

ROYALTIES FOR REGIONS — PILBARA CITIES

Motion

HON JACQUI BOYDELL (Mining and Pastoral) [1.21 pm]: I move —

That this Council congratulates the Liberal–National alliance government on its investment through the royalties for regions program into the Pilbara Cities initiative, further developing the interests and opportunities for the people and communities of the Mining and Pastoral Region.

This motion presents a good opportunity for us to reflect on the past eight years and what the Liberal–National government has been able to achieve in the Pilbara in particular. I am focusing on that region of my electorate today.

The PRESIDENT: Order, members! I can hear lots of audible conversations. We need to clearly hear the member on her feet.

Hon JACQUI BOYDELL: Prior to our term of government, the Pilbara was the ultimate oxymoron. It was the run-down and neglected engine room of the Australian economy; all members of this house have referred to the Pilbara as that over time. Billions of dollars of profit were being made from the Pilbara, but very little was being invested back into housing, health, social and community facilities and economic infrastructure to diversify the local economy post the mining boom.

State agreements from the 1960s had many benefits for the companies of BHP Billiton and Rio Tinto, but also contained onerous and costly obligations. Those companies had many obligations to assist and develop those towns in the Pilbara. Obligations included secondary processing and, eventually, steel manufacturing in the north west of the state, along with other obligations such as the construction of towns in the Pilbara. Although these towns were established, some are no longer on the map. Towns such as Karratha, Port Hedland, Tom Price and Paraburdoo were initially established through state agreements, but it is clear there had been no significant new investment from those mining companies for many decades.

When the Liberal–National government came to power in 2008, probably the biggest issue it faced was the affordability crisis for the people of the Pilbara caused by the mining construction boom. A total lack of government initiative by the preceding government left the Pilbara to fend for itself, and nobody took into account any of the needs or concerns of the people of the Pilbara. Previous governments simply relied on the obligations within those legacy state agreements to build and maintain the Pilbara towns and considered it the duty of those mining companies to resolve any issues that arose for the people who chose to live there. However, over that course of time, the mining companies moved to a largely fly in, fly out workforce and, in any case, could afford the \$1 million-plus cost for an average house in the Pilbara at the expense of those people and small businesses not engaged in mining or mining services.

Royalties for regions gave us the ability to resolve many of those issues. As we can see in the Pilbara today, those towns are thriving communities. Not one person whom I run into in the Pilbara would tell me that royalties for regions has not contributed to their community in some positive way. The accommodation and housing market has normalised, although rents in the Pilbara are still among the highest in regional WA. The issue is why we needed to spend mining royalties through royalties for regions to solve a problem caused by the mining construction boom as a result of large mining companies not fulfilling the original obligations in their state agreements. Underinvestment in these towns that the mining companies were obligated to build, maintain and grow was likely a core issue. That is why the Nationals have a plan to identify anomalies, such as the 25c production rental payment in the state agreements, and modernise the agreements. For far too long mining companies operating under those state agreements have received all the benefits of the state agreements without meeting their obligations or fulfilling the intent of the agreements when they were struck. We will continue to pursue the anomalies in those legacy state agreements in the interests of the people of the Pilbara and indeed the people of Western Australia.

Who knew that in 2006 a little idea called royalties for regions, created by the National Party, would be the complete catalyst for change that we have seen in regional development since 2008? Royalties for regions is now part of the vernacular of regional people and indeed members of Parliament, agencies, small businesses and industry. Anyone involved in any projects in regional WA talks about royalties for regions. We have always said that the people of the Pilbara deserved some regional development aspirations from this government, and that has been delivered in one part in the form of Pilbara Cities.

The Pilbara Cities initiative was created in 2009 to address the issues associated with the significant growth and substantial underinvestment in regional development in the Pilbara. Local communities felt an immense strain and pressure, and the rapid growth of the mining industry resulted in a range of challenging outcomes for those communities in the Pilbara. It was clear that the people of the Pilbara were suffering. The region developed a high-cost structure. It became exposed to commodity price fluctuations and inflated house prices and rents.

Extract from Hansard

[COUNCIL — Wednesday, 12 October 2016]

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Hon Jacqui Boyde; President; Hon Darren West; Acting President; Hon Col Holt; Hon Martin Aldridge; Hon Mark Lewis

A lack of housing, and inadequate community services, facilities and availability were all issues faced by the people of the Pilbara. We are talking about the people of the Pilbara today in this motion, but really they were issues experienced by many regional people throughout Western Australia.

Rapid inflation in accommodation prices was experienced in the Pilbara. The cost of living in Karratha in 2011 was 37 per cent higher than the cost of living in Perth. The population grew 32 per cent between 2006 and 2011, which was the highest rate of growth anywhere in Australia. The pressures for the small community of Karratha grew immensely, as borne out in meetings that I and other members of this house had with the local people in these towns; people were angry and crying and stressed because they could not afford to live in a place that they wanted to call their home. Acknowledging the importance of the region and the strain on those Pilbara communities, and to ease the pressure on those communities, this Liberal-National government intervened and established the royalties for regions' Pilbara Cities initiative in 2009 with a \$1.7 billion commitment to revitalise the region and to prepare for the long-term growth and sustainability of those communities. If we fast-forward eight years, many Pilbara Cities projects have transformed the region's sustainability by improving things such as housing affordability by investing in infrastructure upgrades, building new health and education facilities and creating opportunities for local business development. We made this commitment because the people of the Pilbara, just like the people of Perth, the south west region, the midwest region or the Gascoyne, are entitled to quality services, career choices and affordable living options for themselves and their families.

In October 2015, the "Pilbara Regional Investment Blueprint" was released, which builds upon the success of the Pilbara Cities initiatives. It formalises the aspirations for continued growth and prosperity of the Pilbara region to 2050 and talks about investing in the new Pilbara and what the new Pilbara will look like in the future. We call it the new Pilbara because the transformations that have taken place have been nothing short of remarkable and represent a new era of normalisation and modernisation for the region. As a member for Mining and Pastoral Region, I am very proud of that investment. Pilbara Cities has transformed what were once traditionally labelled mining towns into modern cities and towns in which people want to build a life. They want their children to go to school at the local primary school, they want to raise their family there, and they want to work and invest their time and money there long into the future. That is something that has been missing in those Pilbara towns.

I want to take some time today to highlight some of the key projects that have been delivered through the Pilbara Cities initiative in the areas of infrastructure, health and community development. Under our core infrastructure projects, we have seen some major transformations over the years in the form of city centre revitalisations. These changes have created new businesses, opportunities for local economic diversification and improved public and community amenity. They have also provided an increased number of accommodation facilities to deliver more affordable living. Karratha's city centre was transformed from the main street upwards through funding of \$100 million from royalties for regions. Members would not recognise Karratha today from how it looked in 2008. It is a thriving and vibrant city. The city centre revitalisation will be completed in December 2016. South Hedland received \$60 million for its town revitalisation. This was another major project designed to undertake the much-needed rejuvenation of that area into a residential, retail and commercial hub. The South Hedland town centre is a nice, polished place these days. I know that Hon Stephen Dawson's office is in the South Hedland shopping centre. The town centre now has facilities that the people of that community can take advantage of. The waterfront development at Spoilbank Marina in Port Hedland's west end continues to be a much-desired key project for the Port Hedland community and the government will continue to work towards that for those people. The Newman town centre revitalisation project received funding of \$40 million. Again, the Newman town centre is completely unrecognisable compared with how it looked eight years ago. It has a new plaza, a new shopping centre and a new town square. The commercial and residential development opportunities provide residents and businesses with the opportunity for economic diversification. Newman has also been able to benefit from those town centre revitalisations.

We have had some significant changes to the quality of educational facilities in the region. This continues to be the number one reason that people leave regional towns and an issue that is always raised with me. We have invested over \$16 million into the Hedland Senior High School and about \$11 million into the Karratha Senior High School. We have always focused on retaining quality teachers and improving school resources and facilities as part of that educational journey. Education is exceptionally important for our young families in the Pilbara and it is something that we will continue to work on as a government.

