

Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Jacqui Boydell; Hon Rick Mazza; Hon Colin Tincknell; Hon Peter Collier; Hon Sue Ellery; Hon Michael Mischin; Hon Simon O'Brien; Hon Alannah MacTiernan; Hon Nick Goiran

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**MINING AMENDMENT REGULATIONS (NO. 3) 2017 — DISALLOWANCE**

*Motion*

**HON ROBIN SCOTT (Mining and Pastoral)** [7.30 pm]: I move —

That the Mining Amendment Regulations (No. 3) 2017 published in the *Government Gazette* on 24 November 2017 and tabled in the Legislative Council on 28 November 2017 under the Mining Act 1978, be and are hereby disallowed.

There are many unemployed people in Perth at the moment who are losing their cars, houses and homes. This is partly due to large construction projects coming to an end. We could blame some of the people for overspending and not looking forward enough, realising that these big construction projects have a limited time line. These construction workers contributed a lot to the Perth economy. They were buying cars, houses, motorbikes, skidoos and caravans and, of course, they all wore the latest fashion. All these people were in control of their finances; they knew the time line for the end of construction. If we now look at the gold industry, we see that the people in that industry are dependent on the world price of gold. They are dependent on exploration, hoping that the goldmines of the future will be discovered to enable this industry to prosper and provide jobs well into the future. Many of these people and their families live in the most remote towns in our state and go without the luxuries that we are accustomed to here in the city of Perth, simple things such as bus and train services, beaches, Kings Park, Adventure World, world-class golf courses and picnics by the Swan River, not to forget the Fremantle doctor. These people have chosen a life in the gold industry, living in the remote areas, making a life for themselves and their children. They know the ups and downs of the industry and are prepared to live with these ups and downs.

One of the conditions that they did not expect is for their industry to come under attack by the state government. The gold industry has had a tough last decade and it is only now recovering and will hopefully continue to get stronger, create more jobs and return many of our outback towns to full employment. We are today facing a second attack on this taxpaying, royalty paying, job-creating industry. Nothing has changed since the last attack that was defeated on 12 October.

**Hon Darren West** interjected.

**Hon ROBIN SCOTT:** Today it is \$US1 287. The 50 per cent increase in the gold tax will destroy local and overseas investment. Most of all, it will slash the very lifeblood of this industry, exploration, by 30 per cent. Please remember that the time taken from drilling exploration to building a plant and producing the first ounce of gold can be up to 13 years. The proposed concession of below \$AU1 400 per troy ounce is a waste of time. If the gold price falls to this figure, most mines will close. The gold royalty assistance program to be managed by the Department of Mines, Industry Regulation and Safety will be a nightmare for whoever in that department is given the task. The only people to benefit from the program will be lawyers, accountants and auditors. Public servants will be diverted from necessary tasks and will be creating a new intrusive bureaucracy that the gold industry does not need.

In my response to the budget speech I offered seven ideas to help the government alleviate the debt that it has inherited. Those seven ideas would have generated \$649 million a year. The simplest one of all was a state work permit, and in today's *Kalgoorlie Miner*, Mr Wyatt, our Treasurer, is quoted as saying —

“Mr Scott's ideas for Budget repair probably need to be fleshed out a little more but they do deserve further scrutiny,” ...

There is an October 2017 report from MinEx Consulting entitled “Long-term forecast of Australia's mineral production and revenue—The outlook for gold: 2017–2057”. The press release about the report states —

In forty years-time only four of the current 71 mines will still be operating—with most closing down over the next two decades ... MinEx forecasts that, by 2057, the remaining mines will produce less than 0.4 Moz pa of gold.

**In the medium term (i.e. 5-10 years out) an increasing amount of production will be supplied from new mines based on known deposits.** However, it won't be enough to offset the decline from existing mines. By 2057, output from new projects will only total 0.3 Moz pa.

Many of these new projects are only economic under high gold price scenarios.

**In the long term (i.e. 10-40 years out) exploration success will play a major role in overcoming much of the looming shortfall in gold production.** The model forecasts that, over the longer term around \$677 million pa will be spent on gold exploration in Australia (slightly up on current levels), resulting in 266 new gold deposits being found over the next forty years. Half of these will be developed, and will contribute 4.06 Moz pa of gold in 2057. This is equal to 87% of the combined total production of

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4.69 Moz pa in that year. **Consequently, in forty years-time almost all of Australia's future gold production will come from exploration successes.**

**It is significant to note that the model predicts that in 15 years-time (i.e. by 2032) half of Australia's gold production will come from mines that are yet to be discovered.**

**However, of serious concern is the fact that the weighted average delay between discovery and development for a new discovery is 13 years.** There are also indications that it is getting harder and slower to convert a discovery into a mine.

