

Extract from *Hansard*

[ASSEMBLY — Wednesday, 6 September 2017]

p3464b-3493a

Ms Mia Davies; Mr Terry Redman; Mr Vincent Catania; Mr Bill Johnston; Mr Shane Love; Mr Reece Whitby;
Ms Jessica Shaw

**ECONOMICS AND INDUSTRY STANDING COMMITTEE —
MINING LEGACY STATE AGREEMENTS**

Motion

MS M.J. DAVIES (Central Wheatbelt — Leader of the National Party) [4.00 pm]: I move —

That this house refers to the Economics and Industry Standing Committee an inquiry into mining legacy state agreements struck prior to 1970, with the terms of reference including but not limited to —

- (a) the nature of past and current commitments and responsibilities between the companies and the state;
- (b) whether current commitments and responsibilities are contemporary in the context of modern state agreements, mining practices and topical issues such as environmental responsibility;
- (c) whether the agreements still represent a fair deal for the people of Western Australia as the owners of the resource;
- (d) the impact of sovereign risk, should it be in the interests of the state to instigate changes to state agreements; and
- (e) the nature of any residual value-adding commitments in the state agreements and by extension assurances to the people of WA that such commitments are honoured.

Every person in this place understands the importance of the mining sector in Western Australia. The industry is certainly much larger than in other Australian states and territories. Most people have an understanding of the significance of what this sector contributes. We have well over 900 mine sites in this state with significant oil and gas activity, although there is a little less activity today since the government's decision to announce yet another inquiry into fracking. I will not spend much time talking about tonnages or prices because members in this place should know the significance of the state's iron ore sector in particular.

I want to start by ventilating the issue in this place around the premise that this government, this Parliament, always needs to find a balance between the demands and the needs of the resource sector and the sustainable development of our state, particularly for those communities that are impacted in regional Western Australia. We should always have that healthy tension between government and the sector. The government is the regulator and Parliament ratifies the state agreements. We also play the role of the facilitator. We have an interesting relationship with this sector because at times we are required to facilitate and encourage, and at other times we are required to regulate. If we go back, there have been times when the pendulum has swung for the government from being a key driver and facilitator to times when tensions or issues are raised within the community around this sector and it takes on that regulatory role—there is always that tension. It is right to have the balance and it needs to be there for various reasons, not the least of which is that this Parliament and the government of the day has the responsibility for not only regulating the industry, but also making sure that we are developing those resources in the best interests of every Western Australian. It is our ore, it is finite, and we must make sure that we get the best outcome.

I would also like to start this debate by dispelling any notion or thought that this motion has been brought into this place because the Nationals hate the mining sector. It is an easy or flippant thing for the Premier or others to say and, from time to time, it certainly suits the narrative of the government, but I can assure members that it is very far from the truth. We have members who represent areas of this state in which there is significant resource activity, and I am one of them; I have one of the biggest goldmines in the state in my electorate, and it certainly has, from time to time, impacted on relationships with the community that requires some good understanding between government and community from a regulatory point of view. Any balanced analysis of policy, the support that has been provided and initiatives that we have instigated over the past eight years when we were in government and certainly before that, would dispel any notion that the Nationals do not like the mining sector. I have been accused of being repetitive in this place when it comes to certain aspects of the legacy state agreements, to which we are referring today. I would not think that there would be one person in the state who did not know the policy that the Nationals took to the last state election about the special lease rental. Members opposite might be sick of it, but they are not so far removed from opposition that they have forgotten a requirement to be persistent, to keep chipping away and to continue to raise the issues that we think are important, no matter what the government of the day believes. The feedback that we get from the community and the principles on which that policy was set remain true to this day.

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The government itself is repetitive in its response to us raising these issues and concerns. Instead of engaging on the matter, it chooses to obfuscate and ignore some of the real concerns raised within the community, concerns that even the sector itself has recognised. I have had a number of conversations with representatives of the sector and members of the community since coming to this role, and the sector representatives themselves acknowledge that damage has been done as a result of that relentless and exorbitant campaign that they ran. They can see that it has damaged the view of the public on the value of that industry and how it has conducted itself. I will not sugar-coat it; they themselves recognise that challenges have been presented. I also note the Premier's response when asked about any issue about state agreements; there is a mixture of gushing support and gratitude towards the two major miners, coupled with a flat out: "We won't be tearing up state agreements." Again, that suits the narrative and the Premier's desire to be very close and shoulder to shoulder with these two big mining companies.

Mr V.A. Catania: Some would say captured.

Ms M.J. DAVIES: We could indeed say that, member. We all know what it means when there is a difference of opinion. Recent history tells us what happens when there is a difference of opinion with these two mining companies. This government is most certainly going out of its way to avoid any of that type of conflict or disagreement. The Nationals put forward that this is not a healthy relationship.

I draw the attention of the house to a concept known as "institutional capture". An article titled "FIFO and global production networks: exploring the issues" by Al Rainnie states —

One obvious effect of development focusing on a sector dominated by large companies is the threat of institutional capture. Harman ... had already pointed this out:

once an economy like Western Australia is shaped by the multinationals and governments to extract and export primary products efficiently, then it may become locked into this pattern. The very nature of the infrastructure, labour skills, technology, government policy and soon become geared to that end.

McMahon (2009, ...) is more critical, pointing to the growing influence of mining over the State: small unsophisticated State structures come under the sway of huge foreign and Australian mining concerns and the ability of these mining interests to organise politically to promote their preferred policies is enhanced.

To me that certainly describes some of the behaviours that we have seen over the past year. McMahon goes on to argue —

... that the mining boom of the 1960s tied the State into global financial and industrial networks—GPNs—and would show that by the end of the century, the State government had lost any real control, faced, for example, with a successfully merged BHP and Billiton that had created the world's largest mining corporation.

This concept of institutional capture is that the balance in the relationship between the government and these companies is gone. It is a fancy way of saying that the pendulum can swing too far towards accommodating the needs and the demands of the resource sector. It is the government's responsibility to ensure that that balance is right—a balance between the company's desire to progress, secure investment and deliver the benefits it can by delivering a successful project, and the desires and aspirations of the communities and people of Western Australia. The people of Western Australia should derive some benefit from these agreements that govern the operations of these companies.

This is why we are bringing this motion to the house. If we can find time for yet another inquiry into fracking, we can most certainly find time to have an inquiry into some of the most important contracts that have been ratified by a Parliament and that are in existence today. An inquiry to canvass some of the issues that the most enduring of contracts that this house has ratified is most certainly important. As I said yesterday during question time, this debate will also allow members of the government and other members in this place to put their views on the record. I am particularly interested to hear what the member for Pilbara's thoughts are, being the member that represents the resources province of Western Australia. It will allow members to let us know why it is that an inquiry of this nature is not needed or should not be pursued. We will not mind if the member for Pilbara strays somewhat from the parameters of the inquiry, the terms of reference and the purpose of the motion when putting his thoughts on the record, because there are some issues in his electorate that are very pertinent and are probably symptomatic of some of this institutional capture—this balance that has gone awry over a number of years, specifically in relation to the 700-bed fly in, fly out camp that Woodside is wooing the government with at the moment. Issues such as

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FIFO and the impacts of these resources companies' decisions on regional communities like Karratha are central to the tenor of the arguments that we will put forward and the basis of why the inquiry is important.

Tensions arise between the community and the company, and the company and government, when these matters are not managed. I remind the member for Pilbara, if he is listening today, that it is his job to speak on behalf of the community that he now represents. He must educate himself as to what it is that matters to the people of the Pilbara. It was concerning to me when I read in *The West Australian* back on 14 March, before the member was elected, that he had conceded that he was not well informed about the resources sector. He stated —

“It's not my strong point, I'll be honest,” ...

That is an outstanding statement; he said it himself. It is an outstanding statement from a candidate who was seeking to represent the resources powerhouse of Western Australia. This is how the member can demonstrate that he has applied himself in the first six months of government and has worked hard to understand the resources sector and the community that he says he is so passionate about. I can tell members what the people of Karratha think about Woodside's proposal for a 700-bed FIFO camp: they think it stinks. You can wrap it up in a nice bow and tell people it is going to create jobs for the construction period, but at the end of the day, they all know it is a donga camp sitting on the outskirts of town, when there has been significant investment into those communities to make them liveable, attractive places for families. What is worse is that there are actually companies that are doing the right thing and are proving that they can change their business model to make sure that they are committing to —

[Quorum formed.]

Ms M.J. DAVIES: I encourage the member for Pilbara to put his views and make them known as part of this debate, because I think he should be on his feet every day, making sure that his ministers understand the enormous angst that community has in relation to the proposal in front of the Minister for Lands. Members will all have a chance to have their say on our proposal for an inquiry into these legacy state agreements, and I hope everyone takes the opportunity.

Hon Jacqui Boydell, Hon Terry Redman and I have been to Karratha and actually spoken to these communities. We have heard the frustrations of the council and the business owners—their feelings of hopelessness—and it is almost inevitable that they feel there is a bit of a return to the dark old days. As I said before, this is a symptom of an unbalanced relationship between large resources companies and a government that is both a regulator and a facilitator of the sector. It is the Nationals' position that every relationship from time to time needs a stocktake. It is particularly pertinent to have this debate now, given that we face very strong financial headwinds in this state. We have the budget coming down tomorrow, and these state agreements encapsulate significant financial obligations in return for allowing these companies to process our finite and very precious resources. The debate will allow the Treasurer to demonstrate that he is making sure, as he said earlier in the week, that every sector is paying its fair share as we battle these tough economic headwinds. He can prove that he is, indeed, not leaving any stone unturned when it comes to budget repair. It would be disappointing if the Treasurer were to disagree with the proposed inquiry, because he has previously said in this place that he thinks state agreements have gone one way for years, and that he supports the premise of what the member for Warren–Blackwood discussed in the house in relation to this proposal. The Treasurer at least has an inkling or an idea that there needs to be, from time to time, a stocktake.

Surely it is timely for all members in this place to agree that an inquiry is appropriate, although I am not overly confident. I feel I am going to be disappointed, and that will be very disappointing for members of the community who look to this place to be able to have respectful debates about such important contracts in an appropriate manner. I hope I will be proven wrong, but I suspect member after member will fall over themselves to profess their support for the mining sector and to label this a witch hunt. I can tell members that that is absolutely not what we are proposing; it could not be further from the truth. The Nationals believe it is appropriate that we examine these legacy state agreements, and if the inquiry comes back with recommendations that increase the value the state is getting from these agreements and strengthen the positions of these companies, then we will have a reason to go to these companies and start these discussions. It is the role of every government to ensure that the state is getting the best value for its people and to protect our long and short-term interests. Certainly, that was the sentiment of Sir Charles Court when some of these agreements were first brought to the Parliament.

Given that these agreements do not have end dates and that the Department of State Development estimated last year that we have only around 69 years of iron ore left at current production levels—that is from a Department of State Development document and we are using figures from that report—I do not think we want to get another

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50 years down the track and say, “We should’ve; we could’ve; we needed to make sure we’d done a stocktake.” I am not saying there have not been stocktakes along the way; there have. There have been inquiries, reports and reviews, and changes have been made. We certainly are not saying that we have drifted along for 50 years without some of those issues having been addressed. But I think that at this particular point in time, with the strong financial headwinds we have and the relationships we have in a market that is now mature and very well understood, the time is right to have this inquiry that will allow us to have a broader understanding of some of the things that are not immediately obtainable and understandable from a government or a Parliament.

There is a precedent. Some of the members of my team will talk about the precedent that has been set for inquiries and investigations. As I said, the Auditor General has looked at various aspects of the management of state agreements over time and has recommended changes. For anyone who needs a 101 in state agreements—any of our newer members of the house—I recommend the Auditor General’s report from 2004 and another from 2011; they are quite useful. I refer to page 23 of the Auditor General’s report of 2004, which states —

There is a balance to be struck. Companies and their financiers require regulatory certainty over the life of a major project before committing the significant capital funds needed for project construction and operation. However, in making their investment decision, companies are unlikely to rely on estimated rates of return for the whole ... life of the mineral lease.

Some are in excess of 50 years. The report continues —

They will require a positive financial return within a much shorter period to justify their investment decision.

To me this is a reflection of the tensions between the certainty a company requires to secure finance and the confidence to go to its investors, and the time for which the agreement and the concessions that are included within that agreement are required. Our iron ore industry is no longer fledgling, certainly not in the provinces that these legacy state agreements cover. It is a mature market that is world renowned. We are globally recognised for the quality of our iron ore. The Pilbara is a household word across the world. It is no longer the 1960s and our trading partners very well understand our credentials. We understand that although there have been amendments and updates to these agreements over time—we do not refute this—we are simply saying that post the most significant construction mining boom the state has ever experienced, largely based around a resource that is at the centre of these legacy agreements, now is the time to make sure that these contracts are doing what they are intended to do in this modern-day environment.

Until this point, we will concede that a large part of our debate has been around the special lease rental. We went to the state election with a very specific and singular discussion point. Our plan, which members know and has been canvassed in this place many times, was around trying to find a new revenue source for this state so that we did not fall back on the mums, dads, ordinary households and small business to bear the brunt of a very poor return on our GST. Dealing with a fluctuating iron ore price and population boom was a significant challenge. That debate was sharp pointed during the campaign. The financial situation was and still is one of the most important things facing this state, but the anomaly of the SLR and the state agreements is just one aspect of these legacy state agreements. From our perspective, given that we are without doubt facing a very mean and distressing budget for households and businesses alike, there is no call from the Treasurer asking whether these companies are willing to pay more. There is no notion that the government is negotiating, sitting down or doing everything it says it is doing. It is not going down every rabbit hole and it is not pursuing every avenue. Mums and dads do not have the luxury of being asked whether they want changes to contracts, they just get their electricity and water prices put up. There are obviously differences between an ordinary household and these companies, but the mature relationship that a government and the companies have should be that a government can go to these companies and say, “We respect the fact that you have been operating in our state for a long time and we need to have a discussion about whether the things that are governed in these agreements with no end are still doing the job that they were set out to do.” The special lease rental has been rejected at least by the Premier. I think the Treasurer has a notion that at some point, there will be an avenue for discussion and who knows, perhaps an inquiry like this would give some cover for the Treasurer and the government to have that discussion. We would welcome any input from the Treasurer on this issue.

