

STATE AGREEMENTS LEGISLATION REPEAL BILL 2013

Second Reading

Resumed from 9 May.

MR W.J. JOHNSTON (Cunnington) [11.59 am]: I rise to speak on the State Agreements Legislation Repeal Bill 2013. This bill repeals the relevant state agreements listed in the bill. The first thing to note is that although this bill has been declared urgent, there are no urgent issues involved with this legislation. Whether we pass it today, next week or at the end of the year makes no difference at all because none of these agreements are in force. Declaring this matter to be urgent was a surprise last week and the Labor Party put on the record its position. Nonetheless, we will not oppose the passage of the bill.

This legislation is perhaps the end of what could be called the Sir Charles Court era because we are repealing a number of the old-fashioned agreements that tried to piggyback downstream processing onto mining projects. I will go into detail about one of those agreements in particular. It also makes clear that just because there is a state agreement does not mean there is a project. Often governments, particularly conservative governments—I will make some comments about this in a while—make it seem as though because a state agreement is passed there will be a project. That simply is not the case because if a state agreement is made with a proponent that has no money, it is impossible for the proponent to do the project. It does not matter how many state agreements acts pass; if there is no cash behind the project, the project will never happen.

I draw members' attention to the five acts that are that are being repealed. They are the Broken Hill Proprietary Company Limited Agreements (Variation) Act 1980, the Broken Hill Proprietary Company's Integrated Steel Works Agreement Act 1960, the Broken Hill Proprietary Steel Industry Agreement Act 1952, the Iron and Steel (Mid West) Agreement Act 1997 and the Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968. I understand that the Western Mining Corporation agreement is not in force and that what is now BHP's Nickel West mine is operating without the benefit of a state agreement. That is a good thing because clearly that is one project that was covered by a state agreement that delivered many benefits to Western Australia. Yesterday, an executive from BHP Billiton Ltd rang me to tell me that 180 workers and contractors at the Nickel West operation were being made redundant. I imagine that many of those workers are in your electorate, Madam Deputy Speaker. That is a tragic situation but it is inevitable because of the economic circumstances that we find ourselves in. In the minerals industry, three sectors are doing particularly badly—aluminium, nickel and mineral sands. Interestingly, all three industries export a refined product and not just the raw ore. It will be interesting to see how those types of industries will go in the future.

I will highlight the Iron and Steel (Mid West) Agreement Act 1997 that we are repealing. It is instructive to look at this particular agreement because it teaches us a lot of lessons about the way these things can operate. This agreement act covered the proposed Kingstream project, which was a very interesting project. It was one of those projects that never had a chance because there was never any money behind it. As members might know, it was proposed by a company called Kingstream, which was run by a guy called Nik Zuks and was chaired by the brother of the Premier of the day. The project never got ahead because the proponent never had enough cash behind it to do the project. However, because the agreement was announced late in 1996, just before the state election, it allowed the government of the day to promote itself as having been able to achieve something, even though there was actually no project. I note that in the Governor's speech on the first day of Parliament on 6 March 1997 following the 1996 election, the Governor said on behalf of the government of the day —

We are entering into a new phase of downstream processing and value-added industries.

Metal ores and minerals will be refined into steel and other products. BHP's hot briquette iron project at Port Hedland, worth \$1.5b, is typical of the new industries.

Agreements under negotiation which will need parliamentary ratification include —

The mid west integrated steel project near Geraldton with a possible new port at Oakajee at a projected overall cost of \$2.4b.

Australian United Steel's \$1.5b direct reduced iron plant near Wickham in the Pilbara.

Mineralogy's \$1.8b iron ore enrichment plant in the Fortescue area and the \$750m Mt Gibson iron ore project.

Interestingly, the Mt Gibson iron ore project went ahead. I will talk about that in a while because it took over part of the Kingstream project. Of course, Mineralogy is now the Sino Iron project. We will all be pleased to see the first shipment from Sino Iron. I will make another aside about that. The Governor's speech outlined a quite detailed work program for the government that was delivered on the opening day of Parliament three months and

22 days after the election date. If this government had chosen to delay the return of Parliament, it might have had some legislation before us to debate rather than have to use devices like declaring bills as urgent when they are not, just to give us something to talk about.

No-one can predict the future but one of the projects being talked about then was the hot briquetted iron project. People say all sorts of things about these types of projects and it is interesting to read the commentary and contrast it with what actually happened. I read the Legislative Assembly *Hansard* of 17 March 1999 when the Premier, as he is now, the then Minister for Resources; Development, talked about the HBI project. He said —

As for iron ore processing, we should not lose sight of the fact that BHP's project is now coming into the commissioning stage and it will come into production ... There is also no doubt that the share of world steel production that requires direct reduced iron-grade feedstock continues to rise; indeed, it is almost rising more quickly during a recessed market as some of the non-electric arc furnace plants close down. That plant will be there. It might take a few years but I suspect that in about five years the people who made the decision in BHP to build that plant will look like heroes. It will prove to be a great decision by BHP. Those people will suffer for a while and there will be a few years of really tough marketing, but by about 2003 or 2004 they will be heroes. I do not want to put pressure on BHP but I would not be at all surprised to see an electric arc furnace steelworks put on the back of that DRI plant.

