

**BROWSE (LAND) AGREEMENT BILL 2012**

*Second Reading*

Resumed from 20 September.

**MR W.J. JOHNSTON (Cunnington)** [8.34 pm]: I rise to begin the Opposition's contribution to the Browse (Land) Agreement Bill. I would firstly like to outline what this bill is about. This is a bill to bring to the Parliament the agreement between the government, the Kimberley Land Council and the native title claimants in respect of the proposed Browse LNG precinct. This is not the environmental approval. This is not the approval of the agreement of the project proponents for any future LNG project. This is to ratify the agreement between the state government and the KLC, representing the native title parties.

What is the Labor Party intending to do with this bill? We will be supporting the bill. I want to explain why we are supporting the bill, and I will then go through some of the issues behind this piece of legislation, as part of that detailed explanation as to why the Labor Party is supporting the bill. As members know, this bill is not without its critics. Everybody knows that the community in Broome is divided very deeply about these proposed developments, and that many people in Western Australia, both in the Kimberley and in the metropolitan area, and in other parts of the country, have deep concerns about the proposal to have an LNG precinct at James Price Point.

I make the point that the Labor Party is supporting this bill because we want to show faith with the Kimberley Land Council and the native title claimants. We see that as the principal issue involved in supporting this legislation. Any use of the precinct by a particular LNG proponent will still be subject to environmental approval and all those other issues. We do—rightly, in our view—criticise the government for the process that it used to choose James Price Point. Nonetheless, we will not walk away from the determination of the Indigenous people in the Kimberley to sign an agreement with the government and, under the terms of that agreement, require the government to bring legislation to this Parliament and support its passage. We must show faith with the Indigenous leaders who have entered into this agreement with the state government. So it is possible to criticise many things about the proposal. But if people are serious about Aboriginal self-determination, they have to support the bill that is presented by the government, because it does represent the agreement between the KLC, the proponents and the government. The Labor Party has a long and proud history of supporting Indigenous peoples. That is why we feel comfortable about supporting this bill. I know, because I have spoken to people in the green movement, that we will be criticised for our position. I will come later to a detailed commentary on the position that has been put to us by the green movement and explain why we feel comfortable about doing what we are doing tonight in supporting this bill.

I make the point that this bill must be seen from a long-term perspective. In a moment I will talk a bit about state development, and highlight some things that I think are important in that regard. But I want to start with this question of Indigenous rights. I would like to quote some words from the Liberal Party's election platform of 1983, at page 60, under the heading, "We will care for Aborigines". I thank the Parliamentary Library, which keeps these things for us. I was very pleased to look at this policy. Point (3) at the bottom of the page states —

We will not grant land rights to Aborigines on racial grounds.

Such land grants have caused immense problems in the Northern Territory and are outside the accepted philosophy that all Australian citizens are equal in their rights.

There is nothing unfair about maintaining the equality of all Australians—white or black—in this matter.

The reason I start with that quote is that it is good that there has been such a transition in the attitude of people in Western Australia to Indigenous rights. The reason that we are dealing with this legislation tonight is to give effect to the facts of Indigenous rights in the Kimberley. We are supporting the legislation. It is great that the Liberal government has moved on so far from the position it took in 1983. I was not in Western Australia in 1983 but people tell me about the "black hand" television advertisement that showed a black hand seizing a map of Western Australia. That was the sort of political context in which discussion of Indigenous rights was taking place in this state not that long ago.

**Dr A.D. Buti:** It happened back here in 1990, member.

**Mr W.J. JOHNSTON:** I will come to that in a minute. It is good that the Liberal Party has moved on from that time. My learned colleague the member for Armadale interjected about what happened in the early 1990s when the Court government passed legislation through this chamber to deny the existence of native title in Western Australia. Actually, that is not true. It made native title of no effect. It recognised native title. I think it recognised the right to occupy, the right to use and traditional uses but it did not recognise the fundamental decision in the Mabo case that Aboriginal people actually own the land. That case went to the High Court, and

was rejected 7–0 by the justices, six making a single judgement and one judge, not dissenting, agreeing with the majority but writing his own opinion.

**Dr A.D. Buti:** And he had opposed Mabo too. That was Dawson.

**Mr W.J. JOHNSTON:** Indeed. The member is much more knowledgeable of these things. The point is that the High Court found 7–0 that the legislation was invalid.

I remember, as assistant state secretary of the Labor Party in the lead-up to the 2001 election, dealing with the Chamber of Minerals and Energy. At that time the Chamber of Minerals and Energy was telling the Labor Party that we should be supporting a watering down of native title rights in this state. It is fabulous that every time we go to a Chamber of Minerals and Energy event now, the first thing that happens is an acknowledgement to country and the fact that the Indigenous people of Australia preceded white people in this country. That is a fabulous change in the position of the Chamber of Minerals and Energy. I can only say how pleased and welcoming I am and the Labor Party is in that massive change in the attitudes of Western Australians to these issues. We are very pleased that this long divisive issue is now behind us. As shadow Minister for State Development I now no longer go to mining industry events in which the first thing people ask me, as they used to do when I was assistant state secretary in the lead-up to the 2001 election, is why native title cannot be allowed to continue because of the impediment to and the brake it puts on the resource sector. I used to say to people at the time that the issue is not native title; it is that native title has not had sufficient time to work through the courts and get enough court judgements to give a clear picture on it. That is exactly right. All these years later we do not have these arguments that they had back then.

I encourage members to read the native title debates of the early 1990s and look at what was said before native title about land rights in Western Australia and look at some of those TV ads. They will see that the sort of legislation that we have today is evidence of the growing maturity of Western Australians, the Western Australian government, the Liberal Party and the resource sector in dealing with Indigenous peoples in this state.

Western Australia, and Australia more broadly, has some way to go. If members are lucky enough, like me, to go to New Zealand and visit Te Papa in Wellington, they will see how the Indigenous cultures of New Zealand are so much more part of the experience of New Zealand than Indigenous Australians are in Australia and Western Australia. We are getting better. We are much better than we were when I was a kid. I do not remember meeting any Indigenous kids until I was well into my teen years. Now Indigenous people are much more connected to the community, and that is good. We are on the road. It is good that we have this legislation. That is part of that road—part of the coming together of a contemporary and respectful community.

As I say, we had that sad history in Western Australia. If we look at why we have pastoral leases in Western Australia rather than farms, it is because the colonial authorities did not want settlers in the original colony having ownership over the land. That was done specifically by the colonial authorities to protect Indigenous interests. They had learnt the lesson from the east coast of Australia, where farmers had come into conflict with Indigenous people because they denied the Indigenous people their rights. A very good book written by the journalist Stan Grant—I do not remember the name of the book—goes through the Indigenous struggle in New South Wales in great detail and the fact that there was resistance by Indigenous people. The history that many people were taught when I was a kid and well into the 1980s and 1990s did not recognise that there was resistance and that Indigenous people fought to protect their rights. They were unsuccessful because of the technological advance of the settlers, the people who were coming to Australia; nonetheless there was that conflict and resistance by the Indigenous people. Yagan’s statue on Heirisson Island is another example of that history of resistance.

My own view of Elizabeth Quay, not so much the naming of Elizabeth Quay, is that it would have been much better for Western Australians to have spent money building a world-class Indigenous centre similar to the museum of Asian peoples in Singapore, which puts Singapore in the context of its environment and its community of South-East Asia and the Indian Ocean. We could have had a fabulous facility here in Western Australia that put our current day in the context of our history.

**Mr C.J. Barnett:** That will be done as part of the original concept of this government, which is to include an Aboriginal centre or whatever you want to call it. It will probably be called Derbarl Yerrigan. The land is preserved for that purpose.

**Mr W.J. JOHNSTON:** I am not trying to have a big argument about Elizabeth Quay; this is not the time for it. The point I am making is that it could have been done now; and if the government wanted an inlet, it could have been built later. I think it is time. There are so many examples, such as Te Papa and the museum of the Asian peoples in Singapore, and even the National Museum of Australia in Canberra. It is not very popular with the people who live in Canberra and perhaps it is not the best museum in the world—there are better ones—but at least it is trying to put the whole Australian experience into context. We had that opportunity. I am not trying to

labour the point. The reason the Labor Party supports this legislation is that it is part of a context about Aboriginal self-determination. The easiest thing for the Labor Party would have been to stand up and oppose the legislation because this matter is divisive in the Broome community. We could have played politics with it. We could have played one group off against another. We are not doing that. We are standing with the Kimberley Land Council and the Indigenous people of the Kimberley to say, “This is the agreement they have entered into, we are not second-guessing them and that’s why we are supporting it.”