We propose to frame the inquiry around only the legacy state agreements struck prior to the 1970s; namely, the Iron Ore (Hamersley Range) Agreement Act 1963 that facilitated Rio Tinto’s development of Tom Price, Paraburdoo and Dampier; the Iron Ore (Robe River) Agreement Act 1964 that facilitated Cliff’s development of Robe River; the Iron Ore (Mount Goldsworthy) Agreement Act of 1964 that facilitated BHP’s development of the Goldsworthy project; and the Iron Ore (Mount Newman) Agreement Act of 1964, for BHP’s development of

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Mt Whaleback mine. These companies were given very favourable concessions at the time the agreements were struck, with the aim of delivering two key outcomes: establishing a successful mining sector in Western Australia in the Pilbara, and to undertake downstream processing activities that would utilise the low-grade ores that we have to create an industry that would be a major economic contributor for the state. These agreements are often referred to as pioneer agreements, because they facilitated the development of the iron ore industry in that very remote Pilbara region in the 1960s. They are open-ended. Credit where credit is due, I think every member of this house would agree that Sir Charles Court had great vision and determination, and economic foresight to bring the mining industry into being in WA, along with those who were part of his government. The state agreements were very much the basis for establishing major mining developments in the Pilbara. At the time the lack of infrastructure, extreme remoteness and harsh conditions meant that that industrial development was a challenge that required external capital to be realised. During the second reading debate of the Iron Ore (Hamersley Range) Agreement Bill, Sir Charles Court spoke of the capital expenditure required to establish the mines, town, railways, infrastructure and ports, as well as the provision of suitable housing, recreational and other facilities and amenities including schools, water and power supplies in an area that was completely underdeveloped. The state did not have the funds at that time and nor would it have had the funds in the foreseeable future to undertake any type of development of that scale.

It was really interesting reading the second reading speeches and the debates. Sir Charles Court indicated that only a substantial tonnage, which he equated to around three million or more tonnes a year by one company in a particular area, would make it reasonable for these agreements to be required. Rio Tinto's Pilbara operations exported 327.6 million tonnes of ore just in 2016. We have moved on! It is clear that we are operating in an entirely different environment from the one that Sir Charles Court oversaw 50 years ago. There was a long list of favourable concessions and exemptions in the operating environment for the agreements, including royalty concessions. There was the special lease rental, exemptions from stamp duty and obligations to lodge environmental bonds, restrictions on local and state government land rating, zoning and resumption powers, and there were concessions on paying land rates. The agreements at the time removed the ability of local councils to pay rates. We are not saying that all that is still in place, but back in the day that was the nature of those agreements. Sir Charles Court was always very mindful of the need to protect both the short-term and the long-term interest of the state. He was concerned about the enduring value of these developments. So should we; that should not change. No Parliament should stray from that simply because these companies have become enormously successful, powerful, multinational global companies. A 2004 Auditor General's report states that there was limited disclosure outside what was agreed in the original agreement.

Mr W.J. Johnston: Which year?

Ms M.J. DAVIES: That was the 2004 Auditor General's report. It states —

Given the importance of Agreements to the State, there should be regular disclosure of Agreement status and performance to Parliament.

In some cases, that is required. It is certainly not in some of the legacy state agreements. There are requirements in more modern state agreements. There is no like-for-like in this type of discussion, but for some of those significant agreements, we would think that the people of Western Australia, the Parliament that ratifies these agreements and the government would be wanting to make sure that we understand full well what it is that we are deriving as a benefit. We cannot value what we do not understand. If it is not transparent or immediately understandable in a way that this Parliament and the people of Western Australia can comprehend, then we do not and cannot value what is being brought to the table. These agreements and accompanying documents are not that easy to find. We even found that when we were in government. They are not easy to find or navigate and they are not easy to interpret. The Auditor General, on more than one occasion, has noted that it is very difficult to see when there has been consistent reporting on the obligations that are within these agreements.

One of these obligations within the state agreements was, of course, Sir Charles Court's vision that a downstream processing industry would be a result of the development of the ore. It has been canvassed many times and again, I point out that we are not saying that this has not been attempted to be fulfilled by the companies over time. It was one of the central tenets of these legacy agreements, and the final point that frames the terms of reference that we put forward for an inquiry relates to the nature of any residual evaluating commitments in the state agreements and, by extension, the assurances to the people of Western Australia that these commitments are honoured.

In Parliament on 15 November 1973, Sir Charles Court was debating the Iron Ore (Cleveland-Cliffs) Agreement Act Amendment Bill when he said —

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This will be the history of the Pilbara because it has a great conglomeration of grades, contaminations, physical characteristics, and types of ore. It was the previous Government's policy—and I imagine it would be the present Government's policy—to ensure that progressively, and not in an unrealistic way, all the companies work towards this object of reaching out to bring into their operations ores of different types which need beneficiation and processing to convert them into a marketable product.

It would be a tragedy if we took the best and left the rest, and trusted to luck about the contaminated ores, the lower grade and friable ores, and the otherwise less attractive ores.

...

My own guess is that if the Pilbara is administered successfully by successive generations, it will still be operating on an economic basis in 200 years' time, handling 200,000,000 tons of product a year. I do not think that is an extravagant estimate, especially as the tendency will be to use more and more of the natural product in a beneficiated and processed form on the spot rather than export the natural raw materials. In other words, I believe successive generations will see a reduction in the amount of unprocessed ore going to other countries, and an increase in the ore that is processed in one form or another in the State. I do not mean that it will all be processed to, say the unfinished steel stage, but at least into pellet and agglomerate form.

The vision and what we have today are obviously substantially different from what we had then, albeit significant amounts of ore are being exported. We are now dealing with production and export in substantial proportions. BHP and Rio Tinto collectively export nearly 600 million tonnes of raw natural ore with no downstream processing in place in the state. These two companies have been given very favourable concessions with the aim of delivering their two key points—to establish the mining industry here in Western Australia, and to undertake a downstream processing activity that would utilise the low-grade ores to create a new industry and one that would be a major economic contributor to the state —

Mr V.A. Catania: Which is fair enough.

Ms M.J. DAVIES: Exactly, yes. But it is one of the examples within the agreements where it was a very clear tenet of those legacy state agreements that there would be downstream processing. I have said that they have tried over the years, and members would be aware of Rio Tinto's HIs melt plant. There will be those in this house who remember this better than I because it was some years ago —

Mr V.A. Catania: BHP.

Ms M.J. DAVIES: Sorry?

Mr V.A. Catania: BHP.

Ms M.J. DAVIES: Rio Tinto.

Mr V.A. Catania: Rio Tinto?

Ms M.J. DAVIES: Yes.

I have been told that Rio Tinto worked for 20 years to develop this technology that would allow it to meet its obligations within its contracts. In 2002, it confirmed it would build a \$400 million HIs melt pig iron plant in Kwinana that would process 800 000 tonnes of ore a year. At about that time in 2002, there was an article in the *The Age* titled "HIs melt promises Rio a \$30 b windfall", saying that Rio expected to reap \$30 billion from this plant by, effectively, doubling iron resources by using currently unsaleable low-grade ore found within its Hamersley Range leases. Rio's long-term vision for this plant was to process 1.6 million tonnes a year by about 2015, at which point it would have considered building a steel mill on site. To build this plant, Rio asked for support from the state government to assist it in funding it to fulfil the downstream processing obligations that were in its state agreement that was part of the contract it was given for the privilege of developing this wonderful resource.

Mr V.A. Catania: What year was this?

Ms M.J. DAVIES: Rio made the announcement in 2002.

More than that, Rio actually went to the federal government and asked for some more money. It got money from the state government, and \$125 million from the federal government. The Gallop Labor government gave Rio \$30 million to develop it. Sam Walsh, the former iron ore CEO, said that this was going to be the new chapter in the history of steelmaking essentially. Mr Walsh was quoted in *The Australian* in 2006 saying —

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Mr Walsh said there had been a lot of interest in HIsmelt, with virtually every major steel maker in the world visiting the Kwinana plant, as well as the President and Premier of China, which showed that people could see the promise and opportunity that HIsmelt offered.

Rio has been negotiating to sell the technology to plants in China, Europe, North America and India, particularly those considering expansions.

Rio's executives believed that five plants could have been operating in the Asian region by the middle of the next decade. Mr Walsh said he was less sure whether Rio would build another HIsmelt plant itself, reflecting the company's long-held position that it was an ore and coal supplier, not steelmaker. Some members in this place will recall that ultimately the Kwinana HIsmelt plant went into care and maintenance in 2009, and it was decommissioned in 2011. Rio Tinto then signed a memorandum of understanding with Jindal Steel and Power and saw its plant operations outsourced to India. Remember that we had actually provided, as the taxpayer, \$30 million from the state, and \$125 million from the federal government, to assist Rio in meeting its own obligations under a state agreement.

In 2014, the plant was moved to China, and Rio Tinto actually now sells this technology via a licence used in a number of countries. Essentially, the plant has been outsourced, and so, too, has the technology, but there is nothing here in Western Australia in terms of a downstream processing opportunity.

In 2013, *The Sydney Morning Herald* quite rightly pointed out not only did Premier Geoff Gallop commit more than \$30 million of state taxpayers' funds towards ensuring its success and \$125 million federal government taxpayer-funded grant was given, but —

... we can reasonably assume that our tax system provided for the HIsmelt business costs —

Which was estimated to be \$1 billion —

to be either written down, or off, as research and development expenses.

We have to ask: where was the benefit for Western Australians in this transaction?

It spawned an article from Larry Graham. Members in this place would be familiar with Larry. He was the member for Pilbara from 1989 to 2005. He wrote an online article—it might have also been in the *Pilbara News* —from which I will read some excerpts. Larry was not one to mince his words when it came to his beloved Pilbara and the value we were getting from this finite resource. His article begins —

In one of the best speeches I have read in many years, Liberal shadow treasurer, Joe Hockey very accurately said: "Entitlement is a concept that corrodes the very heart of the process of free enterprise that drives our economy."

Some of our free enterprise corporations have that corrosive sense of entitlement, but for some reason they seem to get treated differently to other welfare abusers.

"Corporate Welfare" is a silent cancer; it is where our governments take from the needy and give to the greedy; usually these gifts are to help companies do what they should be doing anyway.

Corporate welfare recipient Rio Tinto (which only made \$5.2 billion in the first six months of 2012) has announced that the taxpayer assisted HIsmelt project in Kwinana would be relocating to India.

This is a major body blow for WA, particularly because, when the project was launched, then Premier Geoff Gallop committed more than \$30 million of state taxpayers' funds towards ensuring its success.

He then wrote about the \$125 million from the federal government and asked whether we would get it back, which I think is a fair enough question. The member for Cottesloe is quoted in the article. I am not sure whether the member for Cottesloe has seen this article from 2004, wherein he is quoted as saying —

"However, about two months after the election, Rio Tinto had gotten a deal from the Labor Party, and state and federal subsidies. It is outrageous that the taxpayers had to subsidise the world's second largest international mining house to do a research and development plan, which it was obligated to do in any case, and to do that in an urban area."

I am glad the member for Cottesloe is in the house because he also made another very pertinent comment in May 2003, which was —

"A good government – a government that had both a left and a right testicle —

Excuse my language —

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—would stand up to the Rio Tintos of this world and tell them that they have the benefit of one of the most fabulous iron ore resources since the 1960s, and they have a clear legal obligation to develop and process that iron ore.”

I agree with that sentiment. We agree with that sentiment. Certainly an inquiry would allow, from our perspective, some of those issues and tensions—whichever side of government members sit on at whichever point in time—that exist between the community, corporations and organisations to be articulated. I have said that Larry was never one to mince words, but I think the sentiment is absolutely correct, as was that of the member for Cottesloe.

I return to the concept of balance. I go back to the concept of institutional capture. No government should be scared to tackle these issues. No Parliament should be reluctant to examine such important contracts. I look forward to hearing members of the government, and even members to the right of me, explain why we should not aim to have an inquiry that will enable us to canvass some of these issues, and why we should not aim to be open and transparent about these important contracts. The example I have just given is very obvious. Many other examples are embedded in these contracts. With examples such as these, it is absolutely right that the inquiry examines —

the nature of any residual value-adding commitments in the state agreements and by extension assurances to the people of WA that such commitments are honoured.

Therefore, that is one of the terms of reference that we are proposing for this inquiry.

State agreements have provided resource companies with extraordinarily favourable incentives, which Nationals members will articulate as part of this debate. Therefore, our question continues: what obligations have been deferred or washed out of these agreements and what obligations have companies failed to meet? There are many examples in *Hansard* of changes to state agreements that have been reported to Parliament. However, it has been explained to me that ministers have the ability to change state agreements without having to report those changes to Parliament; therefore, I have no doubt that there are other examples. It was identified in a 2004 report by the Auditor General, and in subsequent reports, that there is a need to improve the reporting mechanisms to Parliament for state agreements, not just for significant changes, but for all changes, particularly in the case of legacy agreements that do not have an end date. We need to establish and deliver a process for the people of Western Australia that is transparent and accountable. These issues speak to the heart of why the Nationals believe we need to establish an inquiry into legacy state agreements.

I would now like to talk about the local content provisions, which are a central premise of these legacy state agreements. At the time these agreements were debated, the then Premier, Sir Charles Court, spoke about that at length, as did other members. The legacy state agreements contain a clause that provides that as far as reasonably and economically practicable, the proponent shall use labour, materials, plant, equipment and supplies available within the said state where it is not prejudicial to the interests of the proponent to do so. This can be compared with the Iron Ore (Marillana Creek) Agreement Act 1991, which is substantially more modern in terms of timing. That agreement states in section 15(1)(a) that except in cases in which the company can demonstrate that it is impracticable to do so, the company must use labour available within Western Australia, including labour specifically from the Pilbara; and, if such labour is not available, it must use labour otherwise available within Australia. That might just be a different way of saying it. However, it is clear that the intent in these later state agreements is that there be a commitment to the use of Australian labour. This clause calls on the companies to specifically use labour from the Pilbara, not fly in, fly out. We have had this discussion at length. These workforce mechanisms directly impact the communities and regions in which these companies operate, and these mechanisms must be strengthened.