I want to move on to some of the health projects that have been funded through the Pilbara Cities initiative. We have seen some fantastic and unbelievable changes in the Pilbara's health system. These new facilities not only improve the way health care is delivered into that region, but also present new opportunities for staff, both medical and non-medical. For example, at a cost of more than \$206 million, the Karratha health campus is the single biggest health infrastructure project ever undertaken in regional Western Australia. Prior to that, I think the Albany Hospital received a total of \$172 million from royalties for regions. When the 40-bed Karratha health

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campus opens in 2018, it will provide an expanded range of services, including a bigger emergency department, improved technology, expanded operating theatres, a helipad and support to the health facilities in Roebourne, Tom Price, Onslow and Paraburdoo.

Under the North West Health Initiative, \$150 million has delivered upgrades to the hospitals in both Newman and Onslow, which have also received some funding from private companies, and provided improvements to Tom Price Hospital and the Paraburdoo Nursing Post. Under the Pilbara health initiative, \$33 million has been allocated to support the delivery of health specialists throughout the Pilbara. In 2014–15 alone, 39 paediatric specialists as well as sexual health nurses and emergency specialists were provided. For the people of the Pilbara, health is also an exceptionally important issue and it fits into the jigsaw of family life in the Pilbara.

Over the years we have delivered some key projects also designed to improve the liveability of the towns in the Pilbara. This has been important in shifting the mindset of people. Instead of considering those towns as just another mining town, they see a diverse regional town or city with a sense of place and community. These are important concepts as they speak to the connection that people have with their community and the place where they live, and they support people to live in those communities on a long-term basis.

The East Pilbara Arts Centre was developed at a cost of \$3.5 million and the Dampier Community Hub at a cost of \$6.5 million. In about 2011, I remember speaking to the community of Dampier about its desire to see a community hub in that space. That development has now come to fruition. The Youth Involvement Council was allocated \$2 million to add to the \$11 million project under the Pilbara Cities initiative. The Youth Involvement Council in Port Hedland works with at-risk children. Extremely important organisations that work with the youth of the Pilbara rightly deserve investment from the Pilbara Cities initiative. Some great projects such as the East Pilbara Innovation Centre have been aimed at supporting local businesses. It is the first of its kind in the Pilbara and has been long called for by the small business community up there. It is a \$4 million project to which the Pilbara Cities initiative contributed \$2 million. It has been led by the Port Hedland Chamber of Commerce and construction will start in early 2017. The project is a bit like Spacecubed; it delivers a co-working space with other small businesses and provides people with the opportunity to kickstart their business without taking on exceptionally high overheads. It is a really fantastic initiative for the people of the Pilbara.

I want to touch on housing demand and the impact of fly in, fly out work in the Pilbara. I have touched on only a few key highlights and projects through the Pilbara Cities initiative. Just over 100 projects have been delivered under that program, so it is very difficult to cover them all today. I think I have given members a bit of an insight into the investments made through Pilbara Cities into Pilbara communities and how those investments have changed the living environment for people who choose to raise their families and run their businesses in the Pilbara. There is little doubt that we have embarked on some exciting projects in the Pilbara over the past eight years. The towns that we now see in the Pilbara are very different from the towns that we saw when the royalties for regions program commenced in 2008.

It continues to be disappointing when we hear people who happen to live in Perth say that investing in the Pilbara was the wrong thing to do and a waste of money. This government released land in the Pilbara and built much-needed housing and accommodation units. We said that by getting the supply side right we would put downward pressure on property prices and rents to normalise the market. Houses have been reduced in price from \$1.5 million, which everybody in this house agrees far outweighed the value of the asset being invested in. In the market today, depending on what buyers are looking for, a house in the Pilbara can be bought for about \$350 000. I can now look in the eye the mums and dads I met with in 2011 and celebrate with them that they can afford to buy a house in the town in which they live. I am sorry that investors who were trying to cash in on the highs of the market in the Pilbara by charging people rent of \$2 000 a week and upwards may have lost money on those investments and can no longer charge those amounts. However, I do not apologise for that because those investors often did not live in the Pilbara, and this government gave a very clear directive that we would put pressure on the land and property markets in the Pilbara to force those prices down. It was a very clear initiative. As I said, I am sorry that people may have lost money, but there was a clear directive from this government; it has been on the record since 2008. I feel very pleased when I see mums and dads, hairdressers and cafe shop owners in Port Hedland, Karratha, Tom Price et cetera who can now afford to buy a house in the community in which they live.

At that point in time, the Pilbara had a housing crisis; we all knew that. In 2013, even the Leader of the Opposition, Mark McGowan, acknowledged the problem and promised to do something about housing and housing affordability in the Pilbara. In his 2013 press release, he stated —

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Affordable housing is one of the biggest problems in the Pilbara, with the Barnett–Grylls Government failing to deliver the new housing lots required or adequately plan for the Pilbara’s future housing needs.

He also said that he had made a commitment to set up a Pilbara redevelopment authority to slash red tape and astronomical rents and house prices in Karratha and Port Hedland. Now that we have slashed those astronomical rents and house prices, Mark McGowan has said in 2016—

The Government flooded the market at the worst time, after the boom, when the market was on the decline and jobs were already being cut.

Talk about populist policy! That is a reactive statement and purely trying to take advantage of a political situation. I suggest that we got that right. Housing prices and rents have come down.

Several members interjected.

The PRESIDENT: Order, members! One at a time.

Hon JACQUI BOYDELL: Members of those communities thank this Liberal–National government for achieving that on their behalf. Anyone who lives there says that we have now met the demand, which has successfully forced the normalisation of the housing market. We have planned for future growth, and now part two of the plan involves integration of the mining workforces into those towns, which is something that this Liberal–National government and my National Party colleagues in particular have been focused on.

A great deal of effort, time and resources has been invested into Pilbara Cities. Inherent to its continued success is the need to move away, where possible and practical, from the FIFO model. In some instances, it is not practical to do that and I recognise that. I am not suggesting that we need to do away with FIFO work entirely, but I am suggesting that that should occur where practical. As we have seen over the years, it is the most cost-effective option for mining organisations and companies in periods of rapid expansion, and is required when mine sites are remote. However, when those companies are moving to an operational workforce, and if the mine site is based in or near a town, this provides scope to consider integrating the workforce into existing towns.

Although FIFO work may be an appealing option for resource companies, it directly undermines our vision, hard work and resources. It also undermines the desires of the people of the Pilbara who want their towns to be sustainable, inclusive and thriving regional communities. To meet our Pilbara Cities population targets, we need to take steps to implement a statewide service worker accommodation policy, as previously discussed in this house with a motion brought by my colleague Hon Dave Grills. We also have to look at Minister Redman’s decision surrounding Gap Ridge in Karratha and Kurra Village in Newman as two cases in point. Last year the Minister for Lands, Hon Terry Redman, refused to sign Woodside’s 2000-bed Gap Ridge Village lease extension, which was due to expire next year, on the basis that Karratha is now equipped to accommodate FIFO workers and their families and that they can be integrated successfully into the town. The services and amenities in Karratha today outweigh even some services and amenities in the metro area. That town can accommodate FIFO workforces and their families to be residentially based in and work out of Karratha

Similarly, Hon Terry Redman’s original refusal to sign the Kurra Village lease extension with BHP in Newman has been successful. BHP recently announced that it is integrating its workforce into Newman. The Newman community needs that integration. It needs BHP to work with it to build its town and community facilities. I congratulate BHP on that move. It is the right move for it and the Newman community.

Visitors — St Mary’s Anglican Girls’ School

The PRESIDENT: Member, I am sorry to interrupt just briefly. I welcome into the chamber students from St Mary’s Anglican Girls’ School. Welcome to the Legislative Council for a debate on a motion on notice on funding in the Pilbara.

Debate Resumed

Hon JACQUI BOYDELL: Hear, hear! When I was at school many years ago, I played sport against St Mary’s students. They were very good, but not all the time!