We can never predict the future and when people make pronouncements, it is worthwhile thinking about that. That is probably why the minister thought it was worthwhile in December 2000, in the dying days of the dying government in the lead-up to the 2001 election, to put out another statement regarding the DRI plant. The statement released by the minister on 14 December 2000 was headed "BHP to continue HBI plant with Government support", and reads —

Resources Development Minister Colin Barnett has welcomed BHP's decision to continue operating its hot briquetted iron plant at Port Hedland.

...

Mr Barnett said since the start of the Pilbara iron ore industry in the 1960s, the State had required iron ore companies to move towards processing the iron ore into more valuable products—including HBI and eventually steel.

Further down the statement is a quote from the minister —

"It is pleasing that BHP has seen fit to continue to honour its secondary processing obligations to the State in this way.

Further on it states of the minister —

He said the assistance package was related to royalty and rental relief for three years only and was estimated to be worth between \$9 million and \$11 million in foregone revenue to the State in total over that three-year period.

So what actually happened? We know that in May 2005 there was an explosion at the plant and a worker was sadly killed, and the company had to make a decision about what was going to happen. I will quote from an article that appeared in the *Sydney Morning Herald* on 8 August 2005 —

BHP Billiton is expected to formally terminate its disastrous Boodarie hot briquetted iron (HBI) plant at Port Hedland when it unveils its profit later this month.

The plant, already technically worthless since BHP Billiton wrote off the last of its \$US2.6 billion (\$3.37 billion) investment in 2000, has been shut since May last year when an explosion killed one worker and seriously injured three others. The company is now facing four charges, each carrying a potential penalty of \$US260,000, over the blast.

That journalist was obviously very astute, because two weeks later, on 24 August, BHP released a media statement under the title, "Hot Briquetted Iron Facilities to Close at Boodarie Iron", and it states, in part —

BHP Billiton today announced that it would permanently close the hot briquetted iron facilities at its Boodarie Iron plant in Port Hedland, Western Australia.

When we are talking about these types of projects and other state agreement acts, I caution everyone that it is easy to be excited about projects, but it is a different thing to actually deliver them. It is interesting that not one of the projects that related to downstream processing listed by the Governor in his speech worked out. If we consider the magnetite project to be downstream processing—I know that the Premier does—that is one that got away under the Labor government many years afterwards, but —

Mr C.J. Barnett: It stalled—totally stalled.

Mr W.J. JOHNSTON: I will get to Karara Mining in a minute, Premier; talk about leading with his chin! Let us get onto the one I was talking about, which is the China–Australia iron project in the Pilbara—the Mineralogy project that was referred to by the Governor in his speech. He was not talking about the midwest, Premier; he was talking about the Pilbara. If the Premier wants me to read it out to him again, I am happy to do so. Perhaps he can go through *Hansard*; that would make it easier.

Mr C.J. Barnett interjected.

Mr W.J. JOHNSTON: Madam Deputy Speaker, if I could have some protection.

The DEPUTY SPEAKER: Order, Premier. We are listening to the member.

Mr W.J. JOHNSTON: Thank you very much.

I do know; I have read the agreement, but that is not the point. I am making the point that the project went ahead when the Labor government supported its conclusion. Anyway, we will go through that later.

No-one knows the future; sometimes technology works out, sometimes it does not. The dream of downstream processing has to make sense, and if there is no financial case, that means it will not happen. That is as true today as it was when the Kingstream Resources project blew up during the second term of the Court government and caused so much media commentary and angst amongst the Western Australian community.

The Premier recently said that he has failed twice on Oakajee; he was referring to the fact that the Kingstream project was the first occasion on which he failed on Oakajee. On 12 November 1996, in the lead-up to a state election, the then Minister for Resources Development, the now Premier, made a ministerial statement. It states, in part —

Kingstream Resources first examined the prospect of an iron ore processing project approximately five years ago.

The original concept was for an open cut mine at Talling Peak, to the east of Geraldton, and a 700 000 tonne steel mill located near the town of Mullewa. In 1994, Kingstream commenced a full feasibility study, which led to expansion of the mining operation and steel mill and the selection of Narngulu as the proposed site. Government approvals were sought for the project at Narngulu and it received environmental approval in April 1996.