The Minister for Industrial Development at the time noted that these companies invested a significant amount of money into the townships in which their workforce was living, as part of their commitment and obligation to enable them to access this wonderful ore resource. He said —

The companies not only wanted to secure a work force, but they also wanted a peaceful one which would cooperate and be happy to perform the assigned work to the mutual advantage of the companies and their employees, and of course to the advantage of the whole community and ultimately the State.

There is a series of comments in *Hansard* that I could read. The debate today is similar to the debate that was had at that time. The outcome of that debate is that it was acknowledged by Parliament and the companies that workers are more productive if they live in a normalised community; therefore, it was important from a state development point of view to drive the agenda of ensuring that communities are normalised and move away from the fly in, fly out model.

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The member for Pilbara at the time, Mr Brian Sodeman, noted that some of these communities were restricted and unconnected. This was in 1979. He said —

People who have resided in company towns for a long time felt somewhat suppressed by the fact that their social life, and their community and business activity to some extent, has been restricted, not purposefully by the companies which manage those towns ...

He went on to say —

The companies are not in the business of social welfare and housing or looking after the day to day needs of the people they employ. This is best done by the individuals themselves.

In 1979, an amendment was made to the Iron Ore (Mount Newman) Agreement Act 1964. That became the first of three subsequent amendments to state agreements that allowed for normalisation of company towns impacted by mining operations. It was also considered essential at the time that land be made available for private development, and that the state assume its normal responsibility of providing services and infrastructure for use by the workforce and their families, as would be the case in a conventional town. That was certainly the desire of not only the government at the time, but also the companies. A key part of that normalisation strategy was that Mount Newman Mining Co Pty Ltd developed a very generous home ownership scheme under which employees were given the opportunity to purchase their own home over a 25-year period. That is very important. The then member for Pilbara said that was one of the most important decisions that had ever been made, because it recognised—even back then—the importance of a residential workforce. The then Minister for Industrial Development said it was an incredibly important step. The then Deputy Leader of the Opposition, Malcolm Bryce, said it was a shift change in the way in which companies and the community were benefiting from this significant resource.

It was clear that the desire at the time was that people would settle in Western Australia and that normalisation would underpin community development. However, it is still the case that companies that operate under state agreements have a strong preference for fly in, fly out. I am not saying they do it exclusively. The situation that has arisen at Karratha with Woodside is not part of this inquiry, but it is causing a great deal of angst. The state government has a responsibility to ensure that companies hold true to the desires and aspirations that were articulated in those state agreements. Since that time, governments of all persuasions have said that it is important that the state benefits from having such a marvellous and significant resource. Any decision to allow the pendulum to swing towards where some of the resource companies would, no doubt, prefer it to be, which is to be allowed to streamline their services to drive down costs and drive supply-chain benefits, will mean that these communities will cease to thrive. That is a decision that this state government needs to make right now in relation to Woodside. It is clear from *Hansard* over a long period of time that the purpose of these state agreements was to deliver a benefit over multiple generations and not just dig it up, ship it out and move on.

The Nationals as a political party remain focused on that. We agree that there needs to be a healthy tension between the government and the companies. It does not need to be disrespectful or unhelpful. There needs to be a healthy tension between being a regulator and being a facilitator to ensure that we always act in the best interests of the community and get value for the long term. We understand our role. We understand that we need to find a balance in facilitating companies to invest so that we can continue to drive our regional development agenda. I point to some of the challenges that this government is facing at the moment, because it is standing very close to two of the companies that are operating under these agreements. I firmly believe that outside of the obligations within these state agreements, corporations have a corporate social responsibility to ensure they deliver value and benefit above and beyond their obligations under these agreements. An organisation in this day and age has to have an understanding of corporate social responsibility. It is clear that in the initial stages of state agreements, the responsibilities of those companies were upheld. However, it seems that along the way some of this has been lost. Again, the Auditor General pointed to how the lack of reporting along the way has made it very difficult to ensure that we were keeping an eye on it. It seems that the pendulum has swung far more to lowering costs and increasing production and sending more ore out the door than adhering to the nature of those agreements.

I acknowledge that these companies contribute to the community. I am not saying for one moment that they do not. We have all visited the Pilbara and been part of some of the initiatives. We have partnered with companies to deliver significant initiatives, such as the Royal Flying Doctor Service of Australia, and there is certainly a commitment to education. It is not that they do not do it at all. But as large organisations embedded in our state for many years—both Rio Tinto and BHP and certainly others fall into this category—we should expect no more or less. In the short six months that this government has been in power it has made quite the art form of handing out gold stars to companies that are doing no more than what we would or should expect them to do in the first place. We have seen media statements and media appearances and government members standing shoulder to

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shoulder with executives. Some of the titles of these media statements have been “Premier congratulates BHP on expansion of its training program” and “Premier congratulates Rio Tinto on new local procurement program”. These companies are required to do these things as part of these agreements. By all means, we should congratulate them. I am not saying that we should be miserly and not encourage them because they do good things, but we should not shy away from the hard conversation with them at the other end.

Mr V.A. Catania: Do you think it is a thankyou for a \$4.3 million campaign?

Ms M.J. DAVIES: It could well be.

Several members interjected.

Ms M.J. DAVIES: The Labor government is very, very keen to stand shoulder to shoulder. I think it is a bit fearful to take them on and why would it not be? Someone campaigning against it with a \$3.4 million war chest is going to impact the way the government makes decisions. The Premier and some of the ministers are falling over themselves to be overly friendly to these two companies in particular. My point and the point of the Nationals with this inquiry is to make sure that balance remains right. We are a regulator and a facilitator. We need to ensure that we have a respectful and strong relationship. They are significant players, but it does not mean that we do not hold them to account and that we do not have transparency and a clear understanding of what they are doing within the state agreements that were set out.

These companies have access to millions and millions of tonnes of ore worth billions and billions of dollars and the government needs to govern for all people, not only a particular corporation. We have precedence for changing state agreements and that has never been called a sovereign risk as it has been raised by members of the government and other members of Parliament and certainly the Chamber of Minerals and Energy. That was pushed back into the face of the Nationals and the community when we were talking about the special lease rental and sovereign risk. These companies are not going to pack up and leave. It is not a reason to treat them badly, but they are not going anywhere. As a state, we have a long and stable history and a mature market. Our trading partners understand us. They know that we understand the industry. We are one of the most stable countries to mine iron ore in and we hold the global record for the longest period without a recession. Companies look to these things, but the resource is most important from that perspective.

Any notion that the state reviewing or inquiring into these state agreements that have no end to them would cause them to pack up and leave and hoof off to Brazil, for instance, is unfounded. Members might be aware that Brazil has announced measures to double its iron ore royalty rate and the Brazilian government has been trying to modernise its nation’s mining regulations dating from 1960. The Tanzanian Parliament has just passed laws that will allow the government to scrap mining agreements with companies and renegotiate them along more favourable terms to the country. We are not talking about that. We are talking about an inquiry. We are talking about canvassing agreements with corporations with which we have very long and stable relationships. Sovereign risk is not this Parliament doing what it is perfectly entitled to do. To me, that should never be a reason or an excuse not to review these agreements. It is because it is not real and not because there is a sovereign risk. Because it is not real, we should always feel as a Parliament and as a government—whoever is on that side of the house—open or able to go back and look at these. This is a world-class asset. These companies are not going anywhere and we need to ensure that we get the best out of that asset and that resource for everyone in Western Australia. Any member who stands today and says that these companies are going to pull up stumps because Parliament wants to examine their state agreements 50 years after they were struck is promoting a ridiculous line, in my mind.

I worked for the Chamber of Minerals and Energy for a short time before I came to this place and my role was largely based in the Pilbara. I have run the sovereign risk line before. The chamber has a role to play for the industry and, like I have said in this place before, whoever came up with the advertising campaign should be given a bonus because they did a very good job of it. They played a flat bat. They had three key messages. The role of the chamber is to minimise change for the sector so that there is not interference and it can get on with business. That is not the role of government. The role of government is to make sure that businesses, companies and individuals alike are doing business in the best interest of everyone in this state. I know that industry will resist change. That is the nature of the organisations that represent them and also the businesses that have been around for a long time. They are going to point to risk and talk about uncertainty and investment decisions, but I take members back to the fact that this is a mature market. We have been around for a long time and there is no risk. It sounds half right though, so it gets enough people worried that we might want to mess around or even allow Parliament to do its job properly, and that means that we are not doing our job properly.

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While I have five minutes left, I want to give an example to show that some companies do these things incredibly well. I was briefed the other day by BPI Group around the Balla Balla mine. Some members in this place may have had similar briefings. It was refreshing on face value. It is yet to have a state agreement signed and it is yet to put these things in practice but what it says it will do is refreshing.

Mr W.J. Johnston: They haven't had an agreement signed? I thought your signature was on the document.

Mr C.J. Barnett: What was signed was the decision to have an agreement developed.

Mr W.J. Johnston: You signed the state agreement. We introduced the ratification. It's your agreement.

Ms M.J. DAVIES: Member, I am not placing any importance on that or otherwise. I am saying that as a company and the way it engages and what it proposes to do is refreshing. It is planning on maximising regional jobs. It has a commitment to a regional drive in, drive out workforce from the Pilbara during construction and operations. The company tells us that is because it is cheaper. Certainly, that is not the line that gets run by other companies about this. I understand that every business is different and in some cases FIFO is absolutely necessary because of resources that are very remote from communities where people can live. This is not the case. From our perspective, when there is the opportunity for these companies to have a residential workforce, we encourage them to meet those requirements. Again, one of the obligations set out in some of these state agreements is to maximise the residential workforce and look at how we build the community, and certainly we think there is an opportunity to look at that. The company has worked incredibly well with the Environmental Protection Authority, from what I can tell. It took a unique approach to the way that it did its heritage approvals. Like I said, having this discussion with BPI Group was refreshing.

Before I wrap up, I want to go back to the proposed terms of reference for an inquiry. It is nothing more than an inquiry. It is an opportunity for Parliament to do its job. I return to the notion that there should always be a healthy tension between a government and this sector. There is the regulator, the facilitator and the company, and the resources, which are finite. I want to briefly talk about the fact that no business should be considered too big to fail. This concept was around during the global financial crisis. The companies had extraordinary power over, and political flex with, the governments of the day. Certainly, I have seen similarities between some of the big resource companies and the Chamber of Minerals and Energy of Western Australia. The conditions are there and that is not healthy. There is certainly enough literature on the notion of being too big to fail that members should go and apprise themselves of it and have a look how it applies to these legacy state agreements and resource companies. We need to make sure that we, as a Parliament, do not go down the same path and that we do our job to make sure that we get the benefit of these wonderful resources for generations to come.

From my perspective, if there is no support from this government, I will be extraordinarily surprised because it came to government on a premise of being open and transparent and of making sure that it would deliver for every Western Australian. We are very happy for the Economics and Industry Standing Committee of this place to conduct the inquiry. I understand that it is controlled by the government of the day so there is no reason why it should be nervous about instituting one of these inquiries. We would welcome input from not only ministers, but certainly some of the members, particularly the member for Pilbara, who represent the resource powerhouse of the state.

Mr V.A. Catania: Who's been absent.

Ms M.J. DAVIES: The member for Pilbara has been absent from this debate.

MR D.T. REDMAN (Warren–Blackwood) [5.01 pm]: I also want to make a contribution to support the motion that was read in by the Leader of the National Party to effectively have an inquiry. I think her last point stands true. From the government's perspective, it is just that—it is an inquiry to have a level of scrutiny into and accountability for the relationship that this state has with the resources sector, particularly regarding legacy state agreements established prior to 1970.

I want to highlight and reinforce from the outset that the National Party is certainly not against the resources sector. In fact, I do not think many of our regional seats do not have an overlap with the resources sector in some form or another. Even my seat of Warren–Blackwood, which members might think probably does not have too many mines in it because it stretches from Denmark through to Margaret River, has in fact one of the biggest lithium mines in the world at Greenbushes. I want to put on record that Talison Lithium has one of the best engagement strategies with its community that I have ever seen from a mining company. An expansion was proposed down there, which is happening, and it includes a work camp. Members know my views about work camps. It includes a work camp but there are absolutely no concerns whatsoever from the local community. Talison Lithium has gone to outstanding efforts to achieve that and I compliment it on that.

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The National Party does support the resources sector. I have certainly had some difficult debates as a local member of Parliament. One of them was around a coalmining proposal in Margaret River. I stuck to the regulatory position, which was difficult; I was the minister for agriculture at the time. Very pleasingly, the regulatory processes came to the conclusion that it was something that should be unlikely to go ahead on the basis that it could potentially impact water resources. From my personal perspective as a local member, I have supported the resources sector in Western Australia. This motion is about ensuring a level of accountability and having a point-in-time check that significant agreements we have in the state remain as true today as they were when they were put in place. I hope that the Labor Party supports the motion. It appears that it does not want to tackle state agreements but it is certainly prepared to tackle the gold industry. We will wait and see what happens tomorrow for that industry. It is probably waiting with bated breath for the outcomes of the state budget being handed down by the Treasurer tomorrow.

We may well be ahead of our time in calling for some reviews to occur. We find it very difficult that state agreements have been in place for some 50 years without any sort of clauses to give them points of review or steps to check whether they are contemporary. There is nothing like that in the agreements. In a little while, I will go through some of the changes that have occurred over time in one of the state agreements. There will come a point in time—it may be the end of the ore in 69 years if the state development assessment is right—when the pressures will come to bear. We need an open, transparent and accountable assessment of the benefits that these agreements bring to the state and whether all the respective obligations have been met.