The National Party’s philosophy on fly in, fly out is quite simple. When a residentially based workforce lives in regional town centres, employees and their families automatically become intrinsically linked to their community. That is good for the mental health outcomes of FIFO workers and it is great for children to have both their mum and dad around. It is also great for community organisations because people can play sport or volunteer for their local fire brigade or St John Ambulance service. That is what builds communities. If we can change our approach and not think of the towns of the Pilbara as transient environments but as communities, we will continue to build momentum and more families and individuals will choose to settle in the Pilbara. Only then will we start to build the required critical mass that is necessary to justify larger projects in the region, such as a regional university in the Pilbara. It would be fantastic to fulfil that aspiration. The success of the vision of

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developing the north of the state depends on everyone being on the same page. It requires the community, industry and leaders of industry to be on the same page and it requires government and members of Parliament to believe that the communities in the Pilbara can be vibrant towns and places in which people want to raise their families and which pose viable options to start a small business. The fact that the population of Karratha and Port Hedland has increased tells me that our investment in community infrastructure, health and schools to provide quality education has been effective in improving the liveability of those towns. I am very proud of that.

The other thing I want to talk about today goes beyond the Pilbara Cities program. A new initiative for the Pilbara, the Water for Food project, speaks directly to the development opportunities that this government has been working on in the Pilbara. It is well known that the Pilbara has significant oil, gas and mineral deposits. Resource extraction will continue to be a significant contributor to the Pilbara economy—there is no doubt about that—but we have to think about other economic opportunities in which people can invest. The Minister for Water, Hon Mia Davies, has been involved in some exceptional work in the Water for Food program in the Pilbara and in other areas of the state, and I congratulate her for that. In October 2015, she spoke at the Committee for Economic Development of Australia conference in Karratha. I will convey some of her points to the house. She spoke about the potential for economic diversification in the Pilbara based on irrigated agriculture, the argument being that the Pilbara has large expanses of rangelands, much of which overlies one of the state's greatest assets—namely, fresh water. A considerable amount of work has been done, and continues to be done, to define groundwater resources in the Pilbara. Under the “Pilbara groundwater allocation plan” prepared by the Department of Water, at least 1 700 gigalitres is available each year. The mining sector is allocated a considerable amount of that water and there is the very real opportunity that comes from the process of dewatering open pits because it allows mining companies to mine iron ore deposits below the watertable. Of course, the issue is how to get that water to key sites via pipeline infrastructure and how third party companies can access the water. Those discussions, albeit sometimes challenging, are ongoing and this government will continue those discussions in the Water for Food program in the Pilbara.

Rio Tinto's Bungaroo pipeline project is a great example of the way key stakeholders can work together to make this vision a reality. Rio Tinto has invested \$310 million on a bore field and 87-kilometre pipeline to guarantee supply to Dampier and Wickham and for its own industrial needs. It is a fantastic project. The Bungaroo pipeline project saw Rio Tinto surrender priority entitlements to the Millstream aquifer, which underpins future water supply for the Pilbara Cities projects. This has also meant that the state is not required to build a desalination plant for Karratha, which is a massive thing for the community of Karratha. As a result of Rio's investment in water infrastructure, the government agreed to amend the company's secondary processing obligations in its state agreement and that, of course, demonstrates a benefit to all stakeholders.

Similarly, Rio is also utilising surplus water from its Marandoo mine on the outskirts of Tom Price to grow 850 hectares of irrigated fodder for its cattle stations and the wider market. The company is doing the same at its Nammuldi mine, which is north east of Tom Price, where it is growing about 1 200 hectares of irrigated fodder. There is evident opportunity in the Pilbara for investment and economic transitioning into irrigated agriculture. Mining companies have seen that opportunity and taken it up. The government is currently doing the scientific and environmental studies required to develop it further.

Since 2009, more than \$100 million has been allocated through royalties for regions programs to accelerate groundwater investigations and more than \$25 million of that funding is targeted for the Pilbara. The government has had some big wins and the best example of that in this space is the west Canning Basin. Investigations in that area have defined a total sustainable resource in the west Canning Basin of 100 gigalitres—and the \$11 million royalties for regions investigation still has two years to run. There are massive opportunities for this government and the people Pilbara in that space. It is the largest single water investigation in the state. It covers a 10 000 square kilometre footprint starting about 100 kilometres east of Hedland. The closeness of the project to the Port Hedland community opens up a range of opportunities, including pipeline options for community, industry and agriculture. The Water for Food program is especially exciting and offers the Pilbara a great opportunity to reignite the engine room status of the Australian economy. I certainly look forward to that. For many years now, we have been talking about moving from a mining to dining culture. I think the opportunities that the Water for Food program gives in that space for the Pilbara in particular means that we can view moving from mining to dining very seriously. Agriculture is something that the people of the Pilbara are extremely excited about. It has brought in new investment and private investors into the communities of the Pilbara that would never have considered the Pilbara as somewhere to invest their money prior to the Water for Food program getting off the ground.

I have been through a few of the Pilbara Cities projects that have been a highlight to me in my time as a member for Mining and Pastoral. There are certainly many more of them. I look forward to members' contributions on the motion. The Pilbara is an exceptional place to be. Are there still challenges? Yes, absolutely, as there are in

all regional communities. But it is our job to continue to work with those communities to build them to a sustainable level and I know that this Liberal–National government intends to do that.

HON DARREN WEST (Agricultural) [1.59 pm]: I, too, rise to make a contribution to the debate on the motion as moved by Hon Jacqui Boydell —

That this Council congratulates the Liberal–National alliance government —

I just want to correct the member that it is, indeed, a coalition government, not an alliance government —

on its investment through the royalties for regions program into the Pilbara Cities initiative, further developing the interests and opportunities for the people and communities of the Mining and Pastoral Region.

Hon Col Holt interjected.

Hon DARREN WEST: It is called a coalition, honourable member. Under the Westminster system, if there are members of two parties in government and they both have ministers in the cabinet, it is called a coalition government, so I —

Several members interjected.

The ACTING PRESIDENT (Hon Alanna Clohesy): Order! Enough chitchat, thank you. It was so wonderfully quiet before.

Hon DARREN WEST: I know the motion is not about that, but it was just an error in the wording of the motion that I thought needed to be addressed.

This motion was moved on 20 June 2013, and, boy, has not time moved on! I am actually quite surprised that Hon Jacqui Boydell still wants to debate this motion, given the events of the last 40 months since it was first moved, and I will touch on that during my contribution today. At the time the motion was moved, it is fair to say that the WA National Party was riding high in the polls and in the electorate, but I am surprised it still wants to debate this motion today, given what has happened since.

I listened intently to the comments made by the honourable member and sat back and smiled to myself. I know we like to talk about agriculture—I will get to agriculture later on, as I always do in my contributions—but the mining industry is Western Australia’s biggest industry. It provides a royalty stream for government and some of that royalty stream goes into the royalties for regions program. It is our largest employer and for a very, very long time it has been by far our largest industry. But if I were as involved in the mining industry as I am in the agricultural industry, I would be quite offended by the honourable member’s comments. She implied that this industry is some sort of parasite on the state of Western Australia, that it does not pay its way, and that it weasels out of its obligations. I do not think that is the case at all, and I think anyone working in the mining industry would be quite pleased that the mining industry in Western Australia has been profitable and has provided employment, economic growth and export income for the state. I think that is what most people involved in the industry would think. The notion that there is actually something sinister about the industry, that it is not paying its way, and that it is not holding up its end of the bargain, is quite offensive; but I will get to that further on in my contribution.

The honourable member also talked about the many projects undertaken as a result of the Pilbara Cities initiative, and many of them are good projects. With the unprecedented mining boom that peaked around 2008–09, I agree there was good reason to invest in the Pilbara; I do not think anyone would argue with that. The state of Western Australia has invested in different parts of the state at different times since there has been a state government, and I think there is no argument that there should have been some investment to cope with an influx of population and the once-in-a-generation mining boom—the biggest mining boom ever. I think it was quite right to pour some of those funds back into those communities. Larry Graham, who was the member for Pilbara for many years, often championed in the other house the need to invest more in the Pilbara. Ben Wyatt certainly also has some ideas about reinvesting mining royalties back into regional areas, although his ideas are more about areas of disadvantage, which I will talk about more. I still do not think they have been addressed as much as they should have been after a once-in-a-generation mining boom.

The member did not point out the amount of debt the state has gone into, despite the mining boom. The government started off with \$3.6 billion debt in 2008 and we are going to hit \$40 billion under this government’s reckless and irresponsible spending. Most of that reckless and irresponsible spending has been outside the regions—I concede that point—but there has still been a massive spendathon on projects that have not always been good value for the state. I will talk about those a bit more because some of them are in the Pilbara.