I just note that Talling Peak was later mined by Mount Gibson Iron Ltd. The Mount Gibson Iron project went ahead only because the state Labor government deepened the port at Geraldton. If the port deepening had not occurred at Geraldton, there would never have been the Mount Gibson Iron project at Mt Gibson, and that would have meant that it would not have been able to expand and continue its work at Talling Peak. It is interesting that the Talling Peak mine has a 10-year life; it is expected to be worked out this year. It would, of course, be impossible to support a steel mill based on a 10-year mine life. It would take additional resources to keep a steel mill running for 30 years or more, as would be necessary to get capital back from a project of that value. Further along, the ministerial statement continues —

The project, which will also require investment in associated infrastructure to the value of a further \$1b, will produce 2.4 million tonnes per annum of steel slab, all of which will be exported to Taiwan for use in An Feng's rolling mills.

The mid-west iron and steel project offers very considerable benefits. These include the construction of a steel mill to produce 2.4 million tonnes of steel slab per annum; the development of an iron ore resource at Koolanooka, 13 km east of Morawa; provision of 2 500 new jobs during construction of the project and 1 000 permanent jobs; the generation of approximately \$17m in annual revenue to the State, including payroll tax, stamp duties and royalties.

One of the interesting things there—this is often the case with conservative governments—is that whilst there was talk about the benefits, there was no discussion of the cost. I will discuss this briefly in a minute, but when the bill came before the house, it was discovered that the state would be subsidising the project for what the minister said was a fair assessment of \$20 million a year. That meant that there was actually no net benefit to the state government. It may well be that that could have provided a great net benefit to the state of Western Australia, had the project actually existed, but the project never came good because it was never viable. I make the point also that that November statement came during the dying days of Parliament before the December 1996 election. So, just in time for an election, a conservative government was crowing about a project that, after the election, fell to pieces. There is an echo with the James Price Point process, in which the Premier, before the election, was blowing his own trumpet about his decision to proceed with that project which then, of course, fell apart immediately after the election.

On 12 March 1997, the legislation for the state agreement came to the house. I will go through some of the debate, because it was a very extensive debate and it is very instructive to look at what occurred during that time. Again, I will quote the then Minister for Resources Development and now Premier from the *Hansard* of Wednesday, 19 March 1997 —

The Government's opinion was then, and still remains, that these deposits are either not large enough or the grade of the iron ore is too low to enable them to be developed as export iron ore mines. They will only be developed, therefore, if significant value can be added to the resource.

Of course, that may have been the position at the time and it might have been shared by many people in the community, but we now know that that was not true because many of those resources are, in fact, being exploited as ore and some, as the Premier pointed out, are part of the Gindalbie Metals Ltd project that is going ahead.

Further along in the same speech, he stated —

Indeed, in order to meet An Feng's steel requirements, the output from the project had to be significantly increased from the proposed 1 million tonnes to 2.4 million tonnes per year of steel slab.

That is interesting, because there was no project; that was spin. This is the sort of thing that happens. Ministers get excited about projects and present them in the chamber as if they exist. Again, in the lead-up to the 2013 election, the Liberal Party claimed that both the Oakajee and James Price Point projects had actually been achieved, and we can hear that echo from the past coming back to us today.

This is the bit I like. The minister said —

The iron and steel plant at Oakajee will include a mill to produce iron pellets, two direct reduction plants and electric arc furnaces for the production of steel. The steel will be cast into slabs which will weigh approximately 20 tonnes.

I love the way it says "will". Later on it states —

Subject to the approval of the boards of both companies and the raising of finance for the project, the Government has been advised that construction could commence as early as the second half of 1997. If construction commences in 1997, the first steel slabs could be exported to Taiwan by the turn of the century.

Does that mean that if it were a different month of the year, it would not be May; if it was night-time, it would not be daytime; and if the boards of the company approved the finances, something might happen? Of course, nothing happened because there never was any money. The project was all hot air and it never proceeded.

Mr C.J. Barnett: Do you know what the ALP's position was at the time?

Mr W.J. JOHNSTON: Yes, I do. I will get to that.

Mr C.J. Barnett: The ALP's position was —

Mr W.J. JOHNSTON: It was to refer it to an inquiry. That is right, Premier. That was the ALP's position.

Mr C.J. Barnett: No, it wasn't. You weren't here. The ALP's position at the time —

Mr W.J. JOHNSTON: I am about to quote from it. Please, if I could just have time to develop my argument.

The DEPUTY SPEAKER: If the member for Cannington seeks protection from the Chair, he should not engage in conversation with the Premier and should direct his remarks to the Chair.

Mr W.J. JOHNSTON: Fair enough. I do know what happened, Premier, and I am about to make that clear to him.

Mr P. Papalia: The interjections are not being welcomed.

The DEPUTY SPEAKER: Order! The member for Cannington asked for protection.

Mr W.J. JOHNSTON: I am happy not to be protected so long as the Premier tells the truth, because it is a problem he has in this place. Going further in *Hansard*, the then minister said —

The proponents are to be notified of my decision in respect of the proposals within two months of their submission.

