as they operate. It is about the obligations to the people of Western Australia that remain in those agreements. It is about community development obligations. In some cases, the community does not get to see community development plans. It is also about the impact of fly in, fly out camps. I do not think anyone in this place thinks that the

proliferation of FIFO camps in and around communities was part of Charles Court's vision when he signed those agreements in the early 1960s. It certainly was not!

It is not unreasonable to pursue a check step to see whether we are still going okay with these agreements. We were supposed to have steel mills here in Western Australia! Can members imagine what it would be like if we had an industry like that operating in WA? We do not have that. We should have a check step in time to give the community of Western Australia confidence that these agreements are still okay. That is what this amendment is about. That should not be a threat to the government or the Labor Party. Indeed, the Labor Party should be getting behind it and saying, "That's fair game. We put the ruler over everything else we do. Why not put the ruler over these agreements that have been in place?"

As the Leader of the Nationals WA highlighted, we attended a briefing offered by the Minister for Mines and Petroleum, and I thank him for that. I want to walk through a few points from my briefing notes. Some information is in the public arena, but some information in the briefing is in conflict with what the minister and the Premier said yesterday.

The first point is that the dispute is over the legitimacy of sales commissions as an incurred and payable expense to BHP's Singapore trading hub. It is a disputed deduction. It was picked up by a new auditor during a standard annual audit in 2017 whilst reviewing the 2016 royalty returns. That is in this term of government. Nothing here references anything other than check steps that occurred when we were in government. This is not about having a go at the government. This is about creating a platform to give the people of Western Australia confidence that what is in place is fair game. BHP was first told of this in March 2018. It is my understanding that it has not claimed that deduction on a without-prejudice basis since then. Interestingly, we were briefed that the capacity of BHP to make that claim was due to it being on the old state agreements and not working under the Mining Act. That is in conflict with what the Minister for Mines and Petroleum said yesterday. Why would we have the view that this is related to old state agreements rather than the more modern Mining Act, which most companies operate under? That is not what the minister said today. I think that explanation should be put on the table. BHP has had a fully-owned Singapore trading hub since 2002. It is our understanding that the state's claims go back to 2002, yet the public reporting, and, indeed, what the minister said yesterday, is that it is from 2004. Again, a discrepancy between what we were told in a briefing and what the minister and the Premier said yesterday. As the Leader of the Nationals WA mentioned, the dispute is over something like \$200 million to \$300 million, which is not an insignificant amount and could fund a new primary school every year for 16 years. Within the state agreements there is a process for dispute resolution. I am sure neither party particularly wants to go to litigation, but they have to follow a process and some sort of arbitration process will follow. It probably will not be public, but I am sure that the outcome will be made public. New information has come to the table. I highlight to the house that I have not mentioned some things that I think it is not right to mention, given that the government is rightly in negotiations with a pretty significant company to get a good outcome for the people of Western Australia.

It is interesting to look at the part of the old state agreements that defines what can be claimed as a genuine and legitimate deduction against the royalty payments. That clause has remained in the agreements every time those agreements for some reason were changed through the Parliament, and remains the same as when it was written in 1963. The clause in the Mining Act that refers to legitimate claims has different wording. Why does it have different wording? Is it because the act tries to strengthen the position of the state to make clear things that were previously unclear? Again, this blurs the operation of the Mining Act and the state agreements, which appear to be different, and is inconsistent with what the minister said yesterday, but is consistent with the briefing on state agreements we received on Monday. The point is that the government is in negotiations and arrangements with this company to resolve that issue. It is quite right and the government should be able to do that in confidence. It is absolutely appropriate and we are not going to challenge that. It should be done on a confidential basis and I am sure that the government will inform the public when and if something happens. However, the government's negotiations are not in conflict with the Nationals' request for an inquiry into the old legacy state agreements. That is not unreasonable. From what we have seen in the public arena and what has been referred to in our briefings there is enough information to layer in another argument that states that this is fair game.

In recent years when we have raised this issue, the Premier has come out with the sovereign risk argument. What about the unilateral attack on the gold industry? Apparently that is not a sovereign risk issue. But it is if we start to look at old state agreements. The Premier talked about rewriting state agreements to sort out the Clive Palmer conflict with the Citic Pacific arrangements. Again, apparently that is not a sovereign risk issue. That goes right to the core of a state agreement that has been in place, but it is not a sovereign risk issue, yet we now see a government in negotiations with a company about disputed royalties and, quite rightly, it is inappropriate to run out the arguments that it has used before. This is not an attack on the mining industry; this is about supporting transparency for the people of Western Australia on something done behind closed doors and secret by nature, because they, quite rightly, should be able to see that the agreements are delivering what they should be delivering to our state.