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The member seemed to imply that the slump in the housing market was somehow the fault of investors, yet claimed credit for the reduction in pricing in the housing market because it was too expensive. As I alluded to earlier, under the greatest mining boom of all time there was a lag in services catching up to demand and of course rents were very, very high and out of reach for many people, but to turn around and say that if someone bought a house during the boom it is somehow their fault that they have lost all their money is quite outrageous. The member is happy to take credit for reducing the price of housing in the Pilbara, and I think that was a necessary objective for government, but the government completely flooded the market to coincide with a mass exodus from the mining areas and then said that it was somehow the fault of Perth investors! I do not think it can have it both ways.

The member also completely twisted the words of the Leader of the Opposition, Mark McGowan. He was, of course, talking about affordable housing for disadvantaged people on lower incomes, and I will talk a little bit more about that. The government has failed to meet the demands of the most disadvantaged in the Pilbara, and I have some figures to back that up.

What a debacle the Pilbara underground power project turned out to be. I do not think anyone was too happy with the way it turned out, especially those affected who had to pay enormous amounts of money out of their own pocket to prop up a failed government scheme. The member also mentioned the Water for Food initiative. Goodness gracious me, I think there is some potential to use water to produce food; this is not a new idea. I think the Romans cottoned onto that one a very long time ago. This scheme has been way overplayed, and I still argue that the Water for Food scheme should be with the Department of Agriculture and Food. The Department of Agriculture and Food should have carriage of that scheme because, let us face it, “food” is part of the Department of Agriculture and Food. The department has previously been involved with irrigation projects and I think the Minister for Agriculture and Food himself was involved in schemes in the Gascoyne in which water and food came together in irrigated agriculture. To say that this should now be a separate part of government and to claim some sort of political advantage from it is a little bit disingenuous. It should be within the Department of Agriculture and Food.

I am not sure about the notion that we should try to socially engineer where people live and somehow force people to move to the Pilbara or anywhere else. I think people—workers and their families—have the right to live wherever they like. Under this government people have fled the regions in droves, to the point that we have lost an electorate in the regions since 2008 when the Liberal–National government came to power. That tells me that people are leaving, and I will go into some of the reasons why they are leaving.

Hon Paul Brown interjected.

Hon DARREN WEST: I have not seen Hon Paul Brown in the house much lately; he clearly has had some urgent parliamentary business. I look forward to his contribution.

Several members interjected.

The ACTING PRESIDENT: Order! Thank you. Hon Darren West has the call.

Hon DARREN WEST: I look forward to Hon Paul Brown’s contribution. I have not seen a lot of him lately, so I look forward to a well-crafted speech from him.

We touched on a few of the reasons that the honourable member mentioned for why people are leaving the regions. They are leaving the regions because of the lack of jobs in the regions. One of the things the government could do to try to create jobs in the regions is to award contracts to local builders, businesspeople and contractors. We are not seeing enough of that. In fact, I have some research —

Hon Paul Brown interjected.

The ACTING PRESIDENT: Order, members! Even with interjections, it is impossible for Hansard to hear what is going on.

Hon DARREN WEST: Thank you, Madam Acting President. I will speak through you to try to get through this —

Hon Paul Brown interjected.

The ACTING PRESIDENT: Order! Hon Darren West has the call.

Hon DARREN WEST: Thank you, Madam Acting President. I was quite sure it was my name you called out before, so I will continue my remarks through you.

We need jobs in regional Western Australia and one of the things the government can do —

Hon Paul Brown interjected.

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The ACTING PRESIDENT: Order! Hon Darren West has the call.

Hon DARREN WEST: This is becoming somewhat repetitive and, I must say, somewhat annoying as well. I am unable to get to my point.

We need jobs in regional Western Australia and we need the government to lead by example by spending money on government contracts and projects in the regions. I have done some research on the royalties for regions scheme and I can tell members that 84 per cent of all the money from the scheme that has been spent on regional Western Australia has been spent on contractors based either in the metropolitan area or interstate. For members on the other side who are not good at maths—I know they are not good at maths because I have seen the budget—that leaves 16 per cent of royalties for regions fund to be spent in regional Western Australia. I acknowledge that perhaps it would be a challenge to spend the whole 100 per cent of the fund in the regions, but we could turn the figures around and spend another 50 per cent in the regions. A lot of jobs and business opportunities could be created in regional Western Australia, which would stop all the people leaving the regions. It would encourage them to stay because there would be work for them. There would be an income for their families, which would feed on itself.

Hon Paul Brown interjected.

Hon DARREN WEST: More people coming to regional Western Australia will mean more students in our schools, more people using our hospitals and more services will be required to service that population. It will feed on itself. It is often said that one job has a multiplication factor of between three and five jobs. In other words, if the government could help to provide one job in regional Western Australia, it could sustain another three to five jobs. The government has completely lost the notion of how we might be able to better keep people in regional Western Australia. Rather than telling people that they should go and live in the Pilbara, how about we create more jobs for them? People are worried about their jobs. From community surveys and interactions that we have with the public, we know that concerns about jobs in regional Western Australia constantly come back as one of the big three concerns. Jobs are the number one reason that people leave the regions and move to the metropolitan area. The second biggest reason is education opportunities. If we increase jobs, then we will increase the multiplication factor of jobs and we will also have more kids in our schools and our education system will have a greater economy of scale. We can then attract teachers to jobs with larger classes in high schools. The benefits are obvious to everyone except this government. The government could do something tomorrow by spending royalties for regions funding locally in the regions. The five per cent advantage for regional businesses is not being utilised. Quite a dossier of projects in my electorate was awarded to people from interstate or Perth, which could have been awarded to local contractors and local companies. They were not. We have to ask why that is. I am sure that this is the case in the Pilbara as well.

Hon Jacqui Boydell also talked about the possibility of a university in the Pilbara. The Gallop Labor government set up the Geraldton Universities Centre in Geraldton. It is now looking to expand with a campus in the Pilbara. I am sorry, honourable member, but we thought of that one about 15 years ago. A Labor Party initiative will now enable the very real possibility of tertiary education in the Pilbara to happen, so let us not get ahead of ourselves! I can inform members—Hon Paul Brown might know about this—that the Geraldton Universities Centre is looking to move into the Pilbara —

Hon Jacqui Boydell interjected.

The ACTING PRESIDENT (Hon Alanna Clohesy): Order! There are short interjections and long interjections—I think that was a pretty long one. Hon Darren West has the call.

Hon DARREN WEST: Thank you, Madam Acting President. I will change tack.

Hon Paul Brown interjected.

Hon DARREN WEST: I wanted to make those couple of points. Madam Acting President, it is getting a little bit monotonous and annoying. I have quite a lot to get through in this motion.

Several members interjected.

The ACTING PRESIDENT: That is good, member; then I encourage you to go through it.

Hon DARREN WEST: Thank you. Through you, Madam Acting President, I want to talk a little bit about the Pilbara Cities initiative. The member for Victoria Park, Ben Wyatt, is known for his flashing wit in the chamber. Like most people, I thought it was quite humorous that the member referred to Dean Nalder, Tony Simpson and Brendon Grylls as “the banker, the baker and the Ponzi scheme maker” in reference to the chaotic events of the Liberal spill. I thought it was very, very funny and so did many other members of the Liberal Party at the time. It made me think a little about what a Ponzi scheme is. Not being from an economic background, I do not have a lot of knowledge of such things. I did a little bit of research into what a Ponzi scheme is. A Ponzi scheme is

Hon Jacqui Boydell; President; Hon Darren West; Acting President; Hon Col Holt; Hon Martin Aldridge; Hon Mark Lewis

a fraudulent investment operation in which the operator—an individual or an organisation—pays returns to its investors from new capital paid to the operators by new investors, rather than from profit earned through legitimate sources. Operators will have an idea and get people to invest in it. Their investments will pay off the original investors, and the next lot of investors will pay off a second lot of investors, and so on until there are no more investors and the whole scheme collapses. That is what a Ponzi scheme is. Operators of Ponzi schemes usually entice new investors by offering higher returns than other investments, in the form of short-term returns that are either abnormally high or unusually consistent. Ponzi schemes occasionally begin as legitimate businesses until the business fails to achieve the returns expected. The business becomes a Ponzi scheme if it then continues under fraudulent terms. Whatever the initial situation, the perpetuation of the high returns requires an ever-increasing flow of money from new investors to sustain the scheme. The history is also significant, members. The scheme is named after Charles Ponzi, who became notorious for using the technique in 1920. There is nothing new about Ponzi schemes; they have been around for nearly 100 years. The idea, present in novels right back to Dickens' time, was actually performed in real life by Ponzi who, with his operation, took in so much money that it was the first scheme to become known throughout the United States. Ponzi's original scheme was based on the arbitrage of international reply coupons for postage stamps. However, he soon diverted investors' money to make payments to earlier investors and himself.