When I was looking for that Aboriginal policy from 1983, I came across something else. I will read this in as well. It is trying to put the long-term perspective of Western Australia’s development history. The Premier and I have talked about this sort of stuff; what was thought about in the past and of course proved not to be possible. The Premier could probably find Labor Party policies from the same period that would come up with the same sort of interesting contrasts. This 1983 Liberal Party policy is entitled “Resource Strategy: New Directions”. It states —

We are driving our proven resource strategy in new directions to speed progress with a strong infusion of new jobs and flow-on for local firms.

Our proven strategy homes in on growth markets to create a rising tide of work for Western Australians. New directions include growth markets for aluminium and sugar in Korea, iron and steel in Italy, and gas, diamonds and gold worldwide.

Lower down, it says —

- (2) The proposed 1984 starting date for construction of a Korean market based aluminium smelter near Bunbury has been reinforced by decisions to complete engineering, environmental and site studies this year. A power station at Bunbury will be required for the smelter.
- (3) An implementation study to be completed by June is expected to lead to firm proposals for the development of a Korean market and home consumption based sugar industry on the Ord, the first full year of production in 1986.
- (4) Feasibility studies started last year have strengthened prospects of an Italian market based Pilbara steel industry—using North West shelf gas for direct reduction of ore to sponge iron and electric arc furnaces for steel.

I make the point here that we have a long history of this grand vision of enormous projects that do not always come to pass. In discussing the bill tonight, the fact remains that none of us knows whether there will ever actually be an LNG project on that site. Like the 1984 starting date for construction of a Korean market-based aluminium smelter that never happened because it could not be financed. The reason that there is not an Italian-owned steel industry in the Pilbara is that it could not be financed. There was not the market dynamics required to underpin those developments. Whilst we did for some time have a sugar industry in the Ord, it was not financially viable in the long term and shut down nearly a decade ago.

It is exactly the same now. We hear lots of discussion about what we will see in LNG projects using James Price Point, but we always have to remember that those projects will happen if the proponent’s marketing, financing and banking arrangements work out. In Australia, we choose not to be directly involved in these projects. We choose not to have government underwriting these types of things. It will only be a project if it is financially viable. The Labor Party when in government was very lucky. We were in power when a number of LNG projects proved to be bankable. There was the expansion of the North West Shelf, Woodside’s Pluto development, and the Gorgon project. I am sure the Premier will point out that the final investment decision for Gorgon was made after a change in government. Clearly, it took a long time for the Gorgon project to come to fruition. There was a lot of work involved in getting it ready for that final decision. Other work was being done for that project.

There can be a lot of talk about these types of projects. It is interesting that if one visits Woodside’s Browse website, there are no customers listed for the project. Like everybody in this chamber, I have no knowledge of how advanced any particular contract negotiation is. That is market information. Woodside cannot disclose that information outside its business because it would move the value of its shares. It has to hold that information to itself. It may well be that tomorrow morning we wake up to an announcement from Woodside. The fact remains that as at today’s date it does not have any customers for its Browse project. This is not about whether it is a good or bad project or a good or bad location, it is just a statement of fact: until Woodside makes a decision, there is no project there. I will talk later about some of the other possibilities in the Browse region.

**Mr C.J. Barnett:** You have to acknowledge that Mitsubishi and Mitsui have bought into the project for one reason only—to buy gas.

**Mr W.J. JOHNSTON:** Sure. There is no doubt that all the Browse gas will eventually be consumed somewhere in the world—no question. But that is a different issue from making an announcement in April next year that they are investing. They have delayed the investment decision until after the election. I do not hold conspiracy

theories. I am not saying they are trying to do the government a favour or not do the government a favour; I am making the point that none of us knows. Passing this legislation does not mean there is a project in the Kimberley. That is a very important issue. I am about to move onto the commentary by the green movement, particularly the Wilderness Society; I am just making the point that passing this legislation does not mean there will be any projects on the site.

I appreciated the opportunity to speak recently with members of the Wilderness Society. I respect that it represents quite a wide section of the community and should not have its views dismissed lightly. The Wilderness Society has provided some commentary. I will make some comments about things it says. The document from the Wilderness Society that I am reading, states —

**This Bill does not deserve Labor, Green or Independent support, and should be opposed, because:**

1. The Bill allows the Barnett government to look like it has made progress on the James Price Point gas hub precinct proposal, even though the issue has been, and continues to be, a disaster for the government and the wider community.
2. The Bill does not reflect or enforce the Premier's promises to the WA public regarding the restriction of LNG or petroleum industry development on the Kimberley coast.
3. It is premature to present this Bill to Parliament when there is still:
  - (a) no secure land tenure;
  - (b) no final environmental approval; and
  - (c) no final investment decision.

All of these problems could make the Bill redundant.

4. The Bill allows the government to spend **up to 16 years** to shop around for a new proponent if Woodside withdraws as foundation proponent. This will mean that a James Price Point gas hub precinct will linger for years and continue to cause community angst and political and economic uncertainty.
5. The Bill **does not in any way prevent multiple LNG developments in the Kimberley**. Under this Bill LNG facilities for processing gas from onshore fracking in the vast Canning Basin could be developed anywhere in the Kimberley, including along the Kimberley coast, e.g. Point Torment near Derby. The Bill only restricts the development of LNG facilities on the Kimberley coast for the processing of offshore gas (e.g. Browse Basin gas).
6. The Bill allows a James Price Point gas hub precinct to be used to process gas produced from fracking the Canning Basin **even if the Woodside joint venture withdraws as proponent and if Browse (offshore) gas is eventually piped to the Pilbara**.
7. The passage of this Bill creates a large opportunity cost. Even if the precinct is never built, there is an opportunity cost because it will not be possible to invest in other appropriate industries in the James Price Point area (e.g. managed dinosaur footprint tourism; managed marine and terrestrial parks) under the precinct proposal is abandoned entirely.

It goes on —

**Specific Issues with Browse (Land) Agreement Bill**

1. **Clause 3**. Permitted use for precinct says: **“and other products”**. This is not acceptable because it opens up possibility for more industries at the site than simply the processing of LNG.

I will just make a comment about that: I think it is actually a misdirected criticism. I say that for the reason that I do not think they have properly read the wording of clause 3(a)(i) of schedule 1, which are the words used in the agreement between the Kimberley Land Council and the government, and which read, in part —

the LNG Precinct will be used only for the receipt of Petroleum, pre-treatment and processing of Petroleum into LNG and other products (excluding downstream processing), the storage, loading and transporting of LNG and all things necessary and incidental thereto ...

I think what they may not understand is that there are often by-products of manufacturing liquefied natural gas. My reading of this paragraph—I will be happy for the Premier to comment on this later—is that the words “other products” are not used in relation to processing petroleum into other products, but processing petroleum into LNG and other products, so that it is not two separate steps but just one. Sometimes LNG will be processed and we get other products as well; it is not that we can process petroleum into LNG and petroleum into other

products, and I think the wording makes that clear, but I would be happy for the government to make comment on that at the appropriate time.

The document continues —

2. **Clause 4.3.** After the Taking Orders, successive governments are permitted up to **16 years** to shop around for a new proponent. This is unacceptable because it will lock out other and better uses for this area.

That is true; if one is of like mind with the Wilderness Society, it is a reasonable criticism. The point we are making is that this is the decision of the KLC and the native title claimants, and we are backing their decision. That is part of the agreement they have entered into with the government, and on the basis that they have entered into that agreement, we are going to support it.

**Mr C.J. Barnett:** Have you visited the site?

**Mr W.J. JOHNSTON:** No.

**Mr C.J. Barnett:** You should.

**Mr W.J. JOHNSTON:** Sure, if I had time I probably would. I have not been in this role for very long, Premier.

**Mr P. Papalia:** I have, if you want me to show you photos!

**Mr W.J. JOHNSTON:** I have seen plenty of photos; it is not like I am unaware of what the site looks like.

**Mr C.J. Barnett:** If you want to visit the site, I can assist.

**Mr W.J. JOHNSTON:** That would be great; Woodside has made the same offer, but it is just a matter of time, Premier; I have a lot of pressures, but I will think about it—thank you.

The document continues —

3. **Clause 8.** This clause **does not restrict the development of LNG processing sites, and other petroleum processing, to a single Kimberley site.** Multiple facilities along the Kimberley coastline are allowed for to process onshore fracked gas.

That is also true. Again, it is the KLC's agreement, and we are supporting that, but there is also another issue. The reason we are so welcoming of the decision to move this legislation is that the government is effectively setting a very clear precedent. If the government wanted to use a different site in the Kimberley for onshore gas processing, it is telling the people of the Kimberley that this is the sort of thing we would expect a government to do—we would expect them to sit down with Indigenous people and come to an extensive agreement that protects their interests. The other issue, of course, is that if there is land available in a precinct, it is natural for people to tend to use that precinct rather than go off to a brownfields site that will probably cost them more and potentially cause delays, so there are two ways to look at that. Yes, it is a relevant criticism, but it has to be seen in the context of the precedent that Parliament is setting for the people of the Kimberley and the commercial realities of any future project.