Consequently, government and industry need to support exploration today. **We only have the next couple of years to properly identify and address ways to improve our exploration performance—otherwise Australia runs the real risk of a significant supply disruption in the medium-term.**

... over the next forty years, gold production and revenues are set to drop by half—to 4.69 Million oz and A\$7.3 billion respectively. The number of operating mines is set to fall by a third (from 71 to 47) and total employment by 70% (from 27,980 to 8,300 workers). Half of the fall in employment is associated with productivity gains associated with automation.

**Sensitivity studies indicate that each additional dollar spent on exploration generates an extra \$11.40 in revenue.**

I ask all honourable members to take that on board. We emphatically cannot afford an increase in tax that will inevitably slash exploration. I return to the quotation from the MinEx report —

MinEx estimates that **for the Australian gold industry to maintain production at current levels in the longer term, it will either need to double the amount spent on exploration or double its discovery performance** (i.e. reduce unit discovery costs from \$70/oz to \$35/oz). The incremental benefits of reaching this target will be an extra 4.05 Moz of annual production, an extra \$6.23 billion in revenues and additional 7160 jobs.

The above-mentioned outlook is premised on “business-as-usual”. **The opportunity exists for industry and government to take the initiative to invent its own future.** In addition to developing policies that encourage/stimulate exploration, the opportunity also exists to be more efficient and effective at making discoveries. The challenge is that many of these initiatives require effort (and money) and will take several years to bear fruit.

Given the long lead times involved (both for R&D, discovery and mine development) there is an urgent need to start the process now.

I would like to thank MinEx for this valuable report, which leaves no doubt that any increase in the gold royalty is a very bad idea. There is a great deal at stake here. Western Australian jobs matter. The long-term future of our gold industry matters. I know that certain people believe that a gold tax is a good thing. I also know that these same people have the ear of our Premier, McGowan, and our Treasurer, Wyatt. These people are encouraging a very dangerous move towards this gold tax. I call on all members representing the Nationals, the Liberals and the Greens to join with the crossbench in supporting this disallowance motion, and I extend the golden hand of friendship to any member of the government who is prepared to put his or her constituents ahead of the party bosses.

**HON ROBIN CHAPPLE (Mining and Pastoral)** [7.43 pm]: This is *deja vu*—very much so. It is *deja vu* in many ways. In 1997, this Parliament brought in the gold royalty under Hon Colin Barnett. I remember the statements made in this place by the then Labor opposition that this would be the death of the gold industry. The gold royalty was brought in over a three-year period. That is slightly different from what is now proposed. The gold royalty was first introduced at one per cent, and it then went to two per cent and 2.5 per cent. That enabled the gold industry to adjust to the process. Having said that, not one goldmine went under as a result of the introduction of that gold royalty—in fact, a number of mines started up afterwards. As Hon Robin Scott has just stated, one of the key issues is that the global supply of gold is in decline. That has been identified by Monash University, and others, in their analysis of the gold industry into the future. Gold is probably the next commodity that will become extremely rare. A lot of the global supply of gold is held in India in the dowry system. That gold supply will become immensely valuable into the future. That means that the gold industry will, by its very nature, be in decline. The only way to deal with that decline is by continuing with major exploration. One of the major capacities for exploration has always been prospectors, who basically get out on the ground, find the field of gold nuggets, or whatever, and alert the major mining corporations to the location of the resource, as part of their responsibility, and the major mining corporations then do some drilling and find the gold. Therefore, I am not taken in any way, shape or form by the idea that this proposed gold royalty will diminish the gold industry or the number of people who work in the gold industry.

It is interesting that during the previous debate on a gold royalty, we were told by some of the gold corporations that when they report to the Australian Securities Exchange, they do not report their true costs, because they also

**Extract from Hansard**

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have on-costs. I refer to a paper that was published in June 2017 from the World Gold Council. The paper is titled “World Gold Council Guidance Note on Non-GAAP Metrics—All-In Sustaining Costs and All-In Costs”. It was a global recommendation that gold companies should include all-in sustaining costs. I refer to a 1996 report titled “Conservation and Rehabilitation in the Gold Mining Industry: A Report to the Hon Minister for Mines”. I was involved in that inquiry as a member of the subcommittee. We found in that inquiry that goldmines were to a large degree deceitful—that is the word I would use—in the way in which they report their earnings.