Another interesting thing is that whenever we talk to the resource companies—we have done that a lot over the last couple of years, as ministers and as a parliamentary party—we find a level of insecurity in the sector when we talk about making public statements, having an inquiry, or about changes that might or might not occur for things like special lease rentals. The line that is put to us is that the state agreements are all contemporary and all their obligations and the like have been met. It is very difficult to get an objective, or an open, transparent and public assessment of that. We think that having a bipartisan inquiry will be a starting point. It will be a committee that has the numbers with the government of the day. That means there should not be any cause for concern for the government in supporting the motion.

As the Labor Party went to the election on the premise of being open, accountable and transparent, this is one area in which it could demonstrate to the people of Western Australia that it is prepared for a level of scrutiny on that. The Premier made comments post the election that there was a level of public sympathy for the campaign that the Nationals took to the election. It was a challenging one for us and it potentially cost us a couple of seats. Nevertheless, even the Premier thought there was some public support for this issue, which we took to the election. What we are putting up to Parliament today is only a component of that.

I want to go through a few key points. As the Leader of the National Party talked about, one of them is the vision that Charles Court had. I went back and read most of the second reading speeches for the state agreements that apply to Hamersley Range, which is now Rio Tinto and BHP, as we came through from the 1960s to the present day. I got some insight from reading not only those agreements but also about two-thirds of one of Charles Court's books into the vision that he had for Western Australia. I think there is a disconnect between what is happening today and the vision he had in those days. As I get through the rest of my speech, I will quote a comment by Richard Court that indicates the reason I think there is a disconnect in that thinking. The state agreements were put in place to ensure a level of certainty and security of tenure for business investment decisions in Western Australia. At the time, the turnover of many of these companies that were investing was significantly greater than Western Australia's state budget. These companies had finances that were substantially bigger than the Western Australian state budget. In order to invest, they wanted some sort of security. People did not trust the government to meet its obligations so they wanted something to give them security in order to invest. That was the argument. I think Charles Court's insights were right. They included the emergence of Western Australia as a significant international player in the world resources sector; there is no doubt about that. He certainly helped to position WA from a resources and investment perspective. He had foresight as far as that was concerned. He was also fiercely parochial for Western Australia in the economic structuring of any investment deal that occurred. His parochialism for Western Australia was strong. I think he brought that to bear in negotiations with these companies and used it as a tool to support significant infrastructure development and investment to grow the state's mining economy. He also used it to build towns and communities at a point when the state had no money to do so. He was not armed with any resources to build the state but there was significant interest from overseas and he had to give security to that. He had a vision of how that should play out and his development of state agreements as a contractual strategy to achieve those ends was sound. In fact, the only reason he has a statue on St Georges Terrace is probably reward for that vision and the respect that people have for his contribution to the economy and the state of Western Australia.

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In many of the amendments to the state agreements, members will also see mentioned normalisation of communities and towns. I think that is at the heart of why the National Party has taken up some of these issues. There is a disconnect between those state agreements and what is happening today. I am absolutely certain that when Charles Court took those state agreements to Parliament for ratification—because they negotiated an agreement with these companies—in his objective of normalising regional communities and building those communities he did not foresee what is happening today. What things did Sir Charles Court not foresee? He did not foresee that the major domestic steel producers in Australia would be in the eastern states. There were early concessions in the royalty rate for domestically used iron ore, but that concession was to the benefit of an eastern states steel mill. One of the changes to the state agreements was that there were no concessions for our eastern states allies, if I can call them that. In pushing for agreements with these companies, I am sure Sir Charles did not have a vision for a fly in, fly out workforce into the communities that he described as building normalised communities. I am sure FIFO was not a part of the mix. I am sure work camps in and around these communities were not part of that mix. I am sure that remote driverless trucks and trains were not part of the mix. Yes, we need technology and some innovation brought to industry to ensure that it remains competitive and at the forefront of where technology should be in those sectors, but these were things that he probably was not able to foresee. I am sure he did not foresee that Western Australia would lose significant wealth to the east through our Commonwealth Grants Commission process. I do not think anyone foresaw that. I think all members in this house concur in their concern about the position this state now finds itself in.

I turn to the work camp in Mt Newman—not Mt Newman; Newman. I said Mt Newman once during a speech up there and I was castigated for it! The Kurra village camp is right on the doorstep of town. There are a significant number of empty houses owned by BHP. In fact they were probably built on the back of state agreements and the commitments that Charles Court put into those agreements, including the supporting infrastructure around utilities and the like that now, in some cases, has been transferred back to government utilities in a state of disrepair. In some cases the government has to make some investments to support that. I am sure he did not foresee that those sorts of decisions made by these companies to support their sector would conflict with what I would call trying to normalise those communities.

I refer to Bayview village. It is a shame the member for Pilbara is not here. He needs to look the people in the Karratha community in the eye and say that it is okay to have a 700-bed work camp across the street from the city of Karratha. Right now Woodside is operating in an environment with its workforce in which it is making ends meet. I am not aware of significant infrastructure or planned investments that require extra workforces in the short term. The member for Pilbara needs to look the people of Karratha in the eye and say that that is okay. When I was in Karratha, I took committee members, with the exception of the member for Swan Hills, to look at this. What goes on in committee stays in committee! I took it as my job to point out my concern with decisions like that; a decision that sits before the government of the day.

The Gap Ridge investment did not come under a state agreement. Gap Ridge is a 2 500-bed work camp. It was built for the construction of the Pluto gas train. It is now not there, which was pleasing to see. Of course the broader community of Karratha supports that. I am sure that those sorts of work camps and the nature of how the workforce moves in and out of those communities is not something that Sir Charles Court foresaw.

For the operations village in the Onslow project, Chevron is now moving out to the Ashburton North Strategic Industrial Area. I challenge the Premier when he said that I agreed to that happening. I did not make any decision in and around supporting that work camp. Yes, there would have been a challenge in the short-term needs of Chevron to meet its workforce commitments. If I got to the point of having a role in supporting the lease, in my view there should have been transition arrangements back to an operational workforce operating out of Onslow. Part of the state agreements in place are around building communities and the regional development objective. I see right now that there is a disconnect with the very reasons why these state agreements were put in place. That is something that needs to be looked at to give the people of Western Australia confidence that they are actually delivering on the objectives of what was set up to happen. My main point is that the fundamental context embedded in the state agreements, which were formed in the early 1960s, has changed. It would be wrong if Parliament did not recognise that and throw its support behind a bipartisan assessment of whether these agreements are contemporary.

I will now look at some of the state agreements; firstly, the original Iron Ore (Hamersley Range) Agreement Bill 1963—the year I was born. I want to go through a couple of points. I think it is fairly relevant to understand the background. This bill was introduced by Charles Court, the member for Nedlands of the day, when he was the Minister for Industrial Development. I quote from page 1418 of *Hansard* dated Thursday, 26 September 1963, when he said —

The main reasons —

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These are the reasons a state agreement was necessary —

are that without an agreement which sets out in clear terms the rights and responsibilities of the various parties it is impossible for a corporation to go ahead and negotiate contracts for the sale of iron ore, and also make the necessary financial and technical arrangements.

Members will appreciate that the great steel industry of Japan would not be prepared to negotiate with those who did not have clearly-defined rights.

A very clear basis and understanding of why the state agreement is in place.

There is a comment about port access on page 1419. It states —

... the company cannot plan a port site in a particular area on a basis which will prejudice the full potential port development of that site either for the company's own use or for use by others.

Port construction responsibilities flow on to broader state development responsibilities. This does not impede the broader objective that Charles Court sought to put in place. There are also comments about royalties. The second reading speech continues —

The royalty income to which the Government will be entitled will be considerable. It could reach as high as £1,500,000 per annum in later years.

There is a point on page 1420 about local participation and the fact that there were agreements with Hamersley Iron Pty Ltd of the day for locals to participate and invest in the industry as it developed so that there was actually a local participation objective.

[Member's time extended.]

Mr D.T. REDMAN: The Leader of the National Party talked about there also being secondary processing obligations. The speech continues —

Within 10 years from the commencement of commercial export the company has to put forward a proposal for phase 2, which is secondary processing. Secondary processing means concentration or other beneficiation of iron ore—other than by crushing or screening—and includes thermal, electrostatic, magnetic, and gravity processing.

This industry is to provide for the secondary processing of not less than 2,000,000 tons of iron ore per annum and to cost not less than £8,000,000.

And of course commitments to an iron and steel industry. It continues —

By the end of the 20th year after commencing commercial export the company has to submit a proposal for the establishment of an integrated iron and steel industry at a cost of not less than £40,000,000 with a capacity of not less than 1,000,000 tons per annum of steel.

A little further down page 1422, it states —

If the company fails to put forward a proposal at the appropriate time for secondary processing and steel there is provision for the Government to terminate the agreement in accordance with the methods laid down.

That gives a very rough picture of the nature of the state agreements that were put in place in 1963.

I now want to highlight, going through a number of agreements, that on most occasions amendments to those agreements were at the instigation of the companies. I can think of very few occasions when the government went to the companies and said, "We want to change the agreements. We've got something we want to pursue." The member for Cottesloe is in the house today; he was involved with one of these. The only two I can think of from my research was changing the fines rate. From our research, we understand the first cabinet decision was made in 1995 to try to get a change in the fines rate. That cabinet decision was never followed through by successive governments until the current member for Cottesloe was in cabinet. It was not an easy process and it took some time. He had a strong view about it, but that is one of the few exceptions that I am aware of when the government probably went to the companies and said, "We don't think this is right and we need to change it." The other exception might have been Rio Tinto's Bungaroo investment whereby, in exchange for washing out some of the value-adding obligations that Rio Tinto had, the government made significant capital investment into the Bungaroo water project that supported piped water into Karratha and gave security to Karratha's source of water.

I will work through all the other points that show how the mining companies came to government because they were not able to meet their obligations. The first point relates to the Iron Ore (Hamersley Range) Agreement Act Amendment Bill. The bottom of page 3027 of the *Hansard* of 12 October 1976 states —

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In view of the situation which confronts the iron and steel industry world wide, particularly the recent history of direct reduction of iron ore as is the production of metallised agglomerates, even without any other consideration it is only realistic that the State should agree to the deferment of the company's obligations as set out in the Bill before the House and also the proposed Mt. Bruce amendment.

A change went through both this bill and the Iron Ore (Mount Bruce) Agreement Act Amendment Bill, which I will also quote from. Page 3028 of *Hansard* states —

The date upon which the company must elect whether to produce metallised agglomerates or steel has been extended by about five years to 1983 to be compatible with the restructuring of other obligations.

From what I understand, there are about 10 to a dozen changes to the Iron Ore (Hamersley Range) State Agreement Act 1963, now Rio Tinto, which has largely been instigated by the companies because they have had to meet their obligations within certain time frames. I found one of them very interesting. The Iron Ore (Hamersley Range) Agreement Act Amendment Bill, which was debated on 17 May 1979 and can be found on page 1470 of *Hansard*, related to an agreement between Hamersley Iron and the government to bring forward its commitments to the special lease rental, which the National Party took to the last election, and to have deferred for a period for an upfront capital payment to support some road development in the Pilbara. I find this interesting because, although it is on a smaller scale, it is not unlike what was discussed in this house not that long ago about the notion of cashing out some of these commitments and how an agreement might be achieved. Page 1470 states —

The company agreed to advance its obligation in this manner because it was conscious of the need for upgraded public roads in the Pilbara area. It had previously contributed \$2 million towards the cost of public roads in the Pilbara.

A \$24 million Pilbara road improvement program was put in place. State resources were going to fund the program because of some changes to commonwealth policy at the time. At the bottom of that page it states —

These additional funds will make it possible to bring forward the starting point of the planned work by two years.

An agreement was made to defer the starting point of the special lease rental to Hamersley Iron and the government got an upfront payment that was used to support a road infrastructure development. Another interesting point is found on page 1571 that refers to the discounting rate that was applied. It states —

... the discounted present value—calculated approximately on the long term bond interest rate—of Hamersley's future obligation.

If that was used as a precedent for what we might discount for forward commitments, that is perhaps a starting point for discussion about cashing out an obligation to support the statement position in which we now find ourselves. I found that a really interesting point. I have to be careful that I do not run out of time.

When the Iron Ore (Hamersley Range) Agreement Amendment Bill 1982 was debated, there was talk about home ownership in Dampier, Tom Price and Paraburdoo, and commitments to normalising communities. Page 1304 of the *Hansard* of 4 May 1982 states —

It has been recognised for some time that there is a growing need for the normalisation of company towns in the Pilbara; and this Bill places before the House the second variation agreement relating to this. In 1979 a variation to the iron ore (Mount Newman) agreement was ratified in Parliament to enable a home ownership scheme and normalisation of the town of Newman to proceed. An essential part of normalisation is to ensure land availability for private development and for Government, both State and local, to assume its normal responsibilities in respect of services and infrastructure.

There was a strong normalisation agenda and if it was not for those companies, we would not have Dampier, Tom Price and Paraburdoo in place. However, there were obligations on those companies in order to deliver on that. A number of provisions are found in here, including in the Iron Ore (Hamersley Range) Agreement Amendment Bill 1987, to broaden the scope of investments that may be undertaken by the company to satisfy its iron ore processing obligations. Page 1886 of *Hansard* states —

However, despite vigorous effort and numerous studies over the years, Hamersley has not been able to fulfil all of its outstanding obligations within the confined scope of their current definition. Consequently, the Government has for some years been pressing Hamersley to enter into negotiations to restructure its further processing obligations in a manner that will allow the company to carry out a wider scope of investments which, either alone or in aggregate would result in economic benefit to Western Australia approximately equivalent to that envisaged by the original obligations.

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On page 1888 it states —

Clause 10(5) provides that the Minister may submit potential investments to the company, and the company is obliged to take account of and investigate the feasibility of implementing such potential investments.

There was a point in time when, despite pressure, companies could not meet their obligations. Another way to get around that was to have infrastructure investments that actually supported that process.

Of course, there are examples, and the member for Cottesloe was a minister at the time and involved in some of these, when the government sought to put into some of these agreements caps on the amount of iron ore that the companies could produce and use that as a tool to ensure that they met their obligations within those state agreements. There was a lot of discussion around the companies not meeting their obligations and the state not having the capacity to take up that argument.