The document concludes —

4. The reasons described above are not comprehensive. **Please let us know if you would like to meet to discuss our concerns.**

As I say, we are not disrespectful of the environmental movement; they make valid and reasonable criticisms. It is just that, on balance, we are choosing to support the legislation because we think that it is right to support the decision of the KLC. It may well happen that, through some court process, the native title claimants change at some future date, but that is only a possibility; we cannot make a decision on a potentiality that may or may not occur, because a court may well say that the current claimants are, in fact, the correct claimants. As non-Indigenous people sitting here in the Parliament of Western Australia, it is not our role to make that decision; that is the courts' role, and they will make that decision at the appropriate time. In the meantime, the KLC has acted appropriately, given the role that is asked of it, and we have to accept Indigenous leadership on this issue. The Indigenous leadership has signed an agreement, part of which is that the government will bring the bill to the Parliament, and the way that we express our support for the agreement that the KLC has entered into is to support the agreement.

I want to talk now a little about gas, because this precinct is about the processing of LNG. This morning I attended the Energy in Western Australia conference and there were some interesting presentations that gave us food for thought about the gas industry in Western Australia, what might potentially happen with LNG and whether Western Australia is going to be a big player. Obviously we are already a big player in LNG and no matter what happens we will continue to be a big player, but what are the future prospects for new projects such

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 24 October 2012]

p7609a-7625a

Mr Bill Johnston; Mr Fran Logan; Mr Chris Tallentire; Mrs Carol Martin; Mr Colin Barnett

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as what we are potentially talking about here? Basically, there were four scenarios presented at the conference; I will not go through them all. Two envisaged a big role for WA and two did not, based on the fact that we are a very high-cost jurisdiction.

I want to talk a bit now about gas prices. Mr Speaker, I spoke to you a couple of days ago about standing order 86. I have a graph produced by BP. It produces an annual report on the world energy market, and it has provided a little chart from its current publication on the internet. It shows gas prices; I have printed it out in black and white, but I can give the original colour version to Hansard. Basically, it shows how gas prices around the world pretty much tracked together between 1994 and 2002, and then as oil prices increased, gas prices spiked. From about 2005 there has been a great divergence in gas prices, and if we look at the 2011 price picture, we see that the Japanese LNG import price, according to the BP journal, is more than \$14 MMBtu—in Australia we use gigajoules, but it is almost the same figure anyway—whereas the Henry hub price is four dollars. We have actually had this massive divergence in the price of gas; the same commodity, depending on where it is sold, is worth a lot more or a lot less. It is a big challenge for Western Australians, because unlike 10 or 20 years ago, if the LNG companies can get a much higher price in one market compared with another, there is only one thing that will happen: the domestic price will go up, and of course that is what has happened in Western Australia over the last five or six years. If we go back 10 years, we were below the east coast price for gas; now we are above it. The east coast gas price is starting to rise as it looks at LNG projects, and this is a major challenge for any Western Australian government, including the current government and whoever wins the state election in 2013.

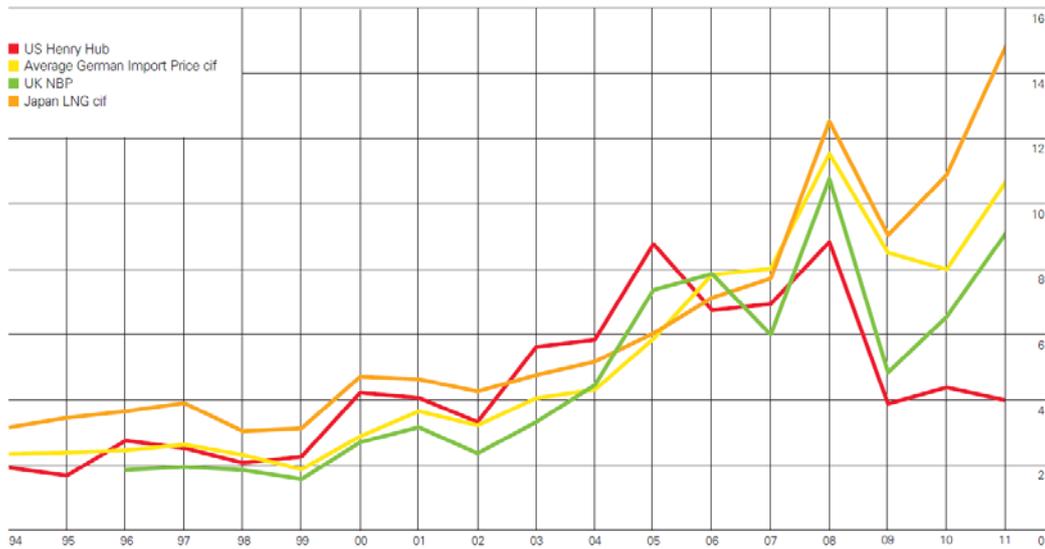
I seek leave to have this graph incorporated into *Hansard* under standing order 86.

Leave granted.

The following material was incorporated —

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**Prices**  
 \$/Mmbtu



**Prices**

US dollars per million Btu	LNG Japan cif	Natural gas				Crude oil OECD countries cif
		Average German Import Price*	UK (Heren NBP Index)†	US Henry Hub‡	Canada (Alberta)‡	
1984	5.10	4.00	—	—	—	5.00
1985	5.23	4.25	—	—	—	4.75
1986	4.10	3.93	—	—	—	2.57
1987	3.35	2.55	—	—	—	3.09
1988	3.34	2.22	—	—	—	2.56
1989	3.28	2.00	—	—	1.70	3.01
1990	3.64	2.78	—	—	1.64	3.82
1991	3.99	3.19	—	—	1.49	3.33
1992	3.62	2.69	—	—	1.77	3.19
1993	3.52	2.50	—	—	2.12	2.82
1994	3.18	2.35	—	—	1.92	2.70
1995	3.46	2.39	—	—	1.69	2.96
1996	3.66	2.46	1.87	—	2.76	3.54
1997	3.91	2.64	1.96	—	2.53	3.29
1998	3.05	2.32	1.86	—	2.08	2.16
1999	3.14	1.88	1.58	—	2.27	2.98
2000	4.72	2.89	2.71	—	4.23	4.83
2001	4.64	3.66	3.17	—	4.07	4.08
2002	4.27	3.23	2.37	—	3.33	4.17
2003	4.77	4.06	3.33	—	5.63	4.89
2004	5.18	4.32	4.46	—	5.85	6.27
2005	6.05	5.88	7.38	—	8.79	8.74
2006	7.14	7.85	7.87	—	6.76	10.66
2007	7.73	8.03	6.01	—	6.95	11.95
2008	12.55	11.56	10.79	—	8.85	16.76
2009	9.06	8.52	4.85	—	3.89	10.41
2010	10.91	8.01	6.56	—	4.39	13.47
2011	14.73	10.61	9.03	—	4.01	18.56

\*Source: 1984-1990 German Federal Statistical Office, 1991-2011 German Federal Office of Economics and Export Control (BAFA).  
 †Source: Heren Energy Ltd.  
 ‡Source: Energy Intelligence Group, *Natural Gas Week*.  
 Note: cif = cost+insurance+freight (average prices).

**Mr W.J. JOHNSTON:** Thank you very much, Mr Speaker; that is very generous of you.

I wanted to make a point about gas reserves. There has been a lot of discussion about what is happening—“We’ve used all this gas; how much gas do we have left; how long do we have to go?”—and, again, the BP statistical study provides a table. I am not going to seek to incorporate this one, but I will quote from it. According to this publication, in 1991 Australia’s proved reserves of gas were 0.9 of one trillion cubic metres. So if we think of all the gas we have produced since 1991, what is our reserve position at the end of 2011? It is 3.8 trillion cubic metres. It is four times higher now than it was 20 years ago. Something that needs to be appreciated in discussion about the gas industry in Australia is that we have found so much more gas, and we now know there is so much more around. The next phase will be to see whether we will derive further benefit from what is called unconventional gas.

It is interesting to look at our production of gas. These figures are from 2001 and 2011; they are from the same publication. In 2001 we were producing 32.5 billion cubic metres of gas per annum in Australia; the 2011 figure was 45 billion cubic metres. Therefore, not only have the reserves gone up by four times, but also the production has gone up by 50 per cent. I think this is a great reassurance for Australians that even though we have a massive

liquefied natural gas export industry, we also have plenty of gas for domestic use—as I say, the trick is to get it to market at an effective price.

It is interesting that the gas production of Indonesia—one of our near neighbours and main competitors in the gas industry—has gone from 63.3 billion cubic metres in 2001 to 75.6 billion cubic metres now, but its reserves have gone from 1.8 trillion cubic metres to three trillion cubic metres. What is called the reserved production ratio in Australia is 83.6; in Indonesia, it is 39.2. So we are in a very strong position to move to being a major energy player in the future.