It then goes on —

If I do not approve the proposals, there is a procedure by which the agreement can ultimately be terminated. Once proposals have been approved, the proponents must implement them.

I love the fact that it again used the same language—“my decision” and “my approval”—and the idea that somehow the then minister would actually be involved in the project rather than act as a regulator and facilitator. That is a reflection of the arrogance that the Premier continues with now. He states further —

I also emphasise that this agreement requires that all of the iron ore mined from the mining tenements must be processed in the iron and steel plant in accordance with the approved proposals.

The then minister stated that it “must be processed”. That iron ore is actually being exported as we speak. Ships are leaving Geraldton harbour thanks to the Labor Party, and that iron ore is being exported to China.

Mr C.J. Barnett: Carrying hematite not magnetite. There’s a big difference.

Mr W.J. JOHNSTON: Magnetite is being exported through the harbour.

Mr C.J. Barnett: Hematite.

Mr W.J. JOHNSTON: Magnetite. Karara is in operation.

Mr C.J. Barnett: It’s not magnetite as a raw material; magnetite as processed.

Mr W.J. JOHNSTON: Oh, processed? Yes, it is refined; not processed, Premier. Can the Premier tell the difference?

Mr C.J. Barnett: It is processed from 35 per cent grades to nearly 70 per cent grades.

Mr W.J. JOHNSTON: It is refined in the same way nickel and mineral sands are refined; it is not a manufacturing process.

Mr C.J. Barnett: But it is not raw magnetite from the mine going through the port.

Mr W.J. JOHNSTON: That is right, but it is also not an end product. It is not manufactured; it is processed. There is a technical difference and if the Premier does not understand that, what is he doing in the job of Minister for State Development? There is a massive difference between those two things.

Mr C.J. Barnett: What do you reckon I’m doing? I’m developing the state.

Mr W.J. JOHNSTON: We saw that before the election and we are seeing it right now.

The opposition went on about the arrogance of the then minister and how he was going to be the person who makes all the decisions. It is really bizarre that that has echoed down through the years. The Premier is saying the same things about James Price Point. It was his decision whether or not gas was processed at James Price Point. Where is the gas going, Premier? To quote again from *Hansard* —

... the State or a private owner-operator to construct and operate a port at Oakajee suitable for the needs of the project.

In her contribution to the debate, Dr Judy Edwards made the interesting point that the proposal for a port site at Oakajee had been identified as early as 1975. The Premier said at the time it was in the 1960s. I do not know who is right, but I was interested in the two comments about that. Certainly Oakajee always has been identified as an opportunity to put a port there. The then minister went on to state —

The initial estimates costed the port at \$262m.

The last I heard it was \$6.5 billion, but I am sure we will know. Of course, the port being proposed in 1997 was a more extensive port that allowed several berths for loading not only raw materials, but also processed and manufactured materials.

There were also the provisions under clause 41, to quote the then minister —

Clause 41 is the stamp duty clause. The agreement provides for limited stamp duty exemption on specific instruments for a period of three years.

That is the stag clause. Had the project got up, that clause would have allowed the proponents to have sold their interest in the project and be exempt from stamp duty. They would have received a stag profit and walked away. I do not understand why the Premier thought that was a good idea rather than a bad idea. Most people believe that giving a stag benefit to some fly-by-nighters so they can get their money and get out is a bad idea and not a good idea. Why was there no stamp duty provision that if they held it for 30 years, they could receive a stamp duty advantage? Why give that advantage to them at the start of the project when they had not done the hard yards and delivered for the people of Western Australia?

The debate on this bill went for many days. On 19 March, the opposition started its contribution to the debate. The then member for Eyre, Julian Grill, progenitor of the seat Madam Deputy Speaker now holds, stated in that debate —

Never before, as far as I can ascertain, has a Government been prepared to put in place such a high level of support for a project. In that sense I am talking about not just capital infrastructure, but also ongoing operational subsidies for this project.

Anyone can get a project up if they are prepared to put enough taxpayers' money into it. There is an interesting exchange in *Hansard* between the then minister and the opposition spokesperson. I start the quote with Julian Grill —

Very few companies will be able to take advantage of the sorts of infrastructure being put in place by virtue of this agreement.

Mr Barnett: I can give the member two now. Asian Iron and Steel and the second smelter for Western Mining.

MR GRILL: Let us wait and see whether they come off.

Mr Barnett: A stainless steel plant is a big chance in the future.

MR GRILL: Once again, we are operating on a wing and a prayer.

Mr Barnett: No.

The point I make is: where is the stainless steel plant? It is a big chance, and we are not operating on a wing and prayer. Mr Grill said, "Once again, we are operating on a wing and a prayer," and the minister replied, "No," but that is exactly right. It is bizarre that that echo has come down through the years. I thought the Premier only recently adopted this boisterous approach to things, but apparently it is his practice.