Before I finish, I want to highlight another interesting point: comments have been made by Larry Graham and the infamous Julian Grill that successive ministers have been faced with decisions when companies have not met their obligations and then folded and rolled over because of the “dire consequences” of not supporting the mines to continue. A significant amount of pressure would have fallen on those ministers to do the right thing and to keep those companies going because of how significant their activity was to Western Australia. There are a number of points of debate here in which this tool was never played out in the way Charles Court would have liked it to; there is this disconnect, which is sad.

Richard Court also commented on the Iron Ore (Hamersley Range) Agreement Amendment Bill. Page 5633 of the *Hansard* of 25 September 1990 states —

I refer to the growing trend towards the fly-in, fly-out concept for new or satellite mines being opened up. It all boils down to the economic reasons where a company finds it cheaper and more economic to have its work force live in Perth and to fly them to a mining operation for two weeks on and two weeks off, or whatever the arrangement might be. The long term development of the State is not served by this concept.

That is obviously a significant concern. I guess when we look back on the original agreements, the notion of having a steel industry in Western Australia was the Holy Grail. We do not have that. Efforts have been made to put in place alternative outcomes, including community development plans and a range of things that the Leader of the National Party talked about. However, that has not been achieved. It is incumbent upon us now to have a bipartisan inquiry as a point-in-time check to see whether the obligations have been met, whether there are outstanding obligations, and what strategies government has in place to ensure that those obligations are met. We also need to ensure that the communities in which those companies work receive flow-on benefits from that. I do not think it is a big step for government to take up that position and support it.

The point I am making is that there have been numerous amendments to state agreements, triggered largely by the needs of the companies, but significantly by the fact that the companies could not meet their obligations to the state. Even in *Hansard*, questions have been reported over respective ministers’ apparent lack of authority in dealing with the Western Australian government side of those negotiations.

My time is running out fast. I was going to go through a number of points that the Leader of the National Party has already in fact gone through. Another point I think is important is that there are some things that will go in favour of the mining industry, if people thought they were put in place for the wrong reasons. One of those is the special lease rental charge, which is now embedded in the Mining Act 1978. It is no longer under state agreements, but there is a commitment under the Mining Act. It is my understanding that that was a trigger for Fortescue Metals Group and others, at a point in time—FMG, I think, in 2023. If we go back to find out to the best of our ability why that special lease rental was put in those early agreements, we will find that it does not apply now, and probably should not be in the Mining Act. I think it should come out. My colleagues might have a different view on that. There are a number of things both in favour of the industry and that might challenge some of the obligations that the companies have. At the very least, an inquiry will achieve that. Maybe we are ahead of our time in putting this up, because I think there will be a time when this is tested. It is unbelievable that we can sit here with a contract that was written 50 years ago and not have any scope for a Parliament—which the Auditor General says cannot be shackled—to take a view that we can have a look at that before making any decisions. The government of the day, as duly elected leader, can make its decisions about whether it should or should not support any outcomes from that inquiry or review.

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MR V.A. CATANIA (North West Central) [5.31 pm]: The contributions by the Leader of the National Party and the member for Warren–Blackwood really show why both sides of this house, left, right and across, need to support this motion, which seeks to refer these antiquated state agreements to a committee to have a look at the best way forward for the people of Western Australia.

Members in this house are often fearful of losing their job; no-one wants to lose their job. Clearly, during the election campaign there were a lot of members who were fearful of losing their job if they were to come up against the big mining companies. Members may be fearful of losing their job, but they should not be fearful of actually doing their job. This motion is all about ensuring that members are not fearful of doing their job of making sure that we can go through state agreements that need to be looked at, to bring them into today's practices.

Interestingly, I have been trawling through *Hansard* to read what members in this house have said about some of the practices that exist in mining companies. I have also been looking at the Labor Party's policy on the fly in, fly out workforce—commonly known as FIFO—which is number 99 in the Labor Party's 2015 policy platform. I think it is important to the context of some of the snippets of *Hansard* so I will read out about where members stand when they are not in government; when they are in government, they have a different opinion. It reads —

99. WA Labor acknowledges that the number of 'fly in fly out' (FIFO) workers in Western Australia has increased significantly in the last ten years and that this work cycle often leads to stress in family relationships, isolation, loneliness, depression and suicide. WA Labor recognises the need for industry and government co-operation for FIFO workers.

Further along, it continues —

Ensures FIFO work arrangements are limited to genuinely remote and temporary operations and that workers are provided with genuine choice over where they live;

Let me read that again, because I think it is actually quite important in the context of one of the major topical issues. It is good to see the member for Pilbara here in the chamber; hopefully he can participate in this debate because I am referring to what has happened in Karratha. It states —

Ensures FIFO work arrangements are limited to genuinely remote and temporary operations and that workers are provided with genuine choice over where they live;

Introduces uniform accommodation standards that exclude motelling, hot-bedding and double-bunking and take into consideration the unique challenges associated with FIFO work arrangements.

It continues —

Addresses the mental health impacts of FIFO work arrangements and introduces a uniform set of standards to mandate the provision of independent on-site mental health professionals on all resource projects;

Ensures key stakeholders, including Local Government, are engaged where the project will be located to address social and community infrastructure requirements;

That is Labor Party policy.

Mr S.A. Millman: Good policy!

Mr V.A. CATANIA: Actually, it is a good Labor Party policy. I am glad that the member for Mount Lawley agrees. He was not in the house at the time, but back in June 2015 there was a report —

Mr S.A. Millman interjected.

Mr V.A. CATANIA: No, I think this is important. The member for Mount Lawley was a lawyer who has a good record of standing up for justice. I refer to a report by the Education and Health Standing Committee, commissioned by this Parliament, titled "The impact of FIFO work practices on mental health: final report". I will read out the motion moved by the then Leader of the Opposition, who is now the Premier of Western Australia. Back on Wednesday, 13 August 2014, he stood in this house—on this side of the house, just to the right of where I am now—and moved the following motion —

I move —

That the Education and Health Standing Committee undertake an urgent inquiry into the reasons behind the suicides of fly in, fly out workers, and recommend initiatives that industry and government can take to reduce their prevalence.

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That motion was moved by the then Leader of the Opposition, the now Premier of Western Australia and Labor government leader. I will now read some extracts from *Hansard* of the speech that followed, so we can all understand how important that report into the impact of FIFO work practices on mental health was. It was supported by the whole Parliament—all sides, Liberal, National, Labor. They all supported an opposition motion for the Education and Health Standing Committee to conduct an inquiry into the impact of FIFO work practices on mental health. I will read what some of the then Leader of the Opposition, now Premier, said in his speech. As I said, it is good to have the member for Pilbara in here, because I think it is important that he hears what the then Leader of the Opposition said. In his speech he stated —

The loneliness of someone who works fly in, fly out can become exacerbated ... Sometimes the jobs that people are performing can be very mundane and very boring ...

... I think doing that for 12 hours a day, being in a donga or bunk for eight or so hours with four hours in which to eat, shower and do whatever else they have to do, and doing that week in, week out, is a pretty hard lifestyle to endure ... No doubt they exacerbate family issues such as breakdowns, divorces and splits with girlfriends or boyfriends, as the case may be ...

... The fly in, fly out lifestyle can exacerbate all those financial pressures and relationship issues, and perhaps guilt at not being around enough for raising children and the like can result in these outcomes.

It continues —

When I was in the goldfields the other day, people were talking about a roster of eight days on and six days off, which is an easier and far more family friendly roster. No doubt there is anything in between when it comes to rosters.

With respect to approving camps that are in cities in regional Western Australia, as has happened over the last couple of weeks in Karratha, I asked a question of the Premier, given that he had just made a statement about family friendly rosters. I asked him what the roster situation was going to be for the 700-person camp he has approved in Karratha.

Ms M.J. Davies interjected.

Mr V.A. CATANIA: The indications in the media have been that this government will approve a 700-person Woodside camp. The then opposition leader made a pretty justified response in *Hansard* about having a family-friendly environment. Which practices will he impose on Woodside by approving a camp in a city in regional Western Australia—the City of Karratha—down the road while there is plenty of accommodation around that the workforce can be put into? It is interesting how that sits with the policy of the Labor Party over the last 10 years on the increased practices of fly in, fly out workers. Am I correct that the member for Pilbara has lived in Karratha for a very long time?

Mr W.J. Johnston: Yes; he doesn't live in Vic Park!

Mr V.A. CATANIA: Gosh, the member for Cannington is an idiot.

The member for Pilbara would remember from 2005 onwards and the ramp-up of construction and the projects that were occurring in the Pilbara, how there was a lack of accommodation—a lack of housing—and land to purchase and build on. To cater for the needs of the mining companies these camps were put up everywhere. All the caravan parks were full. Even LIA cafe had about 10 000 people because it had dongas at the back. We had an increase in the amount of FIFO practices, the amount of dongas and the amount of hot-bedding occurring because of the lack of the investment in the Pilbara. There was a lack of diversification in housing when it came to Karratha. I was the member at the time. I knew full well that the practices that existed were as a consequence of the lack of investment in Karratha. That is why we saw the practices of FIFO increase until we could get on top of having a land release and diverse housing such as high-rise. We could then attract the private sector to develop places like Karratha. That is why we had an increase.

Interestingly, talking about *Hansard* and the comments made by the then Leader of the Opposition, the now Labor Premier, he went on—I will keep going because other members want to make a contribution to this debate —

I think we should hear from experts publicly; we should hear from government and government experts publicly; ... Although I regard as pretty harsh a three-and-one roster, I am sure that industry will advise what it is doing about it and we might hear from others about what can be done.

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I fully endorse the now Premier's comments and the then policy of the Labor Party. But in the lead-up to the election the Australian Mines and Metals Association put out the policy positions of newly elected Mark McGowan Western Australian Labor government. Under Public Position it states —

While Labor's 2015 state policy platform takes a harder stance against FIFO, newly elected Premier Mark McGowan has confirmed to AMMA that his government would not regulate FIFO or DIDO —

Which is drive in, drive out —

in this state, breaking away from the intentions of other state Labor Governments.

So there we have it. We heard the then opposition leader—now Premier—say one thing in this chamber, but to win votes with the industry he said another. Members of the Labor government have a policy that is nothing but a piece of paper with no meaning. It is quite clear that the Premier's intention is to continue the practices the mining companies have become accustomed to when working in regional Western Australia.

Why is fly in, fly out an essential part of the resource sector? How did that happen? Why do companies not want to ensure that they have regional towns and cities that are attractive for people to work and live in—to attract and retain? Why are the practices to ensure that they get their workforce from the metropolitan area, whether it be Rockingham, which has a large FIFO workforce, Kwinana or even Cannington?

I go on to the then opposition member —

Mr M. Hughes: Can I ask you a question? But why?

Mr V.A. CATANIA: I am happy to hear the member for Kalamunda's interjection.

Mr M. Hughes: I am seeing whether you have an answer to that question that you posed about why the situation —

Mr V.A. CATANIA: I think I have just answered it. It is because it has become a part of a lifestyle due to the lack of investment in regional towns, and the previous government had to undo that. Over the last eight years it had to ensure that we had land available, houses being built and private investment occurring in places like Karratha.

I look forward to the contribution of the member for Pilbara on this because I think the people of Karratha have the right to know whether their member supports a 700-person camp or this Education and Health Standing Committee report, "The impact of FIFO work practices on mental health"—a motion that was moved by his leader and endorsed by all sides of politics. If someone moves a motion on and endorses it, why would he approve a 700-person camp in Karratha? Why would he? It goes against Labor Party policy.

Mr D.J. Kelly interjected.

Mr V.A. CATANIA: It goes against Labor Party policy, members. The member for Pilbara probably does not know that. Perhaps this should be tested on the floor of the Labor Party conference to see whether it is a winner.

Members can look at *Hansard* to see what members said about FIFO practices.

Mr D.J. Kelly interjected.

Mr V.A. CATANIA: The member will get his time to stand.

It is interesting. Only today the chief executive officer of the Shire of East Pilbara came out and said no to camps within 125 kilometres, or no to camps in towns. This person has been there for decades and has lived, worked and brought up family there. He has said "no more" to camps in regional towns like Newman—the member for Pilbara's town. I fully support that. There can still be a FIFO workforce, if companies still want that.

[Member's time extended.]

The ACTING SPEAKER (Mr T.J. Healy): Please speak through the Chair.

Mr V.A. CATANIA: With so many empty houses in Newman, why can those FIFO people not at least be present or have the ability to live and work in a town, instead of in a camp? They can be part of the society or the football team. This is absolutely integral to ensuring sustainable communities. Those who choose to work there will have the ability to integrate with communities like Newman and Karratha. It is interesting that the member for Warren–Blackwood raised Chevron and what happened in Onslow, and the claims that the former Minister for Lands signed off on allowing a permanent workforce camp to be at the Ashburton North Strategic Industrial Area, 25 kays away from a town.

It is absolutely ludicrous. This government, which has a policy of no fly in, fly out workers in towns is now approving a camp 25 kilometres from Onslow at the Ashburton North Strategic Industrial Area for Chevron. I am not going to go back into that issue because I have put on the public record that I do not accept the decision of not

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integrating a workforce into a town. When it comes to having a track record, the National Party has been very strong on ensuring, where possible, that no camps are placed in town. The member for Warren–Blackwood did his part in ensuring that the Gap Ridge lease was never renewed, because it was wrong to have a camp in a city that has all the amenities that a workforce could enjoy living there, without being trapped by a barbed wire fence. Ultimately, companies want to make sure that they keep an eye on their workforce. That is what that is and we all know that. Those are the practices that the companies have been able to lay down, such as saying that a mine could be affected if they do not make those savings. I am not going to get into some of the issues that the Leader of the National Party and the member for Warren–Blackwood brought up, but 70 to 75 per cent of the earnings of the two big companies, BHP and Rio Tinto, come from the Pilbara. I challenge anyone who would say that those companies would walk away if we were to review their state agreements due to sovereign risk when 70 to 75 per cent of their profits come from the Pilbara.

Mr D.J. Kelly: Why didn't you raise it then? That is what I don't understand.