**Hon Robin Scott:** One goldmine or all goldmines?

**Hon ROBIN CHAPPLE:** We found that it was largely all goldmines. When gold mines report their profit to the stock exchange, they make their profit sound fairly high, because that means that more people will invest in their stock, and that increases the income they receive for their commodity. A number of the industry players who presented evidence to the inquiry said that when they report their costs to the ASX, they do not include all-in sustaining costs and all-in costs, as recommended by the World Gold Council—that is, they do not include the costs of exploration, drilling and expansion. That is a double-edged sword. If goldmines start to report all-in costs, the stock exchange will report that they are not making a lot of money, and people will not be willing to invest in those goldmines. The government is now saying that it has listened to the gold industry, and if goldmines are not reporting all-in costs and can produce evidence that they are not making a profit, the government will take that on board. That became almost a wedge. Currently, if an entity reports its all-in costs to the ASX, it is not considered to be a viable entity and will not receive investment, but if an entity continues to report a profit to the ASX, it will fall foul of the amended gold royalty. That is a double-edged sword. An entity either reports what it is really spending and is exempted from the gold royalty or it reports the profit and the share price will hold up but it will have to pay a gold royalty. That is an interesting component of this.

Having said that, it is interesting how the World Gold Council determined by mutual agreement that all gold industries around the world were to report costs. Unfortunately, that is not the case at the moment. On 27 June 2013, the World Gold Council published a guidance note on all-in sustaining costs and all-in cost metrics that gold mining companies could use to report their costs as part of their overall reporting disclosure. It stated —

The World Gold Council has worked closely with its member companies to develop these non-GAAP measures which are intended to provide further transparency into the costs associated with producing gold.

Therein lies one of the fundamental problems. Let us understand where we are at with royalties and who pays what and how it works. The mineral royalty rate analysis, conducted under the former government, looked at all royalties. The various royalty rates for different commodities are all quite different, but the idea is that the benchmark for royalties should always be 10 per cent. Different commodities are reduced on the basis of getting as close as they can to an all-in cost—I go back to that word again—of 10 per cent. The “Mineral Royalty Rate Analysis Final Report 2015” states —

The results show that royalties as a percentage of mine-head value vary substantially between commodities and from year to year. For this reason, average or aggregated mine-head returns can be misleading. For example, the whole mining sector paid royalties equivalent to 8.9% —

We know the actual royalty rate is 7.5 per cent, but when we take into account all the on-costs associated with that, iron ore comes in at about 9.7 per cent because of the discount for the rail lines —

of the mine-head value in 2013, close to the result of 9.1% for iron ore, which contributes over 90% of the State’s mineral royalties. In the same year the mine-head return for gold, which contributes around 3% of the State’s royalties, was 4.8%.

**Hon Robin Scott:** You can’t compare gold mines with iron ore mines.

**Hon ROBIN CHAPPLE:** I am not. Listen to what I am saying, please, because I am not actually talking about the differences; I am talking about royalty rates based on the ad valorem price of 10 per cent, which was the state’s outline for all minerals.

**Hon Robin Scott:** There wouldn’t be any goldmines if you wanted 10 per cent from them.

**Hon ROBIN CHAPPLE:** They do not have to pay 10 per cent. Let me explain. The mine-head value estimates are used to establish relativities between minerals and, over time, to gauge whether royalties provide an appropriate return to the community. The review that the former government carried out states —

This Review recommends that the benchmark continues to be used in this way and as one of several factors to be considered when new minerals are brought into the royalty system, or when the overall structure of the royalty system is subject to a review such as this.

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I am going to talk about iron ore as an individual commodity and then I am going to talk about gold as an individual commodity. The assessment by the MRRA was that —

In 2012 and 2013, the royalty return for lump and fines ore as a percentage of the mine-head value was 9.2% and 9.1% respectively.

Based on the reviews and the analysis provided by the peak industry groups, which were all part and parcel of this, the review concluded that iron ore is consistently achieving a fair return to the community—this, again, is based on the state's 10 per cent evaluation of all royalties. For gold mining returns, the report states —

Gold has consistently delivered a return to the community significantly lower than the benchmark of 10% —

Hon Robin Scott needs to listen to how that was achieved —

of mine-head value, and lower than most other commodities. If the benchmark was the only criterion, gold should be on the 5% royalty rate.