Mr Grill then outlined why the government was being burdened with benefits to the private operator that were not in other state agreements. Here is another exchange —

Mr Barnett: The State might come in and fund the port upfront.

MR GRILL: The Minister has made a number of statements about the port.

Mr Barnett: That is a very likely possibility.

The then minister continued as minister for another three and a half years after this debate in 1997 and he never produced a port. He has been the Premier now for five years and still has not produced a port.

It is amusing to note also, later on in the same page—page 2505—the Deputy Speaker admonished the member for Armadale for walking between the Chair and the member on his feet, and asked her to apologise. They were obviously stricter about the standing orders in 1997 than we appear to be today.

Later on, Mr Grill on behalf of the opposition says —

The Opposition believes that conservatively the State Government will be liable for \$20m per annum as a result of these operational subsidies.

Mr Barnett: That is a reasonable figure.

Later on, Mr Grill makes this comment —

I have received many letters, some in very hostile terms, about the level of subsidy, the nature of the equity arrangements with Kingstream Resources and An Feng (Australia) and the closeness of the relationship between the Premier and his brother within that project. I will not comment on that latter aspect. However, considerable concern has been expressed about the project and the operating and capital subsidies that will be borne by the State.

I will end that series of quotes there. I will just make the point that the Premier's approach to debating issues does not seem to have changed very much because I can refer the house to some examples from *Hansard* of things that the Premier said in his capacity as the Minister for Resources, Development and Energy about other members in the chamber when they were disagreeing with him.

Ms M.M. Quirk: He's left the chamber.

Mr W.J. JOHNSTON: I note that but at least I am not being interrupted any more. On page 2544 of the *Hansard*, Mr Thomas, the then member for Cockburn says —

Hitherto when the Opposition has expressed reservations or questioned the way in which this Minister carries out his duties he becomes sensitive and on occasions has resorted to personal abuse rather than argument. That almost invariably reflects that a person does not have an argument.

Mr Barnett: Do you have an example of where I have resorted to personal abuse?

Mr THOMAS: Earlier today.

Mr Barnett: Calling you a clown? You are a bit precious aren't you?

So if he calls someone a clown and they object, that is then precious. On page 2554 there is another exchange with Larry Graham, the member for Pilbara I think he then was, and it says —

Mr Barnett: Do you support this project or do you oppose it? I would like to know.

And we have all seen him doing this to people on other projects. The reply is —

Mr GRAHAM: Watch when I vote. Do not spit the dummy.

Mr Barnett: Do you, member for Pilbara, support or oppose this project?

Mr GRAHAM: I have grave concerns about this project —

Mr Barnett: You are useless.

So it is funny that we all just thought we were special, but actually we are not special at all. This is the way the Premier treats everybody in this chamber. Anybody who has the temerity to ask him a question will be told that he does not know what he is talking about or that he should explain himself. We get treated the same.

In the debate on the Kingstream Bill at page 2558 of *Hansard*, I will quote —

Mr Barnett: Are you suggesting that the Labor Party will move to send this Bill to a parliamentary committee in either this House or another House?

Ms MacTIERNAN: I am saying —

Mr Barnett: Are you?

Mr Graham: Yes.

Mr Barnett: That will amount to vandalism of this project.

Mr Graham: Why would it be vandalism?

Ms MacTIERNAN: Those comments amount to blackmail. This Government got itself into power on the basis of accountability. We are saying that we support this project.

Mr Barnett: No you don't! You are out to scuttle it. If you refer it to a committee in the upper House you will scuttle this project!

I know the matter was later referred to the Public Accounts Committee; however, the Public Accounts Committee never reported back to the Parliament. It gave a report back to the Parliament that said because the project had fallen over, there was no value in making a report. I believe it would have been really interesting to have seen the evidence and the details that had been obtained by the Public Accounts Committee, but that is now sealed. We do not know any of the issues that were being debated about the project and that the present Premier was trying to hide at that time because, of course, it was not the Labor Party that scuttled the project but the economy. I will turn back to the *Hansard* where it later states —

Mr Barnett: You have a chance now. Do you support the Bill; do you support the project; do you support the development of the mid-west; or are you going to oppose it?

The idea being—as he does in the chamber these days—that if you do not agree with him, you are opposed to something. At page 2563 of the *Hansard*, it reads —

Mr Barnett: You can have a select committee or a committee of privilege or whatever to look into me. If you have it to look into the project, you want to jeopardise the project.

Mr RIPPER: We do not.

Mr Barnett: That is what you are doing.

So, more intimidation. It is also interesting that on page 2545 of the *Hansard* where it reports Mr Thomas, the then member for Cockburn —

Mr C.J. Barnett: What year are you talking about?