Our state is a mining state and we are dependent on iron ore and petroleum royalties because the state gets wealth from that. We know that companies want stability. We want international investment here and to build communities to support the mining industry to get the benefits of that industry on the ground. I struggle to see why from time to time we cannot take stock of where we are. We take stock of the gold industry. The government said that what is in place is unfair and wanted to change that. We take stock of Clive Palmer's arrangements with his mining activities and see that we should intervene on that. We even take stock of payroll tax, land tax, stamp duty and power and water bills. The government looks at and takes stock of all those things to see whether they are fair and whether they should change, but for some reason looking at a 50-year-old agreement is out of bounds. Time and again we have seen transparency issues emerge and the people of Western Australia do not get a fair go or have any confidence that those state agreements are delivering what they were intended to deliver and should still be delivering to this state.

On the international forum, as the Leader of the Nationals WA highlighted, sovereign risk issues have emerged with changes in royalty rates changing countries' positions on mining investment and the like. It has happened all over the world, but for some reason it is sacrosanct here. The Premier is going hard because he knows that if the people of Western Australia think that he is taking a soft line on these companies, he will be tagged with that, so he has no option other than to go hard. I do not understand why the Premier said that he believes the government is in a good position to pursue what it believes is an unpaid royalty despite the books being audited in recent years—take it back to 2004 or to 2002, whichever is right—but does not support an inquiry to look at those agreements on a holistic basis to see whether they are in fact delivering to the people of Western Australia. There are enough arguments to mount the case for an inquiry and I, and the Nationals WA, do not understand why the government will not take up this issue. It would be a committee that is government controlled—they should not be fearful of that. Done right, with appropriate terms of reference, it should not threaten the mining industry. Indeed, I know that companies operating under the Mining Act and the like are concerned that it is not a level playing field. There is nothing Western Australians like more than a level playing field and it is only reasonable that this inquiry should be pursued.

This debate is about new information that has come to light. The state has discovered that a significant company seems to be significantly underpaying its royalties and has taken up that argument. It is not an insignificant amount of \$200 million to \$300 million to the state of Western Australia. That information is on top of the Nationals' campaign asking the government to have a close look at state agreements. It is not a difficult position to take on. Anyone sitting on the other side of this argument, who does not support the Nationals' position, is not siding with the people of Western Australia. Western Australians want to see fairness. This is about fairness, so let us confirm that it is fair. Let us put it to the test and get it out there on the table. I understand that there are some things that the government cannot talk about, but let the committee deal with that, because it deals with a lot of confidential issues and manages that process. Why could the committee not manage this inquiry? If the government does not support this inquiry, it is showing its position on all the inquiries and requests for information that time and again have come up short. There were two more examples today. Hon Alannah MacTiernan missed out on tabling information that the Auditor General found she should have tabled. She has done that now, but she has been found wanting. This government is getting a track record on transparency and this is another example of that. It is not a bit of information on a bit of paper; this is a primary school every year for 16 years. That layers onto the argument that I think we have quite rightly articulated once before in this house, but needs to be put to the test once again. We are looking for the government's support. It is not something that the government or industry should be threatened by.

MR V.A. CATANIA (North West Central) [1.48 pm]: We all review our loans from the bank. Small business owners, landlords and tenants review their leases. People make sure that their financial arrangements are up to date and that they are getting the best out of their lease and the best deal. We are asking this Parliament to look to see whether we are getting the best deal for Western Australians. Perhaps the Premier can clarify this: it really surprised me yesterday when the Premier said during question time that when these things are looked at, these companies have to be negotiated with. I want to see the legislation that says the government of the day has to negotiate with the companies to get something that is owed to the state. All we are asking for is a committee —

Mr D.J. Kelly interjected.

Mr V.A. CATANIA: Minister, I think Paul Murray got it right—"bludgers". He said that old Len would proclaim "bludgers!" —

Mr D.J. Kelly interjected.

Mr V.A. CATANIA: I ought to table this.

Point of Order

Dr D.J. HONEY: On a number of occasions the Speaker in this place has made it clear that members should not be referring to a member's place of residence.

The ACTING SPEAKER (Mr I.C. Blayney): I take that point.

Debate Resumed

Mr V.A. CATANIA: Some people call the Minister for Fisheries a crayfish. We all know why people call him a crayfish—it is something to do with brains!

This issue is serious. The Minister for Fisheries obviously does not have a very good policy radar. We are asking this Parliament to review these legacy state agreements to ensure Western Australians are getting the best deal possible for a resource that they own. They are similar words to those used by the Minister for Fisheries when it came to trying to nationalise the crayfish quota. There is one policy when it comes to crayfish, or western rock lobsters, yet we have another one when it comes to companies that are very powerful. They are very intimidating. We saw that at the last election. Anyone who tries to front up to these companies gets a massive multimillion-dollar campaign against them.

Mr D.J. Kelly: Poor Brendon!