It is not 10 per cent, but it is based on downstream processing and on a range of other elements that provide income to the state. The MRRA report also states —

The 2.5% *ad valorem* rate that applies to gold has provided a relatively consistent return of approximately 4.3% of the mine-head value in the five years. A persistent correlation between costs and price in the gold industry means that the mine-head value is a relatively constant proportion of the sale price. This was evident in 2010, 2012 and 2013 when the gold price was significantly higher than a decade earlier, but the royalty paid remained at about 4.6% of the mine-head value.

**Hon Robin Scott:** How many goldmines closed in that period?

**Hon ROBIN CHAPPLE:** There were very few.

**Hon Robin Scott:** How many people disappeared from Kalgoorlie, Laverton, Leonora, Wiluna, Meekatharra and Mount Magnet?

**Hon ROBIN CHAPPLE:** If I may, if people did, it would have been due to a large number of goldmines that were basically becoming unproductive. I did a lot of work reviewing the whole gold industry.

**Hon Robin Scott:** They became unproductive.

**Hon ROBIN CHAPPLE:** No, they were actually sterilised. The classic one was in the Pilbara. A mine up there actually ran out of ore.

**Hon Robin Scott:** Which was one that, sorry?

**Hon ROBIN CHAPPLE:** I cannot remember the name—Fortnum.

**Hon Robin Scott:** There is only one goldmine in the Pilbara and that was the Paulsens goldmine.

**Hon ROBIN CHAPPLE:** No, there was the Fortnum goldmine. What happened there —

**Hon Robin Scott** interjected.

**The ACTING PRESIDENT (Hon Dr Steve Thomas):** Members, there is far too much back and forth across the chamber.

**Hon ROBIN CHAPPLE:** Fortnum was interesting because it had become, in essence, as far as the industry was concerned, sterile. It was sterile not because it had residual gold, but because the residual gold was not capable of being commercially mined. Fortnum went to the then mines department and asked whether it could put its tailings back into the pit because it was going to cost 7c a tonne to put its tailing back into the pit versus 70c a tonne for a tailings structure, and it was allowed to. But, bizarrely, when the gold tailings were put back into the pit, it was found that they contained residual weak acid dissociable cyanide that had leached out of the walls and was pulling 10 parts per million gold out of the water. That continued for many, many years. In fact, putting the tails back into the pit desterilised the pit and it was pulled out of the walls.

Let us go back to the royalty issue. The MRRA report was accepted by the industry and basically identified that the royalty rate needed to be lifted. As I have already said, an interesting component of this is that I sat through this in 1997 and bringing in the royalty was going to mean the end of the industry. As I have said, one thing was done with that legislation. As it laid on the table, my colleague Hon Giz Watson was able to negotiate with Colin Barnett to bring it in slowly over a staggered period to reduce the impact on the industry. Unfortunately, we rush

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into these disallowances without allowing the opposition or the government some time to negotiate some way forward, which I think is sad.

**Hon Nick Goiran:** Are you saying that we're rushing it today?

**Hon ROBIN CHAPPLE:** Yes.

**Hon Nick Goiran:** So are we rushing things even though you have agreed to the suspension of standing orders? The reason the motion has come on now, tonight, is that we have all agreed.

**Hon ROBIN CHAPPLE:** Everyone has agreed to the suspension of standing orders.

**Hon Nick Goiran:** In order for us to debate it right now, that is exactly what happened earlier this afternoon.

**Hon ROBIN CHAPPLE:** Yes; absolutely.

**Hon Nick Goiran:** So if we have rushed it, it's because you've agreed to it.

**Hon ROBIN CHAPPLE:** Because that is what everybody wants.

**Hon Nick Goiran:** So we have all agreed to rush it, including the Greens.

**Hon ROBIN CHAPPLE:** Fine; I am saying that if there had not been this rush to bring it on, then maybe the crossbenchers would be in a position to negotiate a better outcome with the government.

Several members interjected.

**Hon ROBIN CHAPPLE:** Anyway, the point I was making —

**The ACTING PRESIDENT:** Honourable members, while we bog down in parliamentary debate about parliamentary process, I would actually like to get back to the substance of the debate, which is a gold royalty. If we could move back to that, I would be much appreciative.