It is interesting to think about this unconventional gas, because potentially there is a massive reserve of unconventional gas onshore in Western Australia in the Kimberley. A number of companies working in the north are encouraged by their discoveries and are looking forward to tapping these unconventional resources. I draw attention to a feature article in *The Economist* on 14 July that went through, in great detail, the changed supply dynamics that have come out of shale gas in Australia. Not only are we so lucky to have immense field gas—conventional reserves of gas—but we also appear to be very lucky to have this unconventional shale gas and other types of gas. Indeed, I was reading in *The Australian Financial Review* on, I think, Thursday of last week that Santos has just started flowing gas from the first shale gas well in South Australia. This is another potential big boon for Australia—Western Australia in particular—for our future energy supply to not only Australia, but also the world. It is interesting that a 14 July article in *The Economist* stated that there was a great expectation of doing well in China with shale gas, and of course it also presents a lot of opportunity for pipeline gas from central Asian republics. Sinopec bought out a US oil company two years ago, and obviously that company is active in shale gas in the United States. Therefore, Sinopec is clearly seeking the technology to apply it to its home market. One of the reasons China is unlikely to be a major purchaser of gas from Western Australia is that it is moving to try to look after itself from other sources, including its domestic sources.

I said I would return to the question of who might use James Price Point. At the moment, there are four potential projects that have either received investment approval or are close to that point. They are the Shell Prelude project, the Inpex project, the Woodside–Browse joint venture, and the ConocoPhillips project. There is also, of course, onshore gas. It is interesting to have a look at that, so I will just make a couple of comments about these projects.

I turn first to some commentary about the Woodside-led Browse joint venture. An article in *The Australian Financial Review* of 4 May 2012 contained a quote from the Premier, who said —

I think what happened this week was significant, with Mitsubishi and Mitsui spending \$2 billion to buy into the project ... “The decision as to where the gas goes lies with the WA government, because of the state agreement acts that will cover James Price Point and the North-West Shelf project.

I will make a point about that. At the end of the day, if the joint venture partners do not invest, the project will not proceed. Although the state government can and should negotiate about where a particular project would go—in the same way as the Labor Party believes that the government should negotiate and discuss local content, it should negotiate and discuss domestic gas needs, and it should negotiate and discuss a whole range of issues—at the end of the day it will be the joint venture partners that will make the decision, because it is their money. In other parts of the world like Norway and most African countries, there is direct government involvement in these types of projects, but we do not do that in Australia. In Australia, for better or for worse, we allow the private sector to make the investment decisions. We do not put our own money in, so we will negotiate, but the projects will have to be able to fly on their merits; otherwise, they will not get an investment decision. That is what happened with Gorgon. The companies came to the former Labor government and said, “We want to use Barrow Island.” We could have said yes or no, but it was their investment decision that was being negotiated. It is the same here. If the joint venture partners decide that it is financially the best decision to go to James Price Point, that is what they will do, but of course they also might choose something else.

It is also true that there is potential for floating liquefied natural gas production. We already have one project in the Browse Basin that has decided to do that. I quote from a media release from Shell of 20 May 2011 about the facility headed “Shell decides to move forward with groundbreaking Floating LNG”; it states —

From bow to stern, Shell’s FLNG facility will be 488 metres long, and will be the largest floating offshore facility in the world — longer than four soccer fields laid end to end. When fully equipped and with its storage tanks full, it will weigh around 600,000 tonnes — roughly six times as much as the largest aircraft carrier. Some 260,000 tonnes of that weight will consist of steel — around five times more than was used to build the Sydney Harbour Bridge.

**Mr P.C. Tinley:** Just a dinghy!

**Mr W.J. JOHNSTON:** It is just a dinghy!

It is a massive project. Part of the reason that Shell pitched that was because of the idea that the Prelude field could not sustain a long-term onshore project. Usually these onshore liquefied natural gas projects last for 30 years, and part of Shell's view was that it would not last that long. But of course it has also said that it could then float the facility to another location and harvest the gas from another field. This is very important.

When we were doing the gas price inquiry, different proponents would say—this is on the record; I am not talking about anything else—that there was always another field to be used for domestic use. The argument was that there might be some small field that could not support an LNG project but it would be able to support a domestic gas project. However, if Shell is in fact intending to start using floating LNG technology to move around and suck up all the Australian gas, we will have a major problem. The former federal Liberal government did not support and the current federal Labor government does not support Western Australia's gas reservation policy. I think their position is wrong. Former Premier Carpenter was right to develop the gas reservation policy. I am encouraged that the current Premier continues that policy. I am sure the Premier will comment on what he said at the time of the Prelude announcement. I cannot find on the government website a media release about that, but it is an important issue for all of us.

The next project I will talk about is the Inpex project. Let me say that Australia needs foreign investment. We are a capital-poor country. We require foreign businesses to invest in Australia because it benefits them, but it also benefits us. I am therefore not making these comments in any way to say that they are not welcome to invest here, because they are, and it is important that they do so because it benefits Australia as well as the investing organisation. However, it is important to remember that Inpex—which is short for Indonesia Petroleum exploration—was developed by the Japanese government to find oil and gas resources to return to Japan during the 1970s oil shocks. There is nothing wrong with that. It is a really good thing for the Japanese. I am just making the point that the Japanese have their job to do and they are welcome to do it; but in dealing with them we should understand what they want and we need to recognise that.

There was an article in *The West Australian* on 20 December 2011 headed “Gas hub delay good for WA: Barnett”. This was obviously the day after Woodside had announced that it was delaying the final investment decision on its Browse joint venture project—I have already mentioned that. Part of *The West Australian* article states —

Mr Barnett said the delay had benefits, claiming the economy would be “strained seriously” if three major liquefied natural gas projects in Gorgon, Wheatstone and James Price Point were under construction simultaneously.

“And if people in Broome felt they were being rushed on this project, (the delay) does slow it down,” he said.

The Premier also made comments that the delay would give an opportunity for Inpex to locate to James Price Point and that that would save \$5 billion for that project.

On 13 January 2012, Inpex issued a press release headed “Inpex and Total Make Final Investment Decision on Ichthys LNG Project, Australia”. The release states —

INPEX CORPORATION ... and TOTAL ... today confirmed the Final Investment Decision ... on the US\$34 billion Ichthys LNG Project.

INPEX Chairman Naoki Kuroda made the announcement in Darwin, the site of the onshore gas processing facilities which will be built to produce 8.4 million tonnes of ... (LNG) per annum.

“The Ichthys FID announced today by INPEX and Total signals the start of construction of one of the world's largest LNG facilities based on an estimated 40 years of gas and condensate reserves from the Browse Basin offshore Western Australia,” ...

I did ask the Premier, by way of written questions, what contact he had had with Inpex after he announced the decision that it could move to James Price Point, and I was surprised to learn that he did not make any contact with it. But that was entirely up to him. I would have thought that if the Premier was thinking he could convince Inpex to move its project to James Price Point, it probably would have been worthwhile having a conversation with Inpex about that.

**Mr C.J. Barnett:** You're wrong; there's continuous contact and there still is with Inpex.

**Mr W.J. JOHNSTON:** I asked the Premier and his answer was that he had had no contact.

**Mr C.J. Barnett:** That is me, but the department under my direction has been in continuous contact with Inpex.

**Mr W.J. JOHNSTON:** All I know is what I know, and all I know is the answers I get from questions I ask him.

**Mr C.J. Barnett:** Just think about them sensibly.

**Mr W.J. JOHNSTON:** Perhaps if the Premier had wanted other information provided, he could have given me a different answer; it is up to him. I also asked how he arrived at the estimate of \$5 billion, and I understand it was a guess. There was actually no process that led the Premier to \$5 billion.

**Mr C.J. Barnett:** Whatever you might say—I have said it before about who said or did what—for Australia as a nation, the way in which the Ichthys field has been developed is suboptimal, and it has been poor policy to allow it to happen.

**Mr W.J. JOHNSTON:** One of the problems that Western Australians have, and we have the same problem with Woodside Browse, is that most of the gas is in commonwealth waters, and our ability to influence it is not as strong as it could be.

**Mr C.J. Barnett:** No, not on Inpex.

**Mr W.J. JOHNSTON:** Using LNG as an example, I agree that the commonwealth approved floating LNG. One of the specific recommendations in the gas price inquiry was a strong recommendation that Western Australia oppose floating LNG. I can see the member for Riverton, who was the chairman of the inquiry, nodding, because it was something that was unanimously agreed by the committee without any division on political lines. The Ichthys decision was made. I am not inside the Inpex organisation; I do not know what the finances were. I do know that the evidence it gave to the inquiry was that at no time did it ever consider the Kimberley coast as a suitable location for the project.