Mr V.A. CATANIA: Would you support it? Do you support what we are saying about reviewing the state agreements? Do you support it?

Mr D.J. Kelly: You know what our position is.

Mr V.A. CATANIA: The Labor Party's position is that it does not want everybody to pay their fair share. It is interesting that the member mentions tomorrow, because when the gold industry gets hit, everyone will say, "Look, the price is \$1 600." But that is a very simplistic way of looking at the gold industry. Although the price might be high, the actual cost of extraction of gold is very high, so the margins are very small.

Point of Order

Mr W.J. JOHNSTON: This motion is in relation to state agreements. None of the gold companies in Western Australia are covered by state agreements—of the state agreements that are referenced in this resolution. I think the member is way off course

The ACTING SPEAKER (Mr T.J. Healy): Thank you, minister.

Mr D.T. REDMAN: Point of order, Mr Acting Speaker

The ACTING SPEAKER: Hang on a second, I will just deal with the first point of order. The member, I believe, will be directing himself back to those areas.

Debate Resumed

Mr V.A. CATANIA: Thank you, Mr Acting Speaker. There are gold companies on state agreements.

Mr W.J. Johnston: Not on the list that you have provided.

Mr V.A. CATANIA: I know the member does not want to talk about it, but he has a very simplistic view if he wants to say that the gold price is about \$1 600 an ounce. That is a very simplistic view because the margins of the gold industry are very small.

Mr D.J. Kelly: Why didn't you do it in government?

Mr V.A. CATANIA: The member for Bassendean can get up and put his position, but I do not know why the member for Bassendean would not support this motion. A motion was put forward in 2015. The member was a part of the opposition that moved the motion that the whole house supported. I urge the member to support our motion that looks at making sure that these agreements are not just open-ended agreements. Time has definitely superseded the conditions and agreements that were put into the 1960s agreements. The member for Warren–Blackwood brought up a couple of instances in which government was able to negotiate with the companies, rather than the companies coming to negotiate with government. One of those, which I am proud to have been involved in, was for the water supply for Karratha. The government was going to invest \$380 million to build a six-gigalitre desalination plant in Karratha. Why? It was because Karratha was running out of water, yet Rio Tinto, under one of its state agreements, had the right to use, for free, five gigalitres of potable water for dust suppression. It would still probably argue today that it is entitled to all the water that exists in Karratha, being around 15 gigalitres. It will argue that because that was its argument at the time. The Premier of the day, the member for Cottesloe, and the then member for Central Wheatbelt, Hon Brendon Grylls, were able to negotiate that Rio Tinto change that set of circumstances in which the five gigalitres of water—I think it was actually more—was given back to the state. I believe Rio Tinto is now paying a commercial rate for its water. It also contributed to infrastructure. However, until that point, the government had to look at spending \$380 million on a six-gigalitre desalination plant in

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Karratha because of the antiquated state agreement struck in the 1960s with the now Rio Tinto that did not want to give up its water. A negotiation took place and a lot of downstream processing may have been washed out of that agreement. The Leader of the National Party has put forward a lot of reasons why we need to look at these state agreements. We see the uneven playing field that exists between the two big miners and the junior miners on environmental bonds and some of the interpretations of third party access. Is it not crazy that we have all these companies building railway lines parallel to each other?

Mr C.J. Barnett: And obstructing each other!

Mr V.A. CATANIA: And obstructing each other. Billions of dollars are going into separate railway lines and how to obstruct each other when getting their ore from their mine site to a port. I would like to see how those billions of dollars would affect the state's finances if we were able to keep that money and we had one railway line that everyone used. The antiquated state agreements need to be looked at and modernised to reflect the practices that we have today. It is a finite resource. It is not owned by Rio Tinto, BHP, Fortescue Metals Group or any of the others. It is not owned by you and me; it is owned by the people of Western Australia, whom we represent. It is our duty, as I said at the beginning. Members may be fearful for their job, but they should not be fearful of doing their job. Doing our job ensures that we can protect the resources for the people of Western Australia and ensure that they get their fair share and protect their jobs. I have not even got into the automation that has been championed over the years. A number of jobs are going because of automation. The Chamber of Minerals and Energy has said, "This is a wonderful thing. We are going to automate, because it's going to create a new industry." I agree—a new industry of driverless trucks and so forth. People who work in the industry are fearful of losing their jobs.

The fear campaign that was put out during the election was that people would lose their jobs. That fear campaign was put out by the Chamber of Minerals and Energy, with the help of Rio and BHP. I can understand why the Premier is fearful of doing his job and supporting this motion. The Premier should support this motion, because it is the right thing to do, in the same way that when in government, we supported the motion by the former Leader of the Opposition and now Premier to inquire into fly in, fly out practices because it was the right thing to do. The Nationals are saying that we need to inquire into state agreements to ensure that Western Australia gets the best deal possible and we have a level playing field in the industry. We do not want to find when the government hands down the budget tomorrow that the mums and dad are hit but the two big players are not hit.

Mr D.J. Kelly interjected.

Mr V.A. CATANIA: The member for Bassendean should stand up for the people of Western Australia, as he would for his union, and do what is right. He should support this motion for an inquiry into state agreements, to be conducted by a committee that the government controls, because it is the right thing to do. I urge all members of this house to support the motion moved by the Leader of the Nationals, because we are the party that represents the people of Western Australia, not the other way around.

MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum) [6.01 pm]: I note that I am not the lead speaker for the government on this motion; that is the Minister for State Development, Jobs and Trade.

It is always entertaining to hear the member for North West Central speak in this chamber. It is as though every day he has arrived at work for the first time. He must be proud. He gets to give an inaugural speech every time he comes to Parliament. The past is a foreign country to the member. For eight years, six months and five days, the National Party was in government. What did the National Party do on state agreements? I notice that the member for Cottesloe is away from the chamber on urgent parliamentary business elsewhere in the building. A major agreement was struck between the former government—which the National Party was part of—and BHP and Rio Tinto. That agreement made a significant change. The Labor opposition at the time was stuck, because it was a good change, and we had to support it. That agreement increased the royalty rate on iron ore fines from five per cent to 7.5 per cent. That is something that governments have been trying to achieve for a long time. The former government also got from BHP and Rio a \$350 million payment towards the new Perth Children's Hospital, which would never have been built were it not for that contribution. The former government had the opportunity to negotiate and get a different outcome for state agreements. However, it took the money. Opposition members are now crying crocodile tears because the state agreements that they carried when they were at the cabinet table are now not satisfactory to them. At the time they could have done something about those agreements, they were silent. They were quiet. They sat in the corner and did nothing. This is the problem with the National Party.

Mr V.A. Catania interjected.

Mr W.J. JOHNSTON: I am not seeking any interjections, Mr Acting Speaker.

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We have been in government for five months and 25 days. The now opposition was in government for eight years, six months and five days. Opposition members whinge about BHP and Rio. When they had the chance to do something, they did nothing. Opposition members complain about fly in, fly out. However, they do not point out that most of the people who work FIFO do not work for state agreement companies. They shed crocodile tears about the Jacobs report, “The impact of FIFO work practice on mental health”. What was the response of the former government to that report? Come on, former ministers! What was their government’s response tabled in Parliament to that report? Do they remember? I will tell the house why members opposite are silent. The former government did not respond to that report. Opposition members now come into this place, looking like hypocrites, and talk about the recommendations in that report. I will remind opposition members of what was in that report, because apparently they did not know when they were in government. They found out only when they fell out of government. Recommendation 11 is probably the most important recommendation in the entire report. It states —

That the Minister for Mines and Petroleum and the Department of Mines and Petroleum, in partnership with the Mental Health Commission, negotiate a Code of Practice with industry and other stakeholders that addresses FIFO work arrangements and their impacts on employees’ mental health.

What did the former government do? It did nothing. What have I done? I have directed the Commission for Occupational Safety and Health and the Mines Industry Advisory Council to create a code of practice. Let me make this clear. It will probably take one or two years to write that code of practice, because it needs to be negotiated with the industry partners. A code of practice is not something that is invented by a bureaucrat. It is a document that is created by the industry partners. I know how long these things take. However, I can tell members that one of the first things I did as Minister for Mines and Petroleum was to act on this recommendation, which, as I have said, is probably the most important recommendation in the entire report. Opposition members are now crying crocodile tears about FIFO work, when they had the capacity to do something about that. Dr Jacobs, the former member for Roe, was a Liberal. He was not a Labor man. He can be proud of this report, because it is a good body of work. The then government’s response to Dr Jacobs’ report was silence. The opposition’s response now is to cry crocodile tears on behalf of working people, when they never noticed working people in their entire life. For eight years, six months and five days, they had a chance to do something for people in this state who are working FIFO, and they did nothing. I love this! The National Party always talks about the CEO of the local council and the CEO of the local chamber of commerce. It never talks about the workers. It never talks about the people who have to do the work on the ground. That is our priority. We are not interested in Pelago and all the National Party’s dodgy deals in which millions of dollars of taxpayers’ money was given to National Party donors. That is outrageous behaviour by the National Party. The National Party gave its donors millions of dollars of taxpayers’ money. That was corrupt activity by the National Party. It was absolutely outrageous behaviour.

Withdrawal of Remark

Mr D.T. REDMAN: Mr Acting Speaker, can I ask the minister, please, to withdraw that? If he is going to claim that we are corrupt, he can bring a motion before the house.

The ACTING SPEAKER (Mr S.J. Price): On the point of order, the comment that was made was in regard to a group of people, not an individual. That has been accepted in the past. There is no point of order.

Debate Resumed

Mr W.J. JOHNSTON: As I was saying, there was corrupt activity by the National Party, whereby it gave millions of dollars of taxpayers’ money to its donors, with no business case. Let us understand what the National Party did. A company built a building, and the former government then rented the apartments. The company then built another building next door and could not sell the apartments, so the former government bought those apartments and left some vacant. Do members understand what happened here? There were vacant apartments that were owned by the government.

Point of Order

Mr R.S. LOVE: Mr Acting Speaker, when the member for North West Central was on his feet, the minister sought direction from the Chair to bring the member back to the point of discussion, which is the motion to establish an inquiry. The minister is now talking about a whole range of unrelated commercial transactions in the Pilbara.

The ACTING SPEAKER (Mr S.J. Price): There is no point of order. The minister is giving his response to the motion.

Debate Resumed

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Mr W.J. JOHNSTON: It is not hard to scratch the National Party because it knows that it is the guilty party. It is the one that took eight years, six months and five days to do something about this. National Party members sat there taking their ministerial salaries and their big white cars, but they were not helping people. We have put it on up-front; we are the first ones to do it. I have directed that there be a code of practice for the fly in, fly out industry. The National Party says, “Oh, the Minister for Mines and Petroleum is in the back pocket of BHP and Rio Tinto.” I cannot believe that BHP and Rio support my decision. Ask them. It is absolutely essential. It was the most important outcome of the Jacobs inquiry. Graham Jacobs should be very proud of this body of work. It was an excellent outcome. The Premier should be very happy with it too, because, as the member for North West Central pointed out, it was not the National Party, the Liberal Party or the former cabinet under the member for Cottesloe that asked for this report. It was the Leader of the Opposition on behalf of the Labor Party who put the interests of working people first, and this report does that. Not once when it had the chance did the National Party do anything about it.

The former government did not even respond in the chamber, which it is obliged to do under the standing orders. None of that happened. It took a Labor government to get this happening. If I do nothing else in my entire life, I will be very proud to create a code of practice for the FIFO industry. That would be a fabulous achievement.

Mr V.A. Catania interjected.

Mr W.J. JOHNSTON: It would be a bigger achievement than anything by the member for North West Central. I remember when he used to come and kneel on my office floor and beg me to make him a member of the Labor Party. He used to say, “Please, Mr Secretary, make me a Labor member of Parliament.” He did it twice. Was that not a tragedy?

Point of Order

Mr R.S. LOVE: I make a point of order on the fact that this is irrelevant to the matter at hand, which is the formation of a committee. The member for Cannington’s relationship with the member for North West Central is completely irrelevant to the discussion.

The ACTING SPEAKER (Mr S.J. Price): Minister, please get back to the debate on the motion. Thank you.

Debate Resumed

Mr W.J. JOHNSTON: Thank you very much, Mr Acting Speaker. I will ensure I keep to your wise rulings and stay on track.

Mr D.J. Kelly: Who else did he go begging to, member for Cannington?

Mr W.J. JOHNSTON: A number of union secretaries.

Mr D.J. Kelly: I always said no. I want that in *Hansard*. Take that interjection; I said no.

Mr W.J. JOHNSTON: I accept that interjection. I also noticed the Leader of the National Party complaining that the new Labor government has got BHP to increase the number of apprentices in this state. The Premier has achieved what the former government could not do, which is to get BHP and Rio to increase the number of Western Australians in training. Jealousy made the Leader of the National Party raise that. She complained that the Premier pointed out that he had achieved what the National Party in government for eight years, six months and five days could not achieve. It has been five months and 21 days and we are achieving things for this state, such as more apprenticeships in the Pilbara, which could not be done by the former member for Pilbara because he was too interested in his mates and not the working people of this state who turn up and do the hard yards. The one thing I am not going to do is take notice of the “member for East Victoria Park”. The great thing for the member for Pilbara is that he is a long-term resident in the Pilbara. He did not run for his seat while he lived in Victoria Park.

Mr V.A. Catania: Do you live in your electorate?

Mr W.J. JOHNSTON: No, I do not. I live in Victoria Park, like the member for North West Central does. I am relaxed about that. The member for Pilbara built a business in Karratha. He worked in the resources sector as a small business operator. None of the others over there has even tried that. None of them has tried it. The Leader of the National Party is proud she used to work for the Chamber of Minerals and Energy. The member for Pilbara built his life in the Pilbara. He is the only one who has done that. The former National Party member for Pilbara lived in the western suburbs. He sat in here in this chamber when we were opposing —

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Point of Order

Mr V.A. CATANIA: This has nothing to do with the motion. Could you please direct the “member for Victoria Park” back to the motion that is in front of us?