If members do a bit of a search, I am sure they will find that information, which goes on to describe what a Ponzi scheme is. I thought: Wow, there are some potential similarities between Ponzi schemes and what we see in our north. I will not go into that too much more because I have a lot more to get through. I am sure that members are aware there is an Australian Securities and Investments Commission inquiry pending into some of these matters, so I will not go into the details. Macro Realty Developments and Veronica Macpherson are on the public record as being involved, along with others. It is also on the public record that the Federal Court of Australia has granted a temporary injunction to prevent Macro Realty Developments and companies associated with Jamie McIntyre's 21st Century Property Group from marketing proposals to attract investors into the \$100 million Newman Estate. That was printed in *The West Australian* on 15 August 2015, so it is a matter of public record that these things are true. I thought it was very, very interesting that this flagship project of the Liberal-National government, funded under the royalties for regions scheme, has attracted such attention from ASIC. I dare say that I would be surprised if it does not attract attention from other organisations such as the Corruption and Crime Commission and the like. I will put that on the record but I will not comment anymore because it is the subject of an investigation—but, wow!

Hon Paul Brown interjected.

Hon DARREN WEST: Hon Paul Brown, I think that interjection is quite ridiculous and I will not respond to it. We are talking about the motion. I know Hon Paul Brown wants to make a contribution to the motion because he has had a lot to say. He will be able to read what the motion says on page 2 under "Motions on Notice".

Hon Paul Brown interjected.

Hon DARREN WEST: He will be able to read what the motion says!

Hon Paul Brown interjected.

The ACTING PRESIDENT: Order! The speaker's role is to actually speak; not invite interjections. Hon Darren Brown has the call.

Several members interjected.

The ACTING PRESIDENT: That may have been a Freudian slip!

Hon DARREN WEST: Madam Acting President, I can see why you got confused! Hon Paul Brown has had almost as much to say —

The ACTING PRESIDENT: Thank you, member. I have not actually given you the call because your name is not Darren Brown! Hon Darren West has the call.

Hon DARREN WEST: Thank you, Madam Acting President; that is better. Yes, of course Hon Paul Brown has had a lot to say and therein lies the confusion. I think he has spoken almost as much as I have. I look forward to his contribution and maybe I will have some advice for him during it.

I have described a Ponzi scheme and how this program has attracted the interest of some of our economic regulators. I will refer to a couple of articles. I will not go into them in great detail, but there is quite a lot of information for those members who perhaps want to pop up to the Parliamentary Library to look at related articles. One article is from *The West Australian* on 1 July 2016 by Dylan Caporn, titled "State loses \$30m on NW village". It states —

Extract from Hansard

[COUNCIL — Wednesday, 12 October 2016]

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Hon Jacqui Boydell; President; Hon Darren West; Acting President; Hon Col Holt; Hon Martin Aldridge; Hon Mark Lewis

The value of South Hedland's taxpayer-underwritten Osprey Village has plunged \$30 million in a year, prompting a fiery debate in State Parliament on government involvement in the property market.

Figures reveal the housing project, which the Government spent \$115.3 million to buy, was last July valued at \$85.2 million, down from \$93 million in 2014.

The land value has almost halved in that time from \$660,000 in July 2014, to \$365,000 last year.

The figures also reveal the village is less than half full, with 123 of the 293 units tenanted under a maintenance contract for operator Fleetwood, which gets \$3 million a year regardless of occupancy.

I have made the point in this house many times that this government is not particularly good with money, but goodness me! The article continues —

Osprey and two other projects in Hedland, Cottier Apartments and the Hedland 125 project, have received \$233 million of State Government investment.

Shadow housing minister Fran Logan said the losses were “a scandal of epic proportions”.

I do not think he is far wrong there, and in the fullness of time he will be proved right. What a hopeless and incompetent government we have. The article continues —

He said almost \$300 million was spent on service and key worker housing in South Hedland and most was vacant.

I make the point that there are various levels of housing. I know that Hon Colin Holt, the former Minister for Housing, will know that Karratha has housing for workers and more luxurious housing that houses public servants in Karratha, and also a large demand for social housing. I asked a question without notice, of which some was given, on 21 September 2016 —

Could the minister advise the current number of applicants on the general wait list and the priority wait list for public housing in the following locations ...

I asked about Port Hedland and Karratha, amongst a number of other towns. The answer I received was that in Port Hedland the general waitlist is 154 and the priority waitlist is 19, and in Karratha the general waitlist is 146 and the priority waitlist is 41. That is 350 people on the waitlist in those two towns. Despite the government's massive investment and waste, those people are still on the social housing waiting lists. How does the public feel about that? The government has made no genuine attempt to reduce the number of people on these waiting lists. In those two communities 350 people are waiting for social housing. That is a disgrace when so much housing stock sits empty; this is stock that was underwritten by the taxpayer and is costing us God knows how much in interest and contractual obligations and at the same time people do not have anywhere to live. An article in the *North West Telegraph* of 25 May 2016 by Rebecca Parish refers to this.

Hon Stephen Dawson: Who is a fine journalist.

Hon DARREN WEST: Rebecca Parish is a very good journalist and her articles are always well balanced. She is a quality journalist. The article states —

The Housing Authority has admitted it plans to sell, or demolish 31 of its Hedland properties while people on its public housing priority list are waiting an average of more than 18 months for a home.

Housing Minister Colin Holt also recently admitted in Parliament the authority had close to 100 properties in town without public housing tenants occupying them.

Bloodwood Tree assistant chief executive Bob Neville said he was concerned about the revelations at a time when his Bunara Maya Hostel service faced closure, forcing more people onto the streets because of a lack of funding.

The hostel, which houses 17 homeless people, will be forced to close on July 15 after being issued a termination notice by the Housing Authority.

“There are some 17 people who need to be found somewhere to live and that again is the responsibility of the Housing Authority,” Mr Neville said.

“It's a pretty disgusting situation that we've got so many homeless people (in Hedland) and so many vacant homes —

I made a point about the largesse of this government investing \$115 million in a housing facility in Hedland, while it had 100 empty houses and 350 people looking for somewhere to live. The article continues —

... they shouldn't be allowed to sell the houses."

It comes as figures also show families, of which 180 are not currently prioritised, face an average wait of 163 weeks for their housing application to be filled.

However, Housing Authority service delivery general manager Greg Cash said the department was responding to local needs, adding public housing applicants in Port Hedland were not waiting longer than Perth applicants.

They are waiting 163 weeks! The article continues —

He rejected suggestions 100 public housing properties were sitting vacant with no intention of being used to house eligible people.

"Fifty-four properties are vacant and will be returned to stock following renovation, refurbishment or standard maintenance," he said.

The article goes on. The government has a double standard in funding housing in the Pilbara. The haves have all the options under the sun available to them and the have-nots wait up to 163 weeks for a roof over their head. That is not good enough at all.

Visitors — Melville Senior High School

The ACTING PRESIDENT (Hon Alanna Clohesy): I take this opportunity to welcome into the public gallery Melville Senior High School year 8s. You are very welcome to the Legislative Council and to this important debate about funding for royalties for regions.

Debate Resumed

Hon DARREN WEST: It is great to have these students from Melville in the gallery today.

I go on to the difficulty in obtaining information from this government. It is all a big secret with this government. A story on ABC rural news on Thursday, 30 June 2016 stated that Labor failed to get an audit of the South Hedland mining accommodation. We have the raw figures about this government's largesse and waste and empty buildings, but we are not able to get any information about what is going on there. The story states —

The West Australian Labor party has failed in its attempt to force the Barnett Government to commission an audit of the South Hedland housing project at Osprey Village.