**Mr F.M. Logan:** Not Browse?

**Mr W.J. JOHNSTON:** No; Ichthys. It said that on no occasion did it consider onshore in the Kimberley to be suitable. It said Maret Islands was what it wanted. I asked Inpex specifically—again this is all in the transcript of the inquiry—whether it had a site that it preferred, other than this one or that one; and it said no, that it did not have any preferred site on the coast of the Kimberley. At the end of the day, whether there is a petroleum resources rent tax or a company tax, the project proponent gets to write off its capital investment over time. However, it was always going to be able to recover its capital costs through the tax system. That is the way tax works in Australia.

**Mr C.J. Barnett:** But if you allow it to have higher than necessary capital costs, then you are as a result reducing the income tax or the petroleum resources rent tax to Australia. That is what is happening. The Australian taxpayers are basically subsidising the Inpex project.

**Mr W.J. JOHNSTON:** But that is the same thing, Premier, as if somebody spends too much building a hot briquetted iron plant in the Pilbara.

**Mr C.J. Barnett:** Yes, you can argue that.

**Mr W.J. JOHNSTON:** They also get to write it off. But any investment eventually gets written off.

**Mr C.J. Barnett:** No. But when you have an ability to have a policy input, which the federal government did—it was the federal government that approved the Inpex deal, not the state—it had an opportunity to get a far more optimal outcome for Australia, and it didn't do it.

**Mr W.J. JOHNSTON:** Premier, if we went back 30 years, which we cannot do, the North West Shelf project probably would have been better as a toll project whereby the proponents did not own the infrastructure, as happens in Qatar. Our biggest competitor does not let its proponents own the infrastructure. One of the issues raised with us—we did not make a recommendation on this—was the question of why some infrastructure was included as open access and other infrastructure was not.

**Mr C.J. Barnett:** I agree with the member. I mean, the industry needs to be conscious of the fact that the overall fiscal deal they get out of Australia is very generous compared with other countries.

**Mr W.J. JOHNSTON:** Absolutely; it is the most generous in the world.

**Mr C.J. Barnett:** Sometimes the companies need to be a bit more conscious of that in their relations.

**Mr W.J. JOHNSTON:** As the Premier would imagine, I get a regular stream of people from oil and gas companies coming to see me and I always point out to the American ones that in their home market they cannot even have the debate because their LNG exports are limited to their LNG imports. I do not think it is particularly unreasonable to ask them to reserve 15 per cent of an enormous amount of gas. They often tell me how unreasonable it is.

The third project is the Woodside joint venture. We will have to see how that goes. I draw attention to an article dated 22 August 2012 titled, "Doubts still abound over Browse". It discusses financial issues. When Chevron exited the Browse LNG joint venture and Shell increased its holding, there was a series of commentary. I will quote from one of them —

Macquarie energy analyst Adrian Wood agrees.

That is, that it is probably going to go to Karratha. He says —

“Shell has recently been increasingly vocal about Australia’s rising cost base and ongoing development challenges and so it appears contradictory that Shell would now elect to take a bigger stake in perhaps Australia’s largest and most capital-intensive greenfield project that is likely to be most exposed to these issues ...

That is after a discussion about the potential enormous cost to a greenfields development. We still do not know, and we will not know for some time, the decision of the joint venture. Again, an article in *The West Australian* newspaper of the same date under the heading “Premier’s Browse dream starting to unravel” reads —

Colin Barnett needs the James Price Point LNG development far more than the Browse partners need Colin Barnett.

This is a commentary piece. The author writes —

His dream of a port at Oakajee and a linked rail network have come to nothing and there is significant doubt about the development of new iron ore export infrastructure including in Esperance and Port Hedland.

He then goes on to explain the doubts that abound in the market.

**Mr C.J. Barnett:** Who wrote that article?

**Mr W.J. JOHNSTON:** Neale Prior.

**Mr C.J. Barnett:** He ought to grow up a bit.

Several members interjected.

**Mr C.J. Barnett:** It shows an incredible naivety about big resource projects.

**Mr W.J. JOHNSTON:** I only have a couple of minutes to go here, Premier. I will be finished in a minute.

I turn to ConocoPhillips. On its website it shows two huge projects. The Browse one, of course, is at a very early stage and a long way from investment decision. ConocoPhillips can speak for itself, but I think it would be quite pleased to go to James Price Point. There was commentary in the media recently about perhaps locating the project next to the Bayu-Undan project that it already has in Darwin. Who knows what decision will be made. Clearly, it will be some time before the company makes a decision. ConocoPhillips also has the Canning Basin onshore project. As I understand it, there are other projects involving other people. There is some suggestion that the geological structure that has the gas in it may stretch all the way over to the Northern Territory. One of the challenges might be that the development of that geological structure starts from the eastern side and is focused on Darwin. It will be interesting to see how that goes into the future. It is clear from Queensland that onshore gas can be used for LNG export. There is already, I think, an argued price impact on the east coast from that issue. It will be a challenge to see what is going to happen with prices over there as LNG exports jump up.

When we get into consideration in detail, I have only a small a number of questions of the government. I thank the chamber for the opportunity to explain the Labor Party’s position.

**MR F.M. LOGAN (Cockburn)** [9.36 pm]: I will not be too long on the Browse (Land) Agreement Bill 2012. I want to put on the record a couple of things about the viability of the Browse land deal and the agreement with which we are dealing here tonight. The first goes to the issue of the Inpex Corporation liquefied natural gas project that the member for Cannington was talking about a minute ago and the contribution that was made by way of interjection by the Premier. As the Premier and the house know, the success of the Browse land agreement with which we are dealing tonight would have been far better situated had Inpex made the decision to come to Browse. As the minister responsible at the time, my involvement in the Inpex deal was in negotiations with Inpex in the early days about what it wanted to do in the Kimberley. This was around 2006 and 2007. We have to look back at exactly what Inpex wanted to do. It wanted to take its gas to the closest possible land base, which was Maret Island and South Maret Island.

The proposition from Inpex was that the Maret Islands would basically be its LNG base in Australia for the Ichthys field gas. How that would be constructed would be for the top of the Maret Islands to be bulldozed off and pushed into the sea for the lay down area, the jetty and the LNG base itself. I am pretty sure Inpex knew—otherwise, it was naive or stupid—that would be an environmental disaster. Inpex knew that it would be extremely difficult to get past any government of Western Australia or any government of the commonwealth, whether Labor or Liberal, on environmental grounds. Yet Inpex persisted with that proposal. It pushed that proposal continuously to the point that it undertook a drilling program on the Maret Islands and won an Australian Petroleum Production and Exploration Association environmental award for its drilling program. That

is how far Inpex had got in its proposal to create an LNG base on the Maret Islands. We could not get a more remote place in Western Australia than the Maret Islands if we tried, unless we went to somewhere north of Warburton. It is a very, very remote part of the Kimberley with no road access whatsoever. The islands are also in a massive tidal zone of the Kimberley, which would have made access to that island by sea an absolute nightmare. It would have required dredging because the jetty that would have to be built would be so big that it would be unfeasible, and particularly economically unfeasible.

The company Inpex is primarily a government company and a subsidiary of the Japanese Treasury. It had never ever done an LNG project before, yet still thought this was absolutely possible. When Inpex brought in Total as advisers to give Inpex a more solid grounding in the engineering concepts of the Maret Islands, it became quickly apparent to Inpex that that proposal just could not fly. Despite that fact, Inpex wanted it and it looked at the map and said, “That’s the closest land fall to the Ichthys field and we’ll make it happen because that is the way we do things in Japan. We’ll just make it happen.” But they realised, after that engineering advice, that that was absolutely impossible. We told them, as a Labor government, over and over and over again that economically it was unfeasible and environmentally it was impossible. It just was not a goer. The best thing for them to do was to go to the chosen LNG facility, which would be somewhere on the Dampier Peninsula. At that time, there were still between five and 12 places under consideration.

**Mr C.J. Barnett:** Twelve, I think.

**Mr F.M. LOGAN:** Yes—I think there might have been 12 under consideration, Premier—and we continued to push that.

The Premier has indicated by way of interjection that the outcome for the Ichthys field of going to Darwin is an 885-kilometre pipeline. I know that everybody, including my friends in the oil and gas industry, and particularly my pipeline engineering friends, is looking at this project with a great deal of interest, because it has never been done before. Everybody is going to follow this project very, very carefully to see whether it can be built, particularly when it involves taking an 885-kilometre pipeline up the continental shelf on its way to Darwin.

**Mr C.J. Barnett:** And across a mini Grand Canyon!

**Mr F.M. LOGAN:** Yes, and across a mini Grand Canyon, as the Premier indicated. It will be a very, very interesting project to see.