The ACTING SPEAKER (Mr S.J. Price): There is no point of order and the minister is responding to previous contributions to the debate by the National Party by referring to the member for Pilbara and other members. If you could get back on track, that would be great. Thank you, Minister for Mines and Petroleum.

Debate Resumed

Mr W.J. JOHNSTON: Thank you very much, Mr Acting Speaker. As I said, you are a very wise man. I can see it now.

In this chamber we were debating the question of where Horizon Power directors live and Brendon Grylls interjected and said that they have to live in Perth like he does because it is the best place to live. That is what happens. The National Party cries crocodile tears for working people, but in eight years, six months and five days, it did nothing. I remind the member for Warren–Blackwood that he was in cabinet every day that the member for Cottesloe was in government. What did he do?

Mr D.T. Redman: Look at the achievements.

Mr W.J. JOHNSTON: He thinks the achievements were so great that we should investigate his outcomes. This motion states that there should be an investigation into his state agreements. I cannot believe that the National Party wants to set aside the current inquiry of the Economics and Industry Standing Committee.

Mr D.T. Redman: We do not want to set it aside. That’s not what anyone said.

Mr W.J. JOHNSTON: It does. Let me make it clear. If the National Party prevailed today, the Economics and Industry Standing Committee’s current inquiry into the cost of regular public transport air routes in regional Western Australia will be set aside. The National Party is asking for the Economics and Industry Standing Committee to stop its inquiry into regional airfares. Given that that was an election commitment of the Labor Party —

Several members interjected.

The ACTING SPEAKER: Members! I am having a little difficulty hearing the Minister for Mines and Petroleum. Carry on, please.

Mr W.J. JOHNSTON: As I said, I am surprised that the National Party wants to stop that inquiry. It was a Labor Party promise to implement that inquiry. In eight years, six months and five days the National Party did not do anything about it. The Labor Party has been in government for five months and 21 days and we are on it. Qantas has already responded and now we see what the National Party is really about. Is it about ordinary people living in the bush? No, it is not. No wonder the Labor Party is the single largest party in regional Western Australia. No wonder we represent more electorates and more people than any other political party in this state. We are the party of the bush. We are the party of regional Western Australia. Regional Western Australians saw with disappointment the failure of the former government and the National Party. It cannot accept the election result. It cannot look the voters of this state in the eye and say that it is listening. It still has to go back to the ghost of Brendon past. The National Party needs to know that the people of this state rejected the National Party because it failed to help ordinary people in regional parts of Western Australia. That is how it lost seats and the Labor Party was so overwhelmingly endorsed in regional Western Australia.

Both the Alumina Refinery Agreement Act 1961 and the Alumina Refinery (Pinjarra) Agreement Act 1969 are about the south west of the state. Who represents the south west of the state now, members? The Labor Party does. We can drive from Bunbury all the way to Perth through Labor electorates. The people who live in those electorates work at those refineries that are covered by those state agreements. What a great endorsement of the Labor Party’s contribution to regional Western Australia. We are the real party of regional Western Australia and that is why we got more votes than the National Party did! That is what the National Party members are jealous about. They are jealous about the fact that the Premier is making achievements for this state and they are jealous because we got more votes.

Several members interjected.

Mr W.J. JOHNSTON: Somehow or other, the National Party is fixated on Brendon Grylls, but nobody else is. The comment in the street is, “Brendon who?” and they clearly —

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Mr D.J. Kelly interjected.

The ACTING SPEAKER: Minister for Water, Hansard is having a little bit of difficulty picking up on what is being spoken about.

Mr D.J. Kelly: Would you like me to speak louder?

The ACTING SPEAKER: No, just slower!

Mr W.J. JOHNSTON: The great thing about the Labor Party is that it has hardworking local members. The member for Pilbara is a great local member who represents his community. The member for Murray–Wellington is a great local member who represents the values of her community. Who can forget the member for Collie–Preston? He can never be left off any list!

[Member's time extended.]

Mr W.J. JOHNSTON: He is another great local member and he is a dominating personality for his community. He is a person of great achievement and no wonder he had such a massive swing in votes for him. Remember that in 2001 the member for Collie–Preston won the seat from the National Party. Now, we have grown it to be a safe seat, which is probably because of the member's contribution, as well as the Labor Party's endorsement. There are great members in the upper house. Members like Hon Adele Farina and Hon Dr Sally Talbot represent the areas that the National Party is talking about down there in Pinjarra and Wagerup. They are great members. Hon Stephen Dawson in the Pilbara —

Point of Order

Mr V.A. CATANIA: If we are doing a roll call, I cannot see how this relates to the motion moved by the Leader of the National Party. Mr Acting Speaker, could you bring the minister back into sync with what we have been discussing, which is the motion that is in front of us?

The ACTING SPEAKER (Mr S.J. Price): Thank you, member. There is no point of order. The minister is talking about state agreements that were struck prior to 1970, which is covered under the motion that we are debating. Minister, please carry on.

Debate Resumed

Mr W.J. JOHNSTON: The National Party was happy to challenge the Labor Party, our views and the quality of our members. National Party members stood and personally attacked the member for Pilbara for half of their speeches. Now, when I answer those criticisms, I get criticised for pointing out the truth.

Several members interjected.

Mr W.J. JOHNSTON: I get criticised by the National Party for pointing out the truth. It is just very typical of what happens in the National Party. It just cannot face the fact that it lost votes in regional Western Australia and the Labor Party was endorsed by regional Western Australia. That is the National Party's problem. If National Party members came in here to debate the actual issues involved and their resolution, I could have understood it. They did not do that. They came in here and attacked the Premier and individual members of the Labor Party and they wandered off about the gold industry. They did all those things but they never once justified why, in eight years, six months and five days, they did not consider any of these issues to be important. It was only when the National Party lost government that it suddenly found these issues were important. I will go back to another thing. At the last election, the National Party criticised me because I said that the question of fly in, fly out workers was about choice and that workers should be able to have more choice in their lives. The National Party criticised me for that. I do not understand that. If the question is about what people want in their lives, surely that is what choice is about. If workers do not want to be FIFO and they want to be residential workers, we should allow them to be residential. If workers want a FIFO lifestyle, they should be allowed to have it. Irrespective of the FIFO lifestyle, they should have the benefit of a solid code of practice so that FIFO workers can be properly treated. The idea is that somehow I am in the back pocket of resource companies, but virtually every day I get another letter from somebody in the resources sector saying that they do not want a code of practice for the FIFO sector; that is the reality. That is what we are about. The Labor Party is about working people, and working people are the ones who are living in Karratha and the Pilbara more generally, and living in the south west and working at Alcoa and South32.

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I cannot lecture you on this, can I, Mr Acting Speaker (Mr S.J. Price), given that that is your background? That is exactly your history in life—a man on the tools at the Alcoa refinery. I feel embarrassed now when I realise that with your immense experience —

Mr V.A. Catania: Is it because you're not going to support our motion and he is?

Mr W.J. JOHNSTON: No; I feel embarrassed because I was lecturing a person who knows far more than I know. That is what I felt embarrassed about. Does the member know what? The Acting Speaker knows far more than I know, and I know far more than the member!

Mr V.A. Catania interjected.

Mr W.J. JOHNSTON: It is very easy, in that regard, by the way.

I will make clear that we are not here to defend companies. We are not interested in defending companies. Companies will make decisions based on their financial interests. They will try to make money and do all those things. That is not our affair. This is not the Soviet Union. We do not run businesses. We are here; I am a regulator. The Premier, in his role as Minister for State Development, Jobs and Trade, is a promoter. They are our jobs. The companies make their own money.

Last year, 769.28 million tonnes of iron ore was exported from Western Australia. Interestingly, the member for Cottesloe once said that we should not have more than 250 million tonnes of exports. That is just less than one-third of what was exported. That export was worth \$53.9 billion and we got \$3.62 billion in royalties out of it. If we had reduced that export by two-thirds, Australia's balance of payment would have been worse off by nearly \$30 billion. The reason that Australians have such a high standard of living is the success of Western Australia's resource exports—not just iron ore, but also gas and other things like gold. Exports allow us to have a high standard of living. We do not have to work in the resources sector to benefit from the resources sector. That is what underpins our very high standard of living. Everybody in Australia needs to understand that and we need to understand that resources companies make their decisions selfishly; they make them for themselves. There is nothing wrong with that, because that is the way free enterprise works. I imagine that some of my colleagues do not agree, but that is my point. It is not that we cannot renegotiate agreements, because we do; it is that we cannot have the National Party's nonsense—their crocodile tears. Let us implement this fly in, fly out report and get on with protecting workers in this state.

MR R.R. WHITBY (Baldivis — Parliamentary Secretary) [6.28 pm]: Mr Acting Speaker —

Mr P. Papalia interjected.

Mr R.R. WHITBY: Thank you for the assistance, member for Warnbro. I rise to make a contribution today and I rise not as our lead speaker, but as someone who is keen to make a contribution nevertheless.

Mr D.J. Kelly: What do you think of the National Party?

Mr R.R. WHITBY: It is a good question! During the offerings we have heard this evening, I kept getting this sense—this hint—of a very well-known classic family Disney movie.

Mr D.T. Redman interjected.

Mr R.R. WHITBY: No, the member will like this!

Mr D.T. Redman interjected.

Mr R.R. WHITBY: The member will like this; stay with me. It is a Disney family classic. If members have kids, they will know it well. It is called *Frozen*. The key song in that movie is called *Let it go!* "Let it go, let it go" —

Mr S.K. L'Estrange: We have waited eight and a half years for this!

Mr R.R. WHITBY: Are there two Liberal Party members in the chamber at the moment?

Mr S.K. L'Estrange interjected.

Mr R.R. WHITBY: I notice the great support the member's conservative colleagues have demonstrated this evening. They have been out in force! There has been one and sometimes as many as two members!

Point of Order

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Mr V.A. CATANIA: I do not know if the member for Baldvis knows what the motion is about, but he is clearly not speaking to it.

The ACTING SPEAKER: There is no point of order. Can the member get on with his contribution, thank you.

Debate Resumed

Mr R.R. WHITBY: I have plenty to say about state agreements. The reason these members cannot let it go —

Mr D.T. Redman interjected.

Mr R.R. WHITBY: Mr Acting Speaker, can I point out that I sat in silence while I listened to the contribution by my colleagues across the way.

Mr D.T. Redman interjected.

Mr R.R. WHITBY: The reason they cannot let it go is because they are still smarting. They are still sore about what happened at the election. This is not a serious attempt to change policy in this state.

Mr D.T. Redman interjected.

Mr R.R. WHITBY: Thank you, member. This is about settling a score from the last state election. To do that, these members would put at risk a core underpinning of the state's economy. There are about 60 state agreements and they underpin the vast majority of oil and gas reserves and the contribution they makes to this state. They account for about \$64 billion of value to the state's economy. They account for \$4.8 billion of royalties to the state. They account for 62 600 jobs in Western Australia. However, these members would put all that at risk to settle a score from the state election. They cannot let it go; they need to confront reality. The Leader of the National Party needs to confront the reality that her proposal to introduce a big, new mining tax at the last state election was rejected by the people at an election. This is a device to settle a score for the National Party's failed election policy.

Ms M.J. Davies: That is actually not what we are talking about. We are not talking about that. Were you in the chamber when I was talking? Did you listen to me? Did you listen to the debate?

Mr R.R. WHITBY: I know exactly what this is about. The National Party had eight and a half years to raise this issue.

Point of Order

Mr W.J. JOHNSTON: The member for Warren–Blackwood and the Leader of the National Party are experienced politicians. Nobody on this side interjected on their contributions, and they have done nothing but interject on this member's contribution. I think that you need to ask them to comply with the standing orders.

The ACTING SPEAKER: Thank you, minister.

Mr D.T. REDMAN: Can I make a point of order, Mr Acting Speaker?

The ACTING SPEAKER: Can I just deal with that one first?

Mr D.T. REDMAN: Can I raise a point of order?

The ACTING SPEAKER: Is it further to that?

Mr D.T. REDMAN: I am making the point that the member is on his feet and we would be happy to sit in silence if he is going to stick to the subject, but if he is going to refer to members directly off the floor and refer to comments from the Leader of the National Party or other issues that, in my view, are quite peripheral to this debate, then he needs to expect some fire.

The ACTING SPEAKER: Member for Baldvis, in that little exchange everyone was actually right. Please can you address the Chair and then you will not invite the direct interjections that you are going to get from talking directly to the members—so talk to me.

Debate Resumed

Mr R.R. WHITBY: State agreements have been around since the 1960s but they are not set in stone. They are negotiated; they are a moveable feast. In fact, changes are made to state agreements all the time. It is not necessary to threaten what underpins this state's economy, as proposed tonight, in order to change various state agreements at various times. I can give members some examples of how these state agreements are sometimes altered. In the past decade, there have been no less than 30 different occasions when state agreements have been altered to suit the times. They include the sharing of infrastructure between BHP Billiton and Rio Tinto, the capture of

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environmental offsets, the standardisation of iron ore payments under the current mining act, bringing in new areas under an Australian agreement to enable the company involved to continue to operate—in this case it was Cockburn Cement—and incorporating local content reporting. State agreements have also been altered in the last decade in relation to the preparation of a local participation plan involving BHP, Rio Tinto and BP Australia. They have also been altered in relation to the preparation of community development plans, the extension of a state agreement in terms of Cockburn Cement, CSBP and BP, the incorporation of domestic gas obligations, and to allow processing operations to continue to enable the processing of a non-agreement ore under the state agreement—I could go on. State agreements also expire. It is a nonsense to say that somehow they are set in stone and we need an inquiry to question the whole existence of certain legacy state agreements.