The State Government started building a series of affordable housing units in 2012 to deal with an acute accommodation shortage during the mining boom.

However, Labor MP Fran Logan moved a motion in Parliament calling for an audit and said many of the homes still sat empty and that Osprey Village and other developments had cost taxpayers hundreds of millions of dollars.

I do not even have to speculate on why the government will not release information. The information is so damning and it is such a bad investment and an economic disaster that the government does not want to release information because it might face some scrutiny and criticism from the public.

I refer to a more recent article in *The Sunday Times* on 2 October by Joe Spagnolo titled "Millions in NW deals turn sour". The article states —

THE Barnett Government is being accused of mispending hundreds of millions of dollars in property investments in the Pilbara.

The State Opposition pointed to new figures which show scores of Government-owned properties remain vacant and the value of taxpayers' investment in Pilbara real estate has nosedived.

WA Labor leader Mark McGowan said the Government had bought into new housing ventures at the wrong time, when the market was on the decline and jobs were already being lost in the resources sector.

Figures obtained in State Parliaments revealed: —

I will not go through those figures again, as they are already in *Hansard*. Members will know that I was about to say that the prices have nosedived and the value of these properties has collapsed.

Hon Paul Brown interjected.

Hon DARREN WEST: Surely, the member is not going to blame the opposition for this, but I guess members opposite will try anything.

The Sunday Times gives some examples of the housing price plunge in the Pilbara.

Hon Paul Brown interjected.

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The ACTING PRESIDENT: Order! We have interjections on interjections. Hon Darren West has the floor.

Hon DARREN WEST: Joe Spagnolo's article gives examples of the housing price plunge in the Pilbara, showing a property at 57 Moore Street, Port Hedland. It is a three-bedroom, one-bathroom home on 946 square metres, which in August 2008—about the time this government came to power—was worth \$939 000, but in June 2016 was worth \$340 000.

The person who owns that property has lost \$599 000. Unlike members of the National Party, I have invested in regional Western Australia. I would be most aggrieved if I made an investment in the Pilbara and received that sort of loss as a consequence of the government.

Hon Paul Brown: Another misleading statement.

Hon DARREN WEST: I am quoting from *The Sunday Times*. If the member wants to question the validity of Joe Spagnolo's journalism or that of *The Sunday Times*, he should go ahead. I am quoting exactly from *The Sunday Times*.

Hon Paul Brown: I'm saying your comments are misleading.

Hon DARREN WEST: I am quoting from the article. I continue —

13 Clark St, Port Hedland

Three-bedroom, one bathroom home on 812sq m with a pool.

May 2008: \$750,000.

It is now worth \$333 000. I think Hon Jacqui Boydell thinks it is great that people can afford a house in the Pilbara. I suggest that she might invest some of her own money in the Pilbara and try to do her bit to prop up the housing market, which has collapsed under the government's watch.

Withdrawal of Remark

Hon JACQUI BOYDELL: I ask the member to withdraw that comment, which was a personal slur to me. The member knows nothing about my financial personal circumstances. I ask him to remove that comment from the record. He has no clue.

The ACTING PRESIDENT (Hon Alanna Clohesy): As there were no actual names mentioned on this occasion, and the direct imputation was not made, I ask the member to be very, very careful about being close to breaching the standing order in relation to imputations on members.

Debate Resumed

Hon DARREN WEST: I certainly did not mean to cause offence to the member. But the member did suggest that it would be a good time to buy —

Hon Jacqui Boydell: Of course we did.

Hon DARREN WEST: The member suggested in her speech, which will be available in *Hansard*, that it is a good time to buy a house.

Several members interjected.

The ACTING PRESIDENT: Order! I ask the member to focus on addressing the motion.

Hon DARREN WEST: I will move on.

I have quite a lot of information and will run out of time. It is not just the Labor Party saying that this was a dodgy deal, a Ponzi scheme and a bit of a dud investment. I have a report from the Office of the Auditor General dated 25 June 2014 and headed "Royalties for regions projects being delivered, but long term outcomes unclear". The Auditor General, Colin Murphy, tabled a fairly scathing report at that time, saying that there is no real plan for royalties for regions. Everybody knows the target of royalties for regions and its support for National Party members and candidates. The Auditor General has a similar view to us on that one. He also produced a report on something just up the road. I know that the motion is not about that but I will touch on it. He produced a report on the Ord–East Kimberley development, which does not come up smelling like a rose either. It is not just the Labor Party suggesting this is a bit suss and a bit dodgy.

I am glad that Hon Paul Brown mentioned spending in other areas. I will touch a little on some of the places where royalties for regions has not been spent to the extent that it has in other areas. I think we can work out that the spend has been particularly high in seats held by National Party members. We have a term for that. I can also point out that the investment has not been particularly high in seats that are not held by members of the National Party. I will pick a random example and perhaps point to the state seat of Geraldton, for instance. When the previous government was in power, a new hospital was built in Geraldton, the railway line was removed

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from the Geraldton foreshore, a university centre was built, the Batavia Coast Maritime Institute was built, the southern transport corridor was built and the foreshore was developed. Under this government, very little has been done, except some enhancements of those Labor initiatives. It is true to say that there has not been anywhere near the level of investment in the seat of Geraldton, held by a Liberal member of the coalition government, compared with seats further north held by National Party members of the coalition government. I make that point.

Hon Paul Brown interjected.

Hon DARREN WEST: The Kimberley has received some level of investment in the first term of government. I am just picking out the example of Geraldton. When Hon Paul Brown makes his contribution, he may wish to talk about the Kimberley. I will leave that to him because he seems to know an awful lot about the Kimberley.

Hon Paul Brown interjected.

The ACTING PRESIDENT: Order! That is enough. Hon Darren West has the call.

Hon DARREN WEST: I just wanted to make those two points. Despite all the negative press about the property developments in the Pilbara and the Auditor General's reports about some of these investments, there is also the inequity and unfairness of the distribution of royalties for regions funding. I pointed out what the previous government did in Geraldton and how this government, despite its royalties for regions program, has failed to invest in the seat of Geraldton.

Hon Paul Brown: Tell us the highlights. Tell us all the highlights of your fantastic time representing the seat of Geraldton.

Hon DARREN WEST: If the member went to Geraldton, he would see that there is a relatively new hospital, delivered by Labor. He would also see that the railway line along the foreshore has been removed and replaced with a magnificent foreshore, delivered by Labor.

Several members interjected.

The ACTING PRESIDENT: Order! It is now impossible for Hansard to record the proceedings of this chamber while that level of noise is going on.

Hon DARREN WEST: If the member goes to Geraldton, he will see the —

Hon Paul Brown interjected.

The ACTING PRESIDENT: Order! Seriously, that is enough.

Hon DARREN WEST: If the member goes to Geraldton, he will see the Geraldton Universities Centre, delivered by Labor. He would also see the Batavia Coast Maritime Institute, delivered by Labor, and the southern transport corridor, delivered by Labor. The member asked if I could reel off the highlights of the Labor government in Geraldton. I am quite happy to do that. All we have seen from this government is extensions and enhancements of some of our projects. I have not seen anything new. I have some good examples amongst my papers. Rather than follow Labor's example and deliver to the people of Geraldton, we have a lot of talk from the coalition government about Geraldton. I will quote from an article that appeared on page 3 of *The Geraldton Guardian* on 6 November 2015. I am sure that Hon Paul Brown would be familiar with this.

Point of Order

Hon COL HOLT: It would be useful if the member could just go back to the motion that we are debating rather than talking about another region. We are talking about Pilbara Cities, and that is what the motion is focused on.

The ACTING PRESIDENT (Hon Alanna Clohesy): I am sure that the member will come to his point in the very near future.

Debate Resumed

Hon DARREN WEST: I will. I am responding to an interjection from Hon Paul Brown. I will take one more minute to finish answering his question before I get back to the substantive point of the motion. The article is headed "Nats MLC pledges hospital funds" and states —

The Nationals will commit \$50 million to a proposed upgrade to the Geraldton Hospital, according to Agricultural Region MLC Paul Brown.

They are the latest words we have seen. We also have an article from *The Geraldton Guardian* dated 4 February 2013.

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Several members interjected.

The ACTING PRESIDENT: Order! I remind members of standing order 50, “Interruptions to Debate”.