Mr W.J. JOHNSTON: It is 1997. I am talking about the debate on the passage of the legislation that we are dealing with right now.

Mr C.J. Barnett: Some 16 years ago!

Mr W.J. JOHNSTON: Yes, I know. The funny thing is the Premier has not changed. Everybody else in the chamber is new. He is the same. He has not learned from then, he has not learnt today and he still has no idea about anything. That is the problem—talk big; deliver zero!

Mr C.J. Barnett: It is 16 years ago!

Mr W.J. JOHNSTON: Sixteen years ago he failed and he is failing again today. He fails every day. He is hopeless at this sort of stuff. The Premier does not deliver for the people of this state. Despite puffing up his chest and telling us all how good he is, it is failure after failure after failure; for example, Oakajee.

Several members interjected.

Mr W.J. JOHNSTON: When the Premier delivers Oakajee, he can come back and talk to us.

Mr C.J. Barnett: I won't be talking to you about Oakajee, you can be guaranteed that!

Mr W.J. JOHNSTON: I will make the point that even back then, energy reform was a big issue. I refer to the *Hansard*, which states at page 2545 —

Mr THOMAS: That process began when my leader, the member for Victoria Park, was the Minister for Energy. The member for Victoria Park commissioned the Carnegie report that recommended the breakup of the State Energy Commission of Western Australia.

He goes on about it later and says —

Some quite important and major decisions have been made since then, decisions with which the Opposition has agreed. In 1994 we saw the disaggregation of the gas sales agreements with the North West Shelf joint venturers. At the same time legislation was introduced to provide for open access to gas pipelines and to the electricity transmission system. We have been moving towards a competitive energy industry in the Western Australian energy sector. That is most important.

Sadly, of course, as I said, echoes of the past are evident today. Energy reform is now going backwards for the first time in the state's history. It will be interesting to see how we go.

Mr C.J. Barnett: Boring!

Mr W.J. JOHNSTON: Well, don't listen. Nobody's asking you too.

Mr C.J. Barnett: It is the most boring speech —

Mr W.J. JOHNSTON: And certainly don't interject because that's unparliamentary.

Mr C.J. Barnett: It's the most boring speech—it even exceeds your previous boring speeches. It's tedious stuff.

Mr W.J. JOHNSTON: As I said, it is an echo of the past. A man who can never learn, the man has never learnt, a man who will never learn—that is because this man does not have the respect for the processes of the Parliament. I do not understand why he comes to work every day unhappy. He is the Premier of the state. I would have imagined that the Premier of the state would come to work happy. But why does he come into the chamber and pour his sadness and bad heart upon all its members? I do not understand why he does it. We are not unhappy.

Mr C.J. Barnett: Because you bore me to tears; that is why.

Mr W.J. JOHNSTON: We are not interested in the negativity from the other side of the chamber. We want to talk about the failures of the government. This minister has failed so often through his life. In the lead-up to the 1996 election, he did not claim that he had had a negotiation with a couple of businessmen who had a chequered history and went on to have an even more chequered history. He did not say that. The former Minister for Resources said, "I have delivered a steel mill."

Mr C.J. Barnett: Who are you referring to?

Mr W.J. JOHNSTON: Mr Zuks.

Mr C.J. Barnett: Who are you referring to?

Mr W.J. JOHNSTON: Mr Zuks. Go and google his name, mate!

Mr C.J. Barnett: So what are you accusing? You said a couple of people with a chequered history that I was dealing with? What are you saying?

Mr W.J. JOHNSTON: Mr Zuks has a chequered history.

Mr C.J. Barnett: Yes, but what are you saying by chequered history? What are you saying?

Mr W.J. JOHNSTON: Go and have a look. I'm not going to do your research for you, Premier!

Mr C.J. Barnett: If you want to make an accusation against me, make it and then we'll deal with it.

Mr W.J. JOHNSTON: If you are not capable of doing research, that is not my business.

Several members interjected.

Mr W.J. JOHNSTON: And in the lead-up to the 2013 elections, the Premier said —

The DEPUTY SPEAKER: Order members! Can the member please return to debating the bill. Thank you.

Mr W.J. JOHNSTON: I will. Exactly! Thank you very much, because what we are debating is the repeal of the act. I am providing the context in which we are proceeding to repeal this piece of legislation. I am doing it simply by referring back to the history of the agreement.

In the lead-up to the election, the Premier put out a media release. He made a ministerial statement saying, "There will be ..." In the lead-up to the 2013 election he stood in the Parliament and said that there will be a gas processing hub at James Price Point because he is making the decision, and just like in 1996, he was not making any decision; it was as an investor. It is the same today; Woodside and its partners are the ones making the decisions at James Price Point. The Premier and the minister are facilitating and regulating. They are not the decision makers; it is not their money. If the government wants to come into the house and say that it will make an investment in those projects, there should be a debate. As to whether it is a good or bad idea, it is a completely separate issue.