This project is suboptimal for Australia. It is suboptimal for Western Australia in terms of our interest. But I put it to the Premier that the Premier did not help the situation by politicising the issue of what Labor was trying to do in getting Inpex to land its gas ashore on the Dampier Peninsula. As the Premier knows, it was political, but he attacked us mercilessly when he came to government in 2008–09 for not working carefully with Inpex and for effectively giving the project away to Darwin. When we have a minister like Minister Ferguson, who was going out of his way to encourage Inpex to go to Darwin, and to help Inpex do whatever it wanted to do, the Premier’s politicisation of the issue basically played into the minister’s hands and into Inpex’s hands. I would put it to the Premier that he should have stood firm, as we had done previously, and said to Inpex that that gas should land ashore in Western Australia and somewhere on the Dampier Peninsula; and James Price Point, as the Premier has chosen, could have been the facility for it. I think that was an opportunity that the Premier really did miss. Had the Premier not missed that opportunity, today we would have been dealing with a Browse land agreement that would have had a solid partner and a solid investment to make sure that that facility up there would be a success.

Now, everybody in the oil and gas industry, and everybody watching this politically, is wondering whether this Browse agreement that we are dealing with tonight will be a white elephant or a success. The reason that it could be a white elephant was touched upon by the member for Cannington earlier, when he talked about the floating liquefied natural gas facilities that are proposed. It is not just the Shell Prelude project. The member for Cannington talked about how Shell is going to exploit its Prelude field and its Concerto field—three trillion cubic feet of gas each. Those fields are in the Browse basin, 475 kilometres north of Broome. As the member for Cannington has indicated, the FLNG project is the biggest structure ever built by humankind to go into the water. It has never been done before. It is under construction now. All the engineering and design work was done in Paris, by 600 engineers who work for Technic. All the work that is being done on this project is being done in Korea in the Samsung heavy industry yards as we speak. They are working on the project right now, cutting steel and laying the base for this barge. Every bit of the biggest thing that has ever been built to go into the water—260 000 tonnes of steel—to exploit Australian gas is being built offshore.

**Mr C.J. Barnett:** And the irony is that the federal government—I am not being political—is tacitly supporting floating LNG, for the simple reason that it will be seen as a commonwealth project.

**Mr F.M. LOGAN:** Premier, it is not tacitly supporting it; it is openly supporting it. The federal government is going out of its way to push FLNG.

**Mr W.J. Johnston:** Prelude is literally next to Ichthys. They actually abut each other. And Inpex has bought into Prelude.

**Mr F.M. LOGAN:** Yes, and they could have shared infrastructure.

**Mr W.J. Johnston:** Yes. It is ridiculous.

**Mr F.M. LOGAN:** There are currently four other FLNG projects in Western Australian waters that are under, not consideration, but virtual go ahead. As I have said, there is the \$12 billion Shell Prelude FLNG project. There is the \$4 billion GDF Suez and Santos FLNG project for the Bonaparte field. That is under FEED now—the front-end engineering and design has been awarded. There is the Cash Maple FLNG facility, which will exploit the Montara–Oliver fields. The design, build, finance and construction of that facility has been awarded to SBM of Holland and the Linde Group of Germany, which will operate that FLNG facility on a leaseback deal with PTTEP of Thailand. Of course, we also have the possibility of an FLNG facility for the Woodside proposal, which again is supposed to be the base investor and principal occupier of the Browse area that is covered by this land agreement that we are talking about tonight.

**Mr C.J. Barnett:** And Scarborough.

**Mr F.M. LOGAN:** Scarborough is also possibly an FLNG project. But knowing what Exxon is like, it is a long way away; it will watch what everybody else does. That is four massive—massive—offshore floating facilities, worth billions and billions of dollars, and, as I have indicated, all of them are underway. Some are in design. Some are in construction. Some are not far from construction. None of that work will be done in Australia—no design, no engineering and no fabrication, and not even construction. I might criticise the Chevron project, but at least we are getting jobs in construction out of it, because they have to build it here. With these FLNG facilities, they do not have to build them here.

**Mr C.J. Barnett:** We may not even have Australian jobs, because they can fly them in and out from Singapore.

**Mr F.M. LOGAN:** That is right, Premier. I think I have said before in the house that we might not even get any maintenance jobs here, because they will fly them in; and probably the federal government will help them with that as well. This is where the Premier is right. In a situation like this, which is in commonwealth waters, the role of the state government is limited to simply complaining, literally. The responsibility for the approval of these FLNG facilities, never used before in the world, lies solely with Martin Ferguson, the minister for resources in the federal government, who is actively supporting these projects. Martin Ferguson should hang his head in shame. This is the biggest rip-off of Australia since the British arrived in the eighteenth century. This is the biggest exploitation of Australia's resources since the colonial administration. It is absolutely disgraceful, because as one field goes after 20 to 30 years, these huge floating monsters will move on to the next field and suck that dry.

**Mr C.J. Barnett:** There is not a developed nation, nor in fact an undeveloped nation, in the world that would contemplate what Australia is doing.

**Mr F.M. LOGAN:** I agree, Premier.

**Mr C.J. Barnett:** The undeveloped nations would not do this. This is just pygmy economics that is going on.

**Mr F.M. LOGAN:** As the Premier said, it is pygmy economics. No other nation in the world would approve this. It just shows that not only is Western Australia and Australia open for business but also we are open to be completely exploited to the detriment of Australia and to the detriment of future Australians. In 50 to 60 years our grandchildren will look back and say, “Why did you approve this?”

**Mr C.J. Barnett:** I make one other little point, and the Montara explosion is an example. I had this discussion, somewhat heated, with Inpex recently. If there is an explosion, if there is a problem, who has to send out emergency workers? Not the commonwealth, not the Northern Territory but Western Australia—into commonwealth waters under Northern Territory boundaries. It is Western Australia that is sent out to do all the emergency work in a humanitarian sense.

**Mr F.M. LOGAN:** That horrific scenario that the Premier pointed out would also come with a massive environmental cost and the only people who would wear the environmental cost would be Western Australians.

**Mr C.J. Barnett:** You might criticise me and I'll cop that, but what I'm saying to Inpex at present is, “Don't expect that we will go along with you having environmental controls and prevention treatment or safety done out of Darwin for oil rigs or gas rigs off the Western Australian coast.” Its current planning is to do all of that—environmental management and safety—out of Darwin, 800 kilometres away.

**Mr P. Papalia:** The MUA will be down here to sign you up in a moment!

**Mr C.J. Barnett:** That's the reality of what it's doing.

**Mr F.M. LOGAN:** What the Premier said is absolutely correct. I was in Darwin recently and what the Premier said is exactly correct. That is exactly what it is planning. The National Offshore Petroleum Safety and Environmental Management Authority is planning to go along hand in glove with Inpex.

**Mr C.J. Barnett:** Hopefully it won't, but if something goes wrong, it won't be from Darwin; it will be from Karratha and Perth that the emergency services will go from.

**Mr F.M. LOGAN:** Absolutely. It is not just the fact that we did not get the Inpex deal over the line and get it as a foundation customer for the Browse land agreement. These other projects would normally come through shared infrastructure to the Browse onshore LNG facility. That is now undermined by floating liquefied natural gas. That is basically a death knell for this agreement that we are dealing with tonight.

I draw the Premier's attention to an article written by Ben Collins, headed "How the world's largest floating object could shape the Kimberley", which appeared on the ABC website on 19 October. He talks about not only the floating liquefied natural gas facility with Shell for the Prelude gas field, but also the possibility of a Shell Woodside FLNG facility for the Woodside Browse field. He states —

But in a "Note to Editors" a Shell media release points out that "FLNG will enable the development of gas resources ranging from clusters of smaller more remote fields to potentially larger fields via multiple facilities where, for a range of reasons, an onshore development is not viable. This can mean faster, cheaper, more flexible development and deployment strategies for resources that were previously uneconomic, or constrained by technical or other risks."

We should note that he referred to "larger fields" rather than the Prelude-type field. The article goes on to state —

FLNG would spell the end of the agreements struck between the majority of James Price Point native title claimants, Woodside and the State Government. While heavily criticised by opponents of the gas project, supporters hold up these agreements as part of the key to ending Aboriginal disadvantage in the Kimberley.

That is very true. What will happen if the FLNG facilities go ahead? It is not just the fact that the agreement that we are dealing with tonight could be made redundant; it is also the fact that the Aboriginal people of the Kimberley will not share in the benefits of this agreement at all and their futures will be condemned to remaining exactly as they are. FLNG is a disaster for Australia. It is a possible environmental disaster, it is an economic disaster, it is an employment disaster and it is a major problem that could end up as a disaster —

**Mr C.J. Barnett:** And an environmental risk.

**Mr F.M. LOGAN:** I have said that. It is a possible major disaster for the future interests of Aboriginal people in the Kimberley.