Hon DARREN WEST: Thank you, Madam Acting President. I point out to Hon Paul Brown this article in *The Geraldton Guardian* of 4 February 2013, titled “Shane promises Aboriginal hostel”. There is a picture of the National Party candidate promising a 138-bed hostel. We have never seen that hostel. We also have this article, and this is my favourite one —

Point of Order

Hon COL HOLT: Standing order 48, I think —

The ACTING PRESIDENT (Hon Alanna Clohesy): It refers to irrelevant or repetitious debate.

Hon COL HOLT: I am wondering whether you could call the member on his feet to concentrate on the motion at hand.

The ACTING PRESIDENT: I am sure that the member is aware of standing order 48 and is about to make his point.

Debate Resumed

Hon DARREN WEST: I thank you for your guidance, Madam Acting President. To briefly finish on that point, my favourite article is this one from 6 September 2013, titled “Last-minute \$120 million hospital plan”. I am sure that members recognise the people there. One of them is the Leader of the National Party. It is a bit small, so I have made it bigger so that members on the other side of the chamber can see it.

The ACTING PRESIDENT: Order! I have invited the member to stick to the motion and the detail of the motion and come to the point. You have eight minutes to do that.

Hon DARREN WEST: I return to the substantive point of the motion, which is, of course, about government investment in the Pilbara. To fund all this economic malaise, debt has increased from \$3.6 billion to \$40 billion-plus. God knows the future debt of this reckless and irresponsible government. All of a sudden, there is now—surprise, surprise!—a good old-fashioned National Party solution. I do not think it is a solution, but certainly an idea has been put forward. The idea of the WA Nationals, the coalition partner of the Liberals, does not at all seek to rein in spending. The government has a spending problem. We make money by spending less than we earn, not by spending more than we earn. This government has a chronic spending problem. It does not address the spending problem, but it will now hit up our mining companies. As I pointed out before, we all wonder what this government has against miners. It will hit up the mining companies to pay for this large mess in the Pilbara. The Pilbara is now expected to fix the whole mess made by the Liberal–National government in Western Australia. The regions of Western Australia are now being asked to cop the whack and pay the money to fix our mess. I do not accept that for a moment. A slab on miners is very short-sighted and simplistic and it will not work. I will tell members another reason that it will not work —

Several members interjected.

The ACTING PRESIDENT: Order!

Hon DARREN WEST: Under the goods and services tax arrangements signed up to by the Liberal–National coalition government, 70c in the dollar of this new National Party thought bubble will go to Tasmania, South Australia, Victoria, New South Wales and Queensland. It does not even fix the revenue problems of this government or address the spending of this government, but it will threaten jobs and offshore investment in Australia. This has been condemned largely by pretty much everyone except the member for Pilbara, who, oddly enough, accepts that his electorate should fix the problems that he created. I am sure that members have been receiving these emails too; I have some genuine emails from some constituents who are very concerned about this matter. I will not name the individuals, but I will tell members where they are from. The first email states —

Dear Mr West,

I am concerned that extra taxes on Western Australian mining companies will mean less money for not-for-profit organisations.

The mining sector supports a lot of not for profit groups who rely on corporate funding to do their important work.

Please help to support the not-for-profit sector by opposing the proposed additional mining tax.

That email is from a constituent in Wundowie. I was pleased to email that constituent back and say that I do not support the tax and I will support the constituent, because I agree that not-for-profit and community

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organisations are very important to our community, and they often rely on the funding from mining companies. I also have another email here, which reads —

Dear Mr West,

A new tax on mining companies will hurt smaller contractors and suppliers that work in the mining industry.

I established earlier in my contribution that the government likes to spend money in the city. It does not like to spend it in the regions. But contractors and suppliers are important; they employ a lot of people. The email continues —

Western Australian mining companies create work for a lot of smaller companies, and these companies could lose businesses if the WA National Party increases taxes.

Hon Paul Brown interjected.

Hon DARREN WEST:

Please reject the new mining tax —

Hon Paul Brown interjected.

Hon DARREN WEST: He is very rude, Madam Acting President, to interject in a constituent's —

The ACTING PRESIDENT: Order! The Hansard reporter is having difficulty recording either the contributor to the debate or the interjection. There is really no point in talking over each other.

Hon DARREN WEST: I think it is quite rude to interrupt when I am quoting a constituent who has taken the time to email me as a member of Parliament and I am reading that email in Parliament. I think it is quite rude to interrupt. I know the member does not have a great regard for his constituents but I do. I will read it again —

A new tax on mining companies will hurt smaller contractors and suppliers that work in the mining industry.

Western Australian mining companies create work for a lot of smaller companies, and these companies could lose businesses if the WA National Party increases taxes.

Please reject the new mining tax in favour of supporting local businesses.

I emailed back that constituent in Toodyay, Western Australia, and said that I will not support the mining tax and I will support local businesses that rely on mining companies. I was pleased to give some positive feedback to that constituent. The third email states —

Dear Mr West,

We all know that times have been tough lately —

They sure have, thanks to this government —

I am very concerned that the WA Nationals mining tax is going to force a lot of people like me out of their jobs.

There it is again—"jobs". The email continues —

If the iron ore companies have to pay additional costs like Brendon's tax, I am concerned my job, and many other people's jobs, may be at risk.

My vote at the next state election will be decided on your opposition to the new mining tax. Please don't put our future at risk.

That email is from a constituent in Gingin. I emailed that constituent back and stated that if this is an important issue for them, they should not vote for the Liberal–National government because it will threaten their job. I was able to give that constituent some positive feedback as well. I like to give constituents positive feedback. I like to come into this house and represent them, because they live in the Agricultural Region and I work for them. Members might take note of some of those. I know the National Party is very touchy about polling and who might vote for it and how much support it might get. In fact, I think the National Party puts it above all other matters. National Party members might want to read those emails. I am quite happy to provide them to Hon Paul Brown because their authors are from his electorate as well. His electorate is the Agricultural Region, last I understood.

In the couple of minutes I have left, I will mention an article in *The Sunday Times* on 2 October, with a picture of the Premier in a Claremont Football Club outfit, titled "Col still in the Game". The quote underneath the title states —

Brendon Grylls is on his second lap as captain of the Nationals and looks to be as economically reckless as ever.

Here is a bloke who had a go at farming; it did not work out. He had a go at making flour; it did not work out. He tried to run a cafe; it did not work out. Now he is in Parliament being as economically reckless as ever. The article continues —

Now the dust has settled and most of the fallout contained from the implosion of suicide bombers Nalder and Simpson, wiser heads in the state Liberal Party are daring to dream afresh.

Fancy that. The article also states —

Rationally, they still “beware the ides of March”, but when numbers are crunched across the state and the reality of the task ahead for Mark McGowan is crystallised, conservative countenances are not quite so glum.

Add to that independent opinion from a highly respected political analyst who describes —

Point of Order

Hon MARTIN ALDRIDGE: Madam Acting President, I refer to standing order 48, which refers to repetitious and relevant debate. We have reached the point now at which we are just reading from *The Sunday Times* on a matter that has no relevance to the debate on Pilbara Cities, which is a specific project in the Pilbara. There have been three points of order on this matter. I ask you to ask the member to either sit down or come to the point of the debate.

The ACTING PRESIDENT (Hon Alanna Clohesy): The member was making a point. There is no point of order.

Debate Resumed

Hon DARREN WEST: I will take the member’s comment and move through a few more paragraphs and get to the thing I want to talk about. At the end of the article at the bottom of the page it states —

Hon Paul Brown interjected.

The ACTING PRESIDENT: Order!

Hon DARREN WEST: Thank you, Madam Acting President. The article states —

Royalties for Regions was born. The rest should be history except it isn’t because we’re still paying for it. Grylls’ deal saw Royalties for Regions capped at 25 per cent of gross mining royalties every year, except as any West Australian knows the Commonwealth Grants Commission claws back our royalties and gifts them to other states using a defective, inequitable formula. That means to make good on the royalties agreement, the state is borrowing money to pay for Grylls’ vote-buying largesse to country areas.

For example, last year WA borrowed \$400 million in order to pay \$868 million in Royalties for Regions. It is almost an Irish joke — or maybe that should be Greek?