But if that is what the Premier wants—that is, to be part of the deal—that is what he has to do. Otherwise, he should be humble; admit the truth; acknowledge the reality; do a bit of research; check things out. It is not that hard. Let us face it, the Minister for State Development thinks very little of me, but I am able to do those things. If I am able to do them, then surely the minister is. If he is so much better than me, how come he cannot do the research?

I will return to some of the very interesting comments made once again at page 2550 of the *Hansard* from Mr Graham, the member for Pilbara. He is a very smart guy this bloke, because he says —

Every time these agreement Bills come before us, I make that point pedantically. Conservative Governments in this State have a fine track record of convincing the public of Western Australia that every one of these agreement Bills covers a project which will start next week or next year. I spent most of my life growing up with the rhetoric of previous conservative Governments in this State promising steel mills such as this scattered all around the Pilbara, covered by these sorts of pieces of legislation.

We hear that all the time; the minister claiming he has done these deals when nothing has actually happened at all, like with Oakajee Port and Rail and James Price Point. On page 2571 of *Hansard*, Mr Kobelke continues —

It is our job to put these concerns on the record to ensure that the Minister is aware of them—I am sure that he is—and that he is diligent in ensuring that the State's interests are protected.

Mr Barnett replies —

You are right; it is quite proper that the Parliament and the Opposition hold me responsible. I take full responsibility. I will stake my career and reputation on this. I know what I am doing, and it is a big decision.

I hate to mention this, but there is no steel mill in the midwest. So, which part of the member's career was he staking on that? Which part of his reputation did he stake on getting the steel mill operating in the midwest? Which part of his reputation and career did he stake on getting the Oakajee port going at that time? It is interesting again to hear an echo of the past in present debates. Mr Kobelke later said —

It is no good crying to the Commonwealth all the time. That should be used as leverage with the Commonwealth to ensure that we get a better flow of money back to this State.

Mr Barnett replied —

It will be.

The Leader of the Opposition is in the house now. I am sure he heard that echo yesterday when he asked about the GST arrangements. Again, we find some more commentary from the minister at the time. He said —

I find that totally inconsistent. Members opposite cannot profess to support a project fully and then deliberately say and do things that will jeopardise what is the critical stage of any project; namely, raising finance in both the share market and financial institutions. I said earlier by way of interjection that we are seeing from the Labor Party an act of economic vandalism. The Labor Party should quite

rightly question the Government on this project and question the commitment of substantial amounts of government money, because it is a substantial amount of \$300m or \$400m, and it is proper that we should be accountable for that. I am prepared to stake my reputation and career on this project; I realise that it is a big and bold decision. However, members opposite should not say they fully support the project and then immediately make comments that detract from it. Members opposite can question me if they like, or set up a committee to examine me and the Government, but they should not jeopardise the passage of this legislation, because what they will surely do is scuttle this project. I will have a lot more to say about this tomorrow, and I suggest many people in this State will have a lot to say about the Labor Party tomorrow.

Again, that is the same sort of puffed-chest activity we see all the time. I wish the Premier would learn from his mistakes.

Mr C.J. Barnett: You should read the rest of *Hansard*.

Mr W.J. JOHNSTON: I have. Does the Premier want me to table it?

Mr C.J. Barnett: The ALP policy is that —

Mr W.J. JOHNSTON: Yes, to refer it to a committee. I have already told the Premier what the ALP policy was. I know what it was because I did the research.

Mr C.J. Barnett interjected.

Mr W.J. JOHNSTON: Yes, if you want me to, I am happy to read the rest of *Hansard* in again. The Premier's behaviour in that debate is typical of the delivery he demonstrates today.

Mr C.J. Barnett interjected.

The DEPUTY SPEAKER: Order, member! Can you please direct yourself to the bill?

Withdrawal of Remark

Mr W.J. JOHNSTON: Could I have that unparliamentary remark made by the Premier withdrawn?

Mr C.J. Barnett: What—"Pathetic"?

Mr W.J. JOHNSTON: Yes.

Mr C.J. Barnett: That is not unparliamentary in my view. There is nothing wrong with that.

The DEPUTY SPEAKER: In my short time in this Parliament I have heard that word used and I think it is probably not unparliamentary.

Debate Resumed

Mr W.J. JOHNSTON: That is the point; this is a pathetic minister who has failed all the time to work in the interests of Western Australia. He puffs up his chest and says, "If I cannot deliver a steel mill in the midwest, then I will resign." What does he do?

Mr C.J. Barnett: Did I say that?

Mr W.J. JOHNSTON: Yes, the Premier said he would stake his career on it.

Mr C.J. Barnett: I did not say I was going to resign, did I? It is just that you make things up as you go along.