I would like to draw the attention of the house to the state agreements that the Leader of the National Party raised when she was on her feet. She said that the state agreements in question pre-1970 included a range of iron ore agreements dating from the early 1960s. She forgot to mention that other state agreements would be caught up in this inquiry. She did not mention them. I do not know whether she was not aware of them, she simply did not investigate them, or she was not telling the house. However, these include the Alumina Refinery Agreement Act 1961, the Alumina Refinery (Pinjarra) Agreement Act 1969, the Dampier Solar Salt Industry Agreement Act 1967, the Evaporites (Lake MacLeod) Agreement Act 1967 and the Leslie Solar Salt Industry Agreement Act 1966. All these agreements that were not mentioned earlier could be impacted under this inquiry. I would also like to mention that state agreements also derive a benefit in terms of royalties for regions, which I thought the National Party was interested in protecting; it seems that only the government is interested in doing that. I draw the attention of the house to the fact that in 2010 and 2011 the government amended BHP and Rio Tinto's state agreements to increase royalties for fines. This resulted in significant royalty payments to the state, and, subsequently, also contributions to royalties for regions. The National Party is bringing into question a process that benefits royalties for regions.

Mr V.A. Catania: How does it do that?

Mr R.R. WHITBY: I have just explained it to members. As was mentioned before, why on earth did the individuals concerned not raise this in the past eight years? It could have been done. It was pointed out that they were in government for eight years, six months and five days. In fact, the member for Warren–Blackwood was the Minister for State Development for three years.

Mr D.T. Redman: Who me?

Mr R.R. WHITBY: Did he raise this issue?

Mr D.T. Redman: Was I the Minister for State Development? The member has got the bad talking points there I think.

Mr R.R. WHITBY: Sorry, he was the Minister Assisting the Minister for State Development.

Mr D.T. Redman: Yes.

Mr R.R. WHITBY: I am very sorry.

The ACTING SPEAKER: Member for Baldivis, keep it this way.

Mr R.R. WHITBY: While he was the Minister Assisting the Minister for State Development, that particular minister made no attempt to make a change in this regard, and neither did the member for North West Central, the member for Moore or the member for Central Wheatbelt. Where is this proposal to have an inquiry leading?

Mr V.A. Catania: Do you want to table those notes and we will put them in *Hansard*.

Mr R.R. WHITBY: I can refer to notes, member. This is about a tax that was thoroughly rejected at the last state election. This tax would have seen 90 per cent of the revenue it raised leave Western Australia.

Mr D.T. Redman interjected.

The ACTING SPEAKER (Mr S.J. Price): Member for Warren–Blackwood!

Mr R.R. WHITBY: A Deloitte Access Economics analysis claimed that the planned National Party massive tax on the mining industry would have resulted in 2 900 fewer jobs in the Pilbara region and 3 400 fewer jobs statewide.

Several members interjected.

The ACTING SPEAKER: Members! The member for Baldivis is not taking interjections, so if you continue to persist with them, I will have to call you to order.

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Mr R.R. WHITBY: I would just like to sum up. In basic terms, this is about a party that has not learnt a lesson from the last state election. The Leader of the National Party mentioned that we might appreciate the fact that the National Party was showing persistence and chipping away. The problem is that it is chipping away to achieve something that it put forward at the last election and was soundly rejected. The difference between the National Party and us is that, after an election loss, we actually learn our lessons. We accept the verdict of the community, and we change policy. That is how we ended up being elected in 2017. When you lose an election, you accept the verdict of the people. You accept that the policy was wrong, you accept that it was rejected, and you move on and you let it go.

MS J.J. SHAW (Swan Hills) [6.41 pm]: I rise to speak to this motion, which I think is very significant, but I advise the house that I am not the lead speaker today. Today I have been listening very intently and taken a number of notes as I listened to the various contributions to debate in the chamber, particularly that of the Leader of the National Party. I am not going to quote from Disney movies; I want to stick to the issue at hand and I particularly want to speak to what a reference to the Economics and Industry Standing Committee could potentially lead to. Before I do that, I want to talk about the role of state agreements and state agreement projects, which have basically been used for well over 60 years now to develop the infrastructure, resources and energy of this state, beginning in 1952 with the BP refinery, and covering a range of commodities—oil, gas, iron ore, bauxite, coal, nickel, mineral sands—you name it. My figures are a little more dated; I did not realise I was going to be on my feet until a short time ago, but I dug up some 2014–15 figures. The total value of production from mineral and petroleum products was about \$99.5 billion, and 64 per cent of that was from state agreement projects, as were 82 per cent of royalty receipts and 59 per cent of all resources sector workers. These are very important statistics that we need to recognise. Since 2008 \$140 billion in capital has been invested into Western Australia, of which \$47 billion came from BHP and Rio Tinto alone, in iron ore.

These pre-1970 projects that the Leader of the National Party has mentioned—the Alcoa alumina projects, the Rio Tinto and BHP projects—have underwritten the development of this state. The BHP and Rio Tinto projects have underwritten the development of the north and the Alcoa projects have underwritten the south. Indeed, they were the catalyst for the development of the Dampier to Bunbury natural gas pipeline, which we have to thank for so much development in the state of Western Australia. These projects have unlocked our state and the signals we send about sovereign risk and the certainty with which companies can come into this state to invest is really important.

What are these state agreements? They are contracts, and they are entered into in good faith. They are negotiated in good faith, and they should be administered on an ongoing basis in good faith. Companies enter into significant infrastructure spends and significant upstream financing arrangements, and when they do that, if they are going to raise the finance required to invest in this country, they need certainty. They need to know that if they spend the dollars here in Western Australia, that expenditure is not going to be frittered away by an arbitrary, unilateral decision by a government to just strip away the state agreement terms.

Having said that, however, as circumstances have changed, the state agreements have proved to be resilient and adaptable documents. Indeed, the member for Warren–Blackwood went through a number of the changes that have been made over time, as did the member for Baldivis. The agreements change, and when they change, it is negotiated. As I said, I listened with real intent to the Leader of the National Party when she said that the state agreements and, indeed, our modern economy, are based on mature relationships; that we are no longer a fledgling industrial country and that we have mature markets. We are globally recognised for our market and the quality of our iron ore and, somewhat ironically, the stability of our government and the consequent reduced sovereign risk. The member for Warren–Blackwood also spoke of Premier Charles Court’s vision for certainty and security of tenure. These things are incredibly important.

The key thing is: what message do we want to send? When we are at a position in our state’s economic development in which we are just starting to see the green shoots of growth and when we are finally being led by a Premier with vision, who is also the Minister for State Development, Jobs and Trade and we are starting to see an economic turnaround, what message are we sending? The important thing is that we develop a global reputation as a stable investment destination and a place of low sovereign risk. Investors into Western Australia want to be able to develop a sound business case. They do not want to be subject to arbitrary and unilateral decisions to break contracts. That sends an incredibly dangerous signal just at a time when we do not need it.

Mr D.T. Redman interjected.

Ms J.J. SHAW: I will come to that, member.

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We cannot say to companies, “Bring your capital, bring your jobs, bring your infrastructure, but at any stage we may fundamentally change the terms of your deal. No negotiation, no discussion.” That is no way to run an economy or to generate regional jobs. In fact, I was very interested to hear the Leader of the National Party speak about the BBI Group project. Just to update the house, that state agreement was signed in January and we will, as the Minister for Mines and Petroleum said, bring on a bill very shortly to lay out the necessary arrangements for that. That project alone will deliver 3 300 construction jobs and 900 ongoing jobs. At the moment they are developing a business case and bringing that project to a final investment decision. They are approaching a key decision point. They are going to develop a port that is going to unlock a range of stranded assets in the centre of the Pilbara. They are going to develop a railway and deliver somewhere between six and 10 million tonnes of iron ore per annum.

This is a key project and we need to send a very clear message that investment in Western Australia is secure, that the investments can be counted on, and that the terms of agreements will be honoured and, if they need to change as circumstances change, that will be negotiated. But sending a reference out to a committee sends the wrong signal—that at some point, that could all change. I will just say, the Leader of the National Party said that we cannot value what we cannot understand. If we cannot see a clear future, if we cannot understand and predict what is going to happen around the state government’s position into the future, how can we value a project? How can we account for that risk? How is a project even bankable? We have green shoots; we are turning this economy around, and now is not the time to start sending inappropriate signals into this market. There has been a little bit of toing and froing about the reference to the Economics and Industry Standing Committee. The Leader of the National Party stated, “This is an opportunity for this Parliament to do its job.” The Minister for Mines and Petroleum went to some length questioning why this job has not been done before. If this was such a burning issue—if it was something that was so strongly and passionately felt—why was it not addressed a long time ago?

I found it really interesting that the member for Warren–Blackwood also alluded to the current inquiry of the Economics and Industry Standing Committee.

Mr D.T. Redman: I don’t think I made reference to that —

Ms J.J. SHAW: Actually, the member for Warren–Blackwood made reference to a current trip that we undertook —

Mr D.T. Redman: The only thing I talked about was taking the other two members around and showing them the village.

Ms J.J. SHAW: It is no secret that we happened to be up in the Pilbara as a committee. The hearings we held up there were very well publicised, and indeed we held a number of public forums while we were in the different regional centres. We got to travel around the state. We got to see the resource projects in action. We got to hear from regional communities. I note that the Labor Party now has 13 representatives and is the largest party in Parliament representing regional Western Australia. As we travelled throughout Western Australia we heard the issues that are really important to the people of regional Western Australia. In our hearings we heard about the impact of regional airfares on communities. There was some really passionate debate and feedback from the people of regional Western Australia on the impact of regional airfares on their time. That is the current work of the Economics and Industry Standing Committee. We established that inquiry because it was a commitment the Premier made during the election. A lot of my colleagues heard that feedback, the Premier heard that feedback, and we established the committee. We initiated that inquiry and it was all pretty quiet for a little while. We did not have much in the way of —

Point of Order

Mr D.T. REDMAN: Mr Acting Speaker, I wonder whether you could offer some guidance to both me and the member for Swan Hills, who is the Chair of the Economics and Industry Standing Committee. She is making some commentary that I think she would need to be cautious about because it might move into what might be classed as the deliberations of the committee. I understand she has authority through the committee to make some public comment. I wonder whether you could offer me and her some guidance about whether she needs to be cautious in making those comments in this place.

The ACTING SPEAKER (Mr S.J. Price): There is no point of order. The member is actually responding to your interjection in regard to getting on to the topic of the committee. But if the member could get back to contributing to the debate on the actual motion, that would be appreciated.

Debate Resumed

Extract from *Hansard*

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Ms J.J. SHAW: I will explain why this is such an important issue and why the point I make is very relevant. At the very outset of being on my feet this afternoon, I spoke about the importance of sending signals into overseas markets and potential investors in the state of Western Australia. It is not just the legislation passed; it is debates that are read and references made to committees that establish key points and send signals to foreign investors, and indeed domestic investors, about the type of government stability and sovereign risk that could potentially be encountered by coming to Western Australia.

Several members interjected.

Ms J.J. SHAW: Yes.

Several members interjected.

Ms J.J. SHAW: I find this ironic. I am on my feet and copping a bit of the flack for talking about something directly relevant to regional Western Australia and the terms of reference the Leader of the National Party has put in front of the Parliament that a series of interjections have come from my right-hand side on matters that have absolutely nothing to do with this debate.

Several members interjected.

The ACTING SPEAKER: Member for North West Central, just be careful.

Ms J.J. SHAW: Perhaps it is a form of Tourette syndrome—I do not know. I think it might be a form of Tourette syndrome on projects that produce very little economic benefit to the state.

I have repeatedly tried to establish that it is about trying to signal to overseas markets, and committee references send clear signals. I speculate that perhaps one of the reasons those on the other side of the house did not establish an inquiry to examine this issue and did not choose to effectively address it while they were in government was because they were worried about the type of signal it might send at a time when they were trying to get projects off the ground. I acknowledge that the member for Cottesloe signed the state agreement for the BBI Group project. I welcome investment in regional Western Australia. If we need to do one thing, it is invest in regional jobs and encourage people in. We are clearly at the end of a construction boom and moving into a production phase. We need to get new jobs, projects and economic diversification into this state. I suggest that rather than reference a value-destroying inquiry—rather than send that to the Economics and Industry Standing Committee—we should be asking this Parliament to do the work and look at the opportunities that will deliver economic diversification and growth.

Government members: Hear, hear!

Ms J.J. SHAW: That is the job of this Parliament. That is what WA Labor understands. That is the vision the Premier has outlined for this state, and it is what this Parliament should be doing. I find it really quite trite that we sit here and take a lesson from those opposite on what Parliament should be getting on with and what our priorities should be, when they want to send a reference to a committee on economics and industry that would work against those two very things. I say shame you on you!

Government members: Hear, hear!

Ms J.J. SHAW: Green shoots. We need to turn this economy around, and the National Party is actively stirring the pot to try to create that global uncertainty and turning billions of dollars of potential investment away from this state. That is not good enough, and it is probably a good reason for the people of Western Australia to have sent the opposition a very loud and clear message at the March state election. It is probably why the former Leader of the National Party—the former member for Pilbara—was ousted. He did not have his priorities right either. He was not looking after the people of his seat. He was the fly in, fly out leader. Everybody knows that. Finally, the reason we have the largest number of regional seats in Western Australia is that we are focusing on the jobs and projects of the future. The Economics and Industry Standing Committee may choose to look at an incredibly broad range of matters that would deliver far more value to this state. I would also observe that perhaps there is a case looking into how future state agreements—the billions of dollars of wealth that this government will attract into the state—can best serve the people of Western Australia. I think that is an absolutely fantastic idea. It would be time well spent. It is about generating new jobs and projects, rather than this harebrained idea that we should be looking at value-destroying inquiries and references. I really think the priorities of those opposite are wrong.

I do not think I have all that much more to say on this matter —

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Several members interjected.

Ms J.J. SHAW: Shall I take you to seven o'clock?

Several members interjected.

Ms J.J. SHAW: I listened with interest to the member for Warren–Blackwood's comment that what goes on on tour stays on tour, but I would like to talk about some things that happened during our public forums. When travelling through Kununurra, Broome, Kalgoorlie, Esperance and Albany there was real optimism in those communities, a real thirst for economic diversification and a real interest in regional development. The Economics and Industry Standing Committee should be focusing on those sorts of things. Something rather interesting about that inquiry is that I believe it was the first time—for the Economics and Industry Standing Committee in particular—it had held public forums and listened to the people of the towns about the issues that were concerning them.

Debate adjourned, pursuant to standing orders.

House adjourned at 7.00 pm

Extract from *Hansard*

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