**Hon ROBIN CHAPPLE:** When the debate came on last time, two specific industry concerns were raised. The first one was that marginal corporations needed some protection. These amendments have addressed that. The second thing that was brought up was that originally in 1997, when the 2 500 ounce allowance was brought in for small miners, the understanding was that it would be only for junior miners and prospectors. However, unfortunately, the way it was introduced meant that everybody could claim an allowance for their first 2 500 ounces. We left that alone and we have now gone back to the original proposal. The original proposal was that the first 2 500 ounces would be exempted for all mines; that is in these regulations. The government has listened to the industry. The two major issues that were brought up when we debated this previously, in my view, have been addressed.

As I stated the last time we debated this disallowance motion, we somehow seem to think that a 3.5 per cent royalty rate is absolutely ghastly and that industry will not survive.

**Hon Robin Scott** interjected.

**Hon ROBIN CHAPPLE:** I am speaking.

In New South Wales, ex-mine value is four per cent for gold. Victoria does not have a royalty rate because it has a taxation regime. Queensland has a variable rate of between 2.5 per cent and five per cent. In South Australia, it is 3.5 per cent and it concentrates at an ad valorem rate of five per cent. In Tasmania, it is 1.9 per cent—I did not know they had any gold in Tasmania!—up to a maximum of 5.35 per cent of net sales. In the Northern Territory—my gosh!—it has a taxation regime of 20 per cent of net value. Is it going broke? Are those goldmines closing overnight?

**Hon Rick Mazza:** Member, what's net value?

**Hon ROBIN CHAPPLE:** Net value is used for something like a petroleum resource rent tax, as opposed to a royalty. There is a different royalty structure. The petroleum industry does not pay a royalty —

**Hon Rick Mazza:** So that 20 per cent you're talking about is not equivalent to what we are talking about here.

**Hon ROBIN CHAPPLE:** It is 20 per cent of profit; my understanding is that it comes in at about five or six per cent.

In Western Australia, the gold royalty rate is currently 2.5 per cent. The argument has also already been trotted out that we are spending a lot of money on exploration and we need to do that to find new resources. I remind members in this place that for the 2016–17 financial year, projects that were only gold were refunded \$1 796 202 from a total budget of \$4 274 400; this was just in subsidies to the goldmining industry under the exploration incentive scheme.

**Hon Robin Scott:** It returns more than 10 per cent. For every dollar invested, they get \$10 back.

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**Hon ROBIN CHAPPLE:** Absolutely.

**Hon Robin Scott:** In this report, it is \$11.40.

**Hon ROBIN CHAPPLE:** Yes; absolutely, but the industry is saying to us that it cannot afford to do exploration, when the government is paying for half that exploration. We will not support this disallowance motion. I take on board the comments made by Hon Jacqui Boydell. I believe it is about time that the industry should be paying more than the base 10 per cent but, unfortunately, because of state agreement acts and the way that the mining industry works in this state and manages the systems that we operate, we may never get there. But everybody has to pull their weight and I am afraid that the gold industry, to a large degree, through its representatives, is having a lend of us.

**HON JACQUI BOYDELL (Mining and Pastoral — Deputy Leader of the National Party) [8.06 pm]:** I feel like I am having a win tonight because Hon Robin Chapple agreed with me on the special lease rental. That is one person!

**Hon Robin Chapple:** I'll go and have another drink!

**Hon JACQUI BOYDELL:** I am winning!

I rise tonight to speak on the disallowance motion brought before the house for a second time. I will make a brief contribution because I made a rather long contribution to the last disallowance motion and my position has not changed; the Nationals will be supporting the disallowance motion as put to the house tonight.

When we were part of the Liberal–National government, the Labor Party in opposition voted against every budget repair measure that we put forward. It had a position of negativity to everything we suggested that we needed to do. The Liberal–National government, at that time, was working on putting forward budget saving measures. At every opportunity the Labor Party had—it is now in government—it said, “We don’t support that.” The Treasurer keeps saying that the gold tax is a budget saving measure, which I do not believe because it is not supported by the budget documents. If it is a budget saving measure, the Treasurer and the Premier need to consider the will of this house when we previously considered the increase to the gold royalty in October; it was not supported. I have received a lot of feedback from people in my electorate, particularly in the goldfields. It is not just to do with the goldmining industry. It is to do with service providers—small business owners who service that industry on the ground in Kalgoorlie and across the wider goldfields. They support the stance