Mr W.J. JOHNSTON: Here we go, the Cheshire cat: it does not matter what everyone else thinks he meant. If he did not think he meant it, he did not mean it. He said, "I will stake my career on getting this project done" and then the project evaporated in a puff of smoke, so he said, "Well, that is not actually what I meant. I did stake my career on it but I did not mean that my career was tied to that arrangement."

Mr C.J. Barnett: Did I say that I would resign?

Mr W.J. JOHNSTON: You said you would stake your career and reputation on it.

The DEPUTY SPEAKER: Order, Premier! Member, can you please address yourself to the Bill?

Mr W.J. JOHNSTON: I am pointing out the echoes of the past in the bill before us. This legislation today is the final death knell of the failure of the Premier when he was a minister in the Court government. That failure has been made evident for us to see today. When we repeal this legislation, all the dishonesty, nonsense and rubbish that was talked about in 1996 and 1997 will be exposed for exactly what it was. It was dishonest then, and it is similarly reflected in the activities of this same minister today when he says the same things, behaves in the same way and tries to say that if we do not agree with him, we are wrong. It is not that we have a different opinion; it is that we are wrong and if we do not agree with him, we are against everything and life is a mess. Guess what Premier? The Labor Party got it right in 1996 and 1997; that project should have been properly examined. The

fact that the Premier, as a minister, did that deal that allowed a company to raise money on the stock market when there was never going to be a project is to his internal shame. It is an embarrassment to the people of Western Australia that he allowed that to happen. We were right in 1996 and 1997 with our position on this issue, just as we are right on issues of state development today. Governments have evolved to facilitate —

Mr C.J. Barnett: You have not got the courage to say what you are hinting at, have you?

Mr W.J. JOHNSTON: Yes, I have. I already said —

Mr C.J. Barnett: You are hinting that somehow I was involved in a stock exchange roort.

Mr W.J. JOHNSTON: No, I was not.

Mr C.J. Barnett: You just said it then.

Mr W.J. JOHNSTON: No, I did not. All I said was that the then minister signed that agreement. The next day he came back into this chamber and read a letter from the chairman of that company complaining that it was going to do a share raising the following week, which is exactly my point. It did that share raise and guess what? Everybody who invested lost their money. This state agreement was used to pump up a company that had no value, and it was then floated on the stock exchange —

Withdrawal of Remark

Mr C.J. BARNETT: The member just said that the state agreement related to the Kingstream or midwest iron and steel project was put in place to pump up the share market.

Mr W.J. Johnston: That was not what I said.

Mr C.J. BARNETT: That is what you said. You may withdraw that comment, but that would imply that I was involved in corrupt activity, and I ask that the member substantiate, withdraw or apologise.

Mr W.J. JOHNSTON: I made no imputation. I said that the company used the state agreement for a particular purpose. I did not say that that was the purpose for which the minister entered into the agreement. I also said that it would have been appropriate for that whole matter to be examined, and it never was. I said that the ALP was right at the time and we are right today.

The DEPUTY SPEAKER: The member needs to be careful about imputing improper behaviour unless you are able to substantiate it or put it in a motion. It would be prudent to be careful from here on.

Debate Resumed

Mr W.J. JOHNSTON: I have basically finished my commentary on this bill. It is good and everybody on the Labor Party side of politics will happily vote to end the shame that was the Iron and Steel (Mid West) Agreement Act 1997. It was a disgrace that the Parliament of Western Australia ever passed such legislation, and it was also a disgrace that the government of Western Australia entered into such an agreement. It should never have occurred, and I am very pleased that this minister has now brought the legislation to the Parliament for us to end that period of shame.

MR C.J. TALLENTIRE (Gosnells) [12.48 pm]: I rise to speak to the State Agreements Legislation Repeal Bill 2013 and, noting the time, I will make some brief remarks that follow on from those of the member for Cannington. He examined some of the projects that the Premier has been involved with in the past; state agreement acts that have been unsuccessful. In my research, I could not help but notice the history of the Beenup mineral sands mine in the south west, east of Augusta. That mine was the subject of a state agreement act and a great fanfare of media releases from the Premier back in 1994. He commented on how successful this mine would be. The fact is that the mine has cost the people of Western Australia and BHP Billiton an enormous amount of money. It has not made money for BHP Billiton at all; it has cost it an absolute fortune. There appears to be a history of projects or state agreement acts with which the Premier has been associated that have been quite jinxed by his involvement. The Beenup mineral sands mine required the state of Western Australia to construct a 132-kilovolt transmission line from Manjimup to Beenup, and also an associated haulage route and road upgrades, including Sues Road, so that trucks could take the ilmenite, I believe it was, from the mine site to the port of Bunbury. The state of Western Australia went to enormous expense to support this project, which was a failure. I bring this up because it is a state agreement act.

Debate interrupted, pursuant to standing orders.

[Continued on page 763.]