Mr V.A. CATANIA: Poor Western Australians. That shows that the Labor Party is scared of doing the right thing—that is, to review a legacy state agreement that was signed in the 1960s. All we are asking for is a review of a contract from the 1960s. We are in 2019.

The Premier also said that we were aware of it when we were in government. I cannot find anyone who was aware of this in government. It has been found out during the time of the McGowan government. That is why it is chasing it up. It is potentially \$300 million. We have heard \$200 million and \$400 million. We have heard lots of figures.

We do not know; there is no visibility. The point we are trying to make is that there is no visibility for the people of Western Australia to see exactly what has transpired from these legacy state agreements. We do not know whether we are getting the best deal for Western Australia. We do not know whether the right amount of tax is being paid. That is what is being questioned at the moment.

Mr W.J. Johnston: No, it is not. It is not a tax; it is a royalty.

Mr V.A. CATANIA: A royalty—it is what is owed to the state. I am glad that the minister clarified that. When the former Leader of the National Party Brendon Grylls mentioned an increase in the special lease rental, that was a special lease rental; it was not a tax. The minister said it was a tax but it was not a tax.

Mr W.J. Johnston: That is a tax.

Mr V.A. CATANIA: Members of this house, there is a great obligation on us to represent the people of Western Australia. In representing the people of Western Australia, the right thing to do is to refer these legacy state agreements to a committee controlled by the government to review something that has not been looked at since 1960. It is even in line with some Labor Party members who referred to Christy Cain's issue when it comes to BHP and local workers not steering the ships. There is a massive problem when the Labor Party is calling for a review of BHP agreements to ensure that Australian workers are not missing out. There is a call from the Labor side of politics and from this side of politics to review these legacy state agreements to ensure that Australians are getting employed, that the Western Australian public is getting the best deal, and ensuring that royalties, or taxes, are being paid appropriately.

I do not know why any government member would not want to send this to the Public Accounts Committee to look properly at whether Western Australians are being ripped off. A lot of mining agreements struck these days are under the Mining Act, yet other agreements from the 1960s do not fall under the Mining Act. There are huge differences in the obligations in these legacy state agreements compared with those in the Mining Act. We could then say that the Mining Act has been modernised to reflect current practices. It draws into question why companies under the old state agreement system do not fall within the Mining Act. In the past, it meant that those companies did not pay for water or for environmental bonds. The list goes on. They are the only things that we can see when it comes to community obligations. We cannot see that in these agreements. We are saying that should be open and transparent. These agreements should be modernised, if they need to be modernised. That is something that we do not know. Send it to the committee to ensure that we can see what exactly is going on and if these agreements need to be changed to reflect current practices and modern times and to ensure that the taxpayers of Western Australia are getting the best deal.

Potentially, somewhere between \$200 million and \$400 million is owed to the state. I think all sides of politics will unite to make sure that we can actually get what is owed to the state. As the Leader of the National Party said, that is one primary school a year or one hospital every two years. When hospitals in my electorate—Tom Price, Paraburdoo and Meekatharra—and aged-care facilities in Carnarvon are being cut by this government, this money is critical to ensure that we can try to get those projects back on track. We need to determine whether these

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Dr Mike Nahan; Ms Mia Davies; Mr Terry Redman; Mr Vincent Catania; Dr David Honey

agreements have been adhered to since the 1960s or whether they need to be modernised to reflect current practices. That is all we are asking, and I think it is fair. The Labor Party came to government saying that it would be open and transparent, but what we have seen is anything but open and transparent. Here is another opportunity to refer to it a committee that the government controls to ensure that we can look at whether Western Australians are getting the best deal possible. Part of our obligation as a state Parliament is to ensure that we are getting the best deal for Western Australians.

I know these companies are big and scary. They are also very good at running campaigns against political parties, but I think we can all unite behind an inquiry to look at these legacy state agreements—Labor, National and Liberal—and say, “Hang on a second, this is our resource. Let’s have a look at these 1960 agreements. Let’s see if they need to be modernised. Let’s see if they reflect current practices and make sure that all resource companies are on a level playing field.” I am sure that all miners—junior and middle of the road—want to be on a level playing field. They keep asking us, “Why isn’t there a level playing field in 2019 to ensure that everyone is meeting their obligations; that everyone is ensuring that they are paying their fair share to the state of Western Australia and ensuring that Western Australians are not being disadvantaged in any way?”

As I said at the beginning of my speech, we review our bank loans and we review our leases—we review any contract that we have on a regular basis to make sure that it is fair and equitable. We are saying to the government and to the Parliament of Western Australia to do the same—look at these legacy state agreements and make sure that Western Australia is getting the best deal possible. It is incumbent on all of us to support the amendment moved by the Leader of the Nationals WA. I know that this side of the house is banding together to do what is right. We are asking the other side of the house to do the same.

Debate interrupted, pursuant to standing orders.

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