HON MARK LEWIS (Mining and Pastoral — Minister for Agriculture and Food) [2.50 pm]: I would also like to congratulate Hon Jacqui Boydell for bringing this motion before the house because it gives us an opportunity to lay out what this government has done since 2008. I also note that Hon Dave Grills will later put forward a broader motion, so I will try to keep my remarks to the Pilbara, but I might stray over into other areas as well.

Hon Stephen Dawson: Will you take points of order, minister?

Hon MARK LEWIS: The member will have to wait and see.

I would like to start by going to the overarching strategy of the government in this area, particularly as it relates to my portfolio of agriculture and food—that is, the Seizing the Opportunity Agriculture initiative. It is now a \$350 million initiative that at its highest level is about capturing the global advantages before us in agriculture. I have been on record a number of times saying that there is no better time than now for agriculture. In my lifetime, I have not seen agriculture in such a position in which a lot of the ducks are lined up internationally and domestically. As I said, from a state perspective, we are making sure that the Seizing the Opportunity initiative captures that and bolts it down to the ground. It does this by looking at a number of pillars, I guess—these being industry development and ag investment. I later will go through some of the programs around that. The initiative looks at research and development, and the science and innovation that we need to capture this market’s growth. It also focuses on biosecurity, which is one of Western Australia’s greatest assets. We are renown anywhere in the world, but particularly in Asia, for our fresh, clean, safe, quality, premium products. This initiative also looks at how we can build our market access and our trade development. The 15-odd projects within Seizing the Opportunity are based around taking our products, adding value to them and getting access into higher value markets in which people have the capacity to pay. As we know, the Asian region is growing and there are now millions of millionaires who have a capacity to pay. However, it is about not only having the capacity to pay, but also putting a premium product on the market that they will pay for. Usually people with a lot of money are very discerning and careful about where they put their money. This is not about slapping a bit of product up into Asia and having those people buy. It has to be a premium product. Seizing the Opportunity

looks at production through to, as Hon Jacqui Boydell said, the plate or the dining room. It is about trying to capture the value from the value chain for our growers.

As I keep pointing out, agriculture is not an easy gig. It has, at its essence, very low margins. The benchmarks came through the other day, and Bankwest said that on average the grains industry in Western Australia makes about a 4.7 per cent return on investment, which is quite considerable given these times. If someone can get a Commonwealth Bank deal of five per cent, they are going pretty well. As I said, agriculture is in a place now from which we can build off and go forward and capture more of those premium-end markets. Agriculture also has a huge responsibility now with the mining industry flattening out. We must use agriculture to broaden the economic base of the state and, again, that is what Seizing the Opportunity is about.

I might just go through some these initiatives or subprojects within Seizing the Opportunity that have relevance to the Pilbara. Obviously, other funding has gone into weather stations and Doppler radar and the like, but they are not based in the Pilbara so I will not bang on about them.

Hon Martin Aldridge: You can talk about anything. You can read from *The Sunday Times*.

Hon MARK LEWIS: I should have brought it.

Hon Jacqui Boydell did go through quite comprehensively the Water for Food initiative, which sits within the Seizing the Opportunity initiative.

Hon Peter Collier: It was an outstanding presentation.

Hon MARK LEWIS: It was outstanding and quite detailed. I have a particular fondness and connection to the Water for Food initiative because way back in another life, I identified a lot of the water resources that we are now building on. As a minister now, it is an absolute thrill to be taking that even further forward to fruition. I will be very keen and interested to work with the Water for Food initiative and to nail those water resources that we identified some eight years ago.

The only thing that Hon Jacqui Boydell did not cover was that although the West Canning basin is a large and massive resource, its real attribute is the artesian outlet right on the coast near Pardoo and the Wallal aquifer. As we know, Pardoo Beef Corporation has a major project going forward that will absolutely revolutionise the Pilbara when it is fully rolled out to its third stage. It involves something like 100 gigalitres of water and a massive shift in the genetics of Wagyu breeding. It really encapsulates the notion of what I have been talking about—that is, high-value markets in Asia. We can only commend Bruce Cheung and his staff in having the vision. I guess that is the value of having these large international investors come into this state because they have the capital capacity to roll out these sorts of projects. He was one of the first to identify that little section around Wallal and Pardoo as having artesian water, which formed the basis of a major irrigation project. For those members who might know a little about water resources, the artesian bores there are about 12-inch bores that are blowing up with about a 35-metre head.

Think of a 35-metre column of water. When the artesian aquifer is tapped, a 35-metre column of water blows up into the air that can blow a rig off its stilts. Obviously, it is quite dangerous when there is that head of pressure. That is the size and the scale that they are dealing with up there.

I might digress to the Water for Food initiative and talk about mine dewatering. I will not go back over old ground raised by Hon Jacqui Boydell, but I want to relay a story from 10 years ago when I was going to a drought meeting in the Pilbara and getting a bit bushed. I got on the radio to the Department of Agriculture and Food in Karratha and said I was running late and asked how I could get to station X. I was told that if I cut through here and went down there and crossed a creek, I would be back on the main road and nearly there. I was in a four-wheel-drive so I followed those directions and got to a creek. I was heading to a drought meeting and the creek was like a rapid. I thought it was weird. I got out and turned the hubs on the four-wheel-drive and went across to the other side where I put the hubs back out. I looked back and thought: that is just really weird. Where is this water coming from? I guess it was from that point forward that we started to look at the dewatering of mines in the Pilbara. Hon Jacqui Boydell mentioned Marandoo and Nammuldi and now Silvergrass, which is coming on board. We had just started looking at Hope Downs 1, and now there is Hope Downs 2, 3 and 4, all of which have significant amounts of water. Again, that is a major opportunity. I am trying to put a bit of history and context to that initiative.

I want to move on to discuss some specific projects. As I said, 15 projects sit under the \$350 million Seizing the Opportunity Agriculture initiative. I have been involved in Northern Beef Futures probably more than other initiatives. Obviously, Northern Beef Futures is about the north—the Kimberley and the Pilbara—and market access into Asia, particularly, how we build the herd so we can supply the demand in Asia. The project was started to look at how we could build that demand. Initially, people went to Vietnam, Indonesia, China and elsewhere. We soon realised that the market pull was there and we really did not need to worry too much about

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Hon Jacqui Boydell; President; Hon Darren West; Acting President; Hon Col Holt; Hon Martin Aldridge; Hon Mark Lewis

market pull. The commercial activity around that is now widely known, and we are rethinking some of the activities around Northern Beef Futures to get our production up. There are only one million head of cattle in the north, and the bottom line is that the market is greater than we can supply. Normally, when we go into these markets, they want large volumes with year-round continuity of supply. That is the issue we have to focus on now. It is about size. Effectively, we do not have enough calves on the ground, and the Northern Beef Futures project is about improving that. Asian markets are also critically aware of continuity of supply, because we cannot just turn the tap on and off in a market, generally. The challenge is how we supply year-round into Asia.

I will return to the integration of the Seizing the Opportunity Agriculture initiative. In order to get year-round supply, obviously we need to develop our water resources. It is key that we build what we call “feed-on capacity” in the north. Feed-on capacity means that we have feed year-round and we can bring stock through and off-take out of that at any time during the year to meet critical markets and critical windows. That is where Water for Food links very nicely with the Northern Beef Futures program, because it looks at water resource development, irrigation management and opportunities around that. When we breed calves with new genetics and then they hit the deck, they have somewhere to go in the normal dry season in the north. There are wet and dry seasons in the north. During the dry season, the number of cattle goes backwards, and that is when we need this feed-on capacity to be able to take up the slack and keep our stock moving forward in a rising plane of nutrition, because that is what our customers want. They want premium products and we need to be able to supply that. At the outset, I said that the link between these projects is around building our capacity to supply known markets and exploiting the global opportunity that agriculture presents to us.

The Northern Beef Futures program is a range of grants to help producers look at their businesses, including at how they might get engaged in the initiative and what they need to do—whether it is shifting their management regimes in the pastoral side of their business or whether they need new capital investment in certain areas—and how to get the skills to identify whether they can develop a feed-on opportunity within their pastoral enterprise or, indeed, whether they can set up another enterprise on the side of their pastoral business that allows them to more effectively market their product. That is about a \$15 million project.

Debate adjourned, pursuant to standing orders.