**MR C.J. TALLENTIRE (Gosnells)** [9.55 pm]: I rise to speak to the Browse (Land) Agreement Bill 2012. I wish to put on the parliamentary record my involvement with matters Browse, which goes back to 2006 when we first started hearing about the multitude of projects that were proposed and the multitude of LNG processing facilities which could have been developed and which various proponents—those who held acreage in the Browse Basin—were looking at developing. In 2006 we were faced with a situation in which there could have been a number of LNG gas processing facilities. There was an option of a facility on Scott Reef, which at the time seemed to be the most worrying, from an environmental perspective, of the different projects. When these various projects were being talked about, it seemed to make sense to support a single hub, to accept that there would be exploitation of the Browse Basin gas reserve and to have that exploitation centred on a single processing facility at a point somewhere in the Kimberley. Then the government of the day, led by Premier Alan Carpenter, unveiled a process run by a Western Australian government northern development task force. That process was about determining where the best location would be for a Kimberley gas processing hub. At that time I was director of the Conservation Council of Western Australia and very keen to work with colleagues in the area. I was working with the Kimberley Land Council, the local environment group Environs Kimberley, the Australian Conservation Foundation, the World Wildlife Fund-Australia, the Wilderness Society and the Conservation Council. We were all working together. We produced a joint position statement. It took us a long time because we began working on the issue back in 2006. On 6 December 2007 we all signed this joint position statement. I think it is an important document because it shows that protecting the environment was an absolute priority, but so was Aboriginal self-determination and recognition that the traditional owners of the Kimberley had the right to make a determination on the eventual means by which the gas reserves would be exploited. The joint position statement has been referred to in this place before. It states —

The Kimberley Land Council, Environs Kimberley, the Australian Conservation Foundation, WWF-Australia, the Conservation Council of WA, and The Wilderness Society (Signatories) jointly make the following statement:

The Signatories acknowledge the outstanding, globally-significant, and largely unprotected natural and cultural values of the Kimberley marine and coastal environment.

The Signatories believe that if Liquefied Natural Gas (LNG) and associated development occurs in the Kimberley, it must provide opportunities and mechanisms for Kimberley Traditional Owners, the KLC, key environmental groups, Governments, and commercial proponents to work together to protect the Kimberley's unique cultural and environmental values.

The Signatories acknowledge the significant potential for beneficial outcomes for Kimberley Traditional Owners from LNG and associated development, subject to the principles espoused in this statement.

As a signatory to that document going back to 2007 and now in 2012, I feel some sense of responsibility to honour that commitment that I made to the Indigenous people of the Kimberley and that is why I support this bill. I have certain reservations about it. The member for Cannington made some excellent points about why this bill may even be redundant. It is possible that other options will emerge that will be more commercially viable than the option of building this LNG hub at James Price Point. It needs to be recognised that there is an enormous difference between the cost of pipeline development relative to the cost of developing an LNG hub from scratch.

We have already talked during this debate about the magnitude of the exercise of building from the Browse Basin. Inpex proposed the option of going to Darwin, but there is of course the option for Woodside to build a pipeline down to the Burrup Peninsula. The engineering complexities of that project, as I understand it, are much less than the engineering difficulties associated with going to Darwin. Nevertheless, it would be a major exercise, but in terms of cost-effectiveness it may be easier to reconcile than the cost of building a LNG hub from scratch. That may well be the choice.

I note that Woodside, under a new CEO, has a different view of things. Different decisions could well be made. The fixation that Woodside had on James Price Point was in the Don Voelte era. I note in passing that serious financial mistakes were made by Woodside in that era. In 2007, Woodside paid \$100 million to the Mauritanian government and then found that the deal fell away anyway when it was looking to exploit the Chinguetti field only 80 kilometres off the Mauritanian coast. It totally misread the political situation in Mauritania and revealed itself to be inept in dealing with that. We have seen a change of regime at Woodside; a change at the very top. Perhaps that will lead to more enlightened decision making—more careful and responsible decision making in decisions such as where the gas processing hub will be.

I mentioned the Northern Development Taskforce and the work being done there. Back in 2006–07, there was much talk about the Inpex project. Other members have indicated there was public discussion that led to a decision by Inpex and Total to pull out of the Maret Islands option. At one point—I think it was in 2006—as the member for Cockburn said, the company was hell-bent on going to the Maret Islands. On numerous occasions the Premier has taunted members on this side by asking, “Why didn’t you pick up the phone and speak to Inpex? Why did you let them make that decision to go away from the Maret Islands and go to Darwin instead?” It is important to note that some of the middle-level managers in Inpex, Australian-based people, might have had a particular view. In the environmental movement at the time, we spoke to Japanese people at the very top of Inpex who were very open to our submissions about the viability of Maret Islands for their proposal. They listened to us. They wanted to make that decision to go to Darwin. They heard us when we said the Maret Islands were recognised as worthy of A-class nature reserve status. That goes to reports back in 1991. Since then, there have been other reports indicating that those islands are worthy of A-class nature reserve status. A document that I would refer interested members to is the 1991 document “Nature Conservation Reserves in the Kimberley Western Australia”. At that time it seemed feasible to present to Inpex and Total that they should come into the hub as well. We did not know at the time where the hub would be, but it was put that it was something that they should consider; they should not want to go it alone with their own LNG processing plant on the Maret Islands. They listened to us on that, which I am pleased about. I think Total at the time had about a 22 per cent stake in the project. It was particularly concerned about the suggestion that its name would be sullied by a proposal on the Maret Islands. Indeed, the cultural affinity it has for the Maret Islands goes back to the naming of those islands, which was done by the Baudin mission in 1803. There was definitely a French connection that goes way back. Total was very receptive to our submissions.

I say all that to outline that alternatives were proposed. The Northern Development Taskforce was doing a very diligent job in working through the various options. People such as Brendan Hammond from the Office of

Development Approvals Coordination were looking to find ways to determine the best site for this LNG hub. I note in passing that there was discussion around the idea that the LNG hub could have been a state-owned facility, as is done elsewhere. Why we in Australia want to have everything in private ownership is unclear to me, but a state-owned LNG processing facility could have been a way to make more money, while having more control for the state of Western Australia. That would have been an interesting option. We would have had much more control then.

By the end of 2007, the Northern Development Taskforce was looking at about 11 potential sites. To my knowledge, James Price Point was not one of those. The closest to it was a place known as Coulomb Point. The member for Kimberley might be able to clarify it for me, but my understanding is that it is about 30 kilometres north of James Price Point.

**Mrs C.A. Martin:** I think it is Quondong Point.

**Mr C.J. TALLENTIRE:** And Coulomb Point as well.

**Mrs C.A. Martin:** It is a little bit south. The place you're talking about is called "Chimney".

**Mr C.J. TALLENTIRE:** The actual James Price Point location was not on the final list of 11 options being considered by the Northern Development Taskforce. We were progressing well with this consideration of options. There was very careful consideration and discussion between the state government and environmental organisations. A parallel and very thorough process was going on amongst traditional owners in the Aboriginal community. Similarly, there was discussion with other people within towns that could be impacted, such as Broome. There were discussions going on and things were progressing well. There was goodwill; there was a desire to find an optimum solution. Things went off the rails some time in 2009 when the Premier decided to cut through to James Price Point. He made a single decision. Then we found there was all sorts of discord. That is when things went off the rails. If we had stuck with that process, if we had listened to people —

**Dr M.D. Nahan:** Nothing would have happened!

**Mr C.J. TALLENTIRE:** Nothing is happening now, member. Chances are the project will not go ahead. There is a very real possibility of that. How can the member say that something is happening?

**Dr M.D. Nahan:** The reason Inpex went to Darwin is they looked at you and you were dithering!

**Mr W.J. Johnston:** Rubbish! That is contrary to the evidence given by Inpex.

**The ACTING SPEAKER (Ms A.R. Mitchell):** Order, members for Riverton and Cannington!

**Mr C.J. TALLENTIRE:** Another concern when these discussions were going on, prior to the Premier making his so-called cut-through decision, was about finding a means to improve the wellbeing of traditional owners—Aboriginal people in the Kimberley. We needed to find a revenue stream. At the time, that seemed to be a very difficult task. It seemed to hinge on some sort of native title agreement over a portion of land in the Kimberley. Negotiations over that meant there would be a significant payout to traditional owners for access to land. That was another consideration that led us to agree that there was a need for the KLC as the representative body to be involved in the final decision making. I am pleased to continue to honour the commitment that I made back in December 2007.

I want to say a little bit about the environmental aspects associated with the James Price Point development and the enormous dredging process that will be involved. That is of real concern; there will be damaging impacts on benthic habitat. More recently, we have heard about surveys for dinosaur footprints, and various experts from overseas, the most recent from Canada, are looking at that, and they will be reporting soon. There are many things that could mean that, from an environmental perspective, this project may not go ahead. It is not only economic drivers that could rule it out; there are still environmental considerations that are yet to be fully viewed.

I want to say a bit more about the Inpex decision, and I refer to an article by Russel McCulley that was published in the industry magazine *OilOnline* in January 2011. It makes reference to the Inpex proposal and reads, in part —

The company's first field development concept envisioned a much shorter export line to a new LNG plant at one of several possible sites on the Kimberley coast of Western Australia. In 2004, the company had narrowed the proposed location down to a site in the Maret Islands. But protracted land use negotiations failed to produce an agreement between indigenous Aboriginal land owners, environmentalists, Inpex and the WA government, then led by premier Geoff Gallop and his successor, Alan Carpenter. Inpex and Total opted instead to route the gas to Darwin.

Clearly, that was a decision that was not good from a Western Australian employment point of view, and it meant that the traditional owners did not get the funding stream that would have resulted from an agreement with Inpex, so it is unfortunate that things turned out that way. However, I note that we have removed ourselves from my original fear of ad hoc development in the Kimberley. It is now a much better situation than the one we faced in 2006, when there was still the potential for a series of LNG plants in the Kimberley such as are now being proposed for the Pilbara. The idea of a single location that could be used by as many of the companies that hold acreage in the Browse Basin as possible is a much better situation.

I was watching *Lateline* last night and saw a report on the exploitation of mineral reserves in the Kimberley. It was a quite sobering report because it made mention of a range of things, including unconventional gas and many other projects that are slated for the Kimberley. There is no doubt that this region will come under enormous pressure, and I think that is where we should have a broader strategy that makes it clear to proponents where the no-go areas are and where there are incredible environmental values. When we think of the Mitchell Plateau and the potential for that to be exploited for bauxite, it is a real concern, so —

**Mr C.J. Barnett** interjected.

**Mr C.J. TALLENTIRE:** People still hold —

**Mr C.J. Barnett** interjected.

**Mr C.J. TALLENTIRE:** That is the Premier's view, but I think a Scandinavian company has an interest in it at the moment, as well as Rio Tinto, which still holds exploration rights to the area. If that is the Premier's view, why does he not move to make sure that the area is made a national park and thereby rule it out indefinitely? That would be a much better situation.

Wayne Bergmann, previously with the Kimberley Land Council, expressed his concern —

[Member's time expired.]

**MRS C.A. MARTIN (Kimberley)** [10.15 pm]: I rise to support the Browse (Land) Agreement Bill 2012 for many reasons, quite a few of which I hope to put on the public record tonight. One of the reasons is that this is the first time I have ever seen a state agreement act that recognises Aboriginal people as key stakeholders. In that respect I think it is very important. I have heard the “woulda, coulda, shoulda, mighta” arguments, but we have to be optimistic, because a lot of Aboriginal people in my region see this agreement as a way forward. If we do not develop the Browse to its full potential and bring it onshore, we are never going to benefit—not just the state, but Aboriginal people as well. Aboriginal people in my region still practise their law and culture. At the moment, they do it the best way they can—unfunded, that sort of thing. Without an independent economic base, they are not going to be able to do that. Wayne Bergmann summed it up when he said that Aboriginal people cannot go to where they want to be unless they are independently funded, and this is the way to do it.

The campaign that we have seen in the Kimberley that people say is dividing the community is a real concern to me because, from where I sit, the division is not part of the whole community; it is what we see and who makes the loudest noise. It may be seen as a division in the community, but it is a small group of people in comparison with the 17 000 people who actually live in Broome. When we see 200 people on the news, they are not the 17 000 who actually live there, so we need to be aware of that. When we hear the voices of people who have their own fame—for whatever reason, whether they are from the media or musicians—we also have to have a look at what is happening in the community. Aboriginal people in the Kimberley still live in abject poverty. How do we deal with the addictions? We impose liquor bans. I have never agreed with liquor bans. I am a social worker. Social workers actually look at certain things. If someone has an addiction, let us deal with the addiction; do not cut off the supply so that people become more desperate for their drug of choice. That is not the way that people who want to make a difference should behave, including governments. Yes, the liquor ban was put in place by the previous Labor government, and this government has now taken it on. I still do not believe that it has made a difference.

Aboriginal people need to take control of their own destiny. What we need to put on the public record is the fact that Aboriginal people have been colonised so many bloody times: first, by the British; second, by the do-gooders; third, by the missionaries; fourth, by industry; and now, by the bloody greenies! I mean, come on! We have been colonised so many times; I am really concerned. Members can laugh, but have a look at who is organising all these things up in the Kimberley. They have loud voices, they have the media on their side and they have bands!

I will give members an example of one of the things that really, really upset me. We have a once-a-year surf competition, and people come from everywhere. They surf between crocs and stuff, but they still come. These people come to Cable Beach for the surf competition; it is one trip that many people make from all over Australia. We get about 500 people; it is brilliant. What happens? The organisers of the green mob decide they

are going to put on a free concert, but they did not even have the respect to go to the shire and ask for a permit. They did not do that; if they had, they would have found that they could not have one because it would interfere with this one tournament that is run every year. How disrespectful is that? We get 500 visitors to our community once a year, and these people stuffed it up. Then they invited the community to come to a free concert and said, “Oh, these are all our supporters”! I mean, where did they come from? We get 10 000 people a week going on holiday there—of course they want a free concert!

We have some real concerns. I think one of the things is that there is a bias in terms of reporting what is happening up there. Just think about this: I saw a video—I am sure a lot of people I know have seen it and a lot of the media have seen it—of the most disgraceful behaviour I have ever seen. Those people, in my view, should have been charged. Those people were racist, they were bigoted, and they actually threatened people in their workplace. That is a disgraceful way to deal with people just because they have a different opinion. Nobody has the right to assault anybody in their workplace. Then, what happens? We get 100 police to go up there to protect these people who need to go to work, and what happens? The police are criticised. Everybody is criticised. Think about this: who was protecting those workers? It was the police. They were not there just to kick a mung bean; it was not about that. They were there to protect workers on their way to work.

I am putting this on the public record because it is really important that everyone understands what they are talking about when they talk about the sensitivities of the Kimberley. I went to a function at which one of our most senior women, Cissy Djiagween, was doing a smoking ceremony. She was heckled by 14 disgracefully behaved people; they were yelling at and heckling her. This woman is in her 70s; she actually came out of hospital to help. How dare they! That is the sort of disrespect we are dealing with. There is vandalism and spray-painting on people’s fences, “No gas”. If they do it on my fence, I will sort them out, I will tell members right now! The issue I have is that I do not support people who are vandals or who go around graffitiing; I do not support them and I never will! I do not support people who break the law, get arrested, and then stand as though they are some sort of martyr. This is wrong, and we send the wrong messages to the rest of Australia when it sees this sort of thing.

I am a Labor person—I know how to organise the right things. There can be protest without harming other people, and there can be protest without spitting on people and calling them kafirs! I heard these things. I am devastated. And I am devastated they got away with it. I have had a go at Woodside about it; I have asked it to make that footage available to the public so that it knows the sort of people who are running these campaigns. I have seen the footage! I have seen this! When I spoke to Woodside about it, it said, “Oh well, we might take them to court”; they bloody well did not, that footage is there. The public has a right to know what is happening; these people are being assaulted on their way to work and at work. It is disgraceful. Okay, I have had my rant.

The next part, of course, is that James Price Point was identified by traditional owners. Can we get this right? We can blame the government as much as we want, but when it actually comes down to it, traditional owners actually do have the right to make decisions. This is a democracy; when people put their hand up for a vote and the majority say, “Yes, we want this location”, it is called a democratic process. When Aboriginal people do it, what is it? People do not care, by the look. It is like this group of people who do not agree decide they are going to organise against them. It is disgraceful. We are in Parliament—is this not a democracy? Of course it is, otherwise we would not be here. But for some reason, somewhere along the line democracy has not been afforded to Aboriginal people in this case, which does need to go on the record.

There are couple of other things, of course. The Mabo dispute goes back to 1992, and we all thought it was a great thing. But all it did was give us the right to hunt and gather—that is it! We now have an Indigenous land use agreement and a state agreement act that will give us benefits if it is successful. Members, it needs to be successful because I am sick to death of going to funerals—suicides; young people who do not see themselves with a future. It is disgraceful in this day and age. The people with advantage stand here and make all these amazing statements, but they do not go and check the headstones. Before they do anything, they should check those headstones. I have to say to members that there is suicide, violence, helplessness, hopelessness and despair. Young people who do not see themselves with a future see suicide as an option. That really scares me because it is actually there and practised. I hope we can make something like this work. We have a state agreement act; that is a good start. Now we need to put some goodwill into the process and get a real outcome for real people, because those Aboriginal people up there cannot live with a welfare model that is not only humiliating and demoralising, but also a killer. So, I support the bill.

**MR C.J. BARNETT (Cottesloe — Premier)** [10.25 pm] — in reply: I thank members for their comments on the Browse (Land) Agreement Bill 2012. Given the hour, I seek leave to continue my remarks at a later stage.

[Leave granted for the member’s speech to be continued at a later sitting.]

Debate thus adjourned.

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 24 October 2012]

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Mr Bill Johnston; Mr Fran Logan; Mr Chris Tallentire; Mrs Carol Martin; Mr Colin Barnett

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*House adjourned at 10.25 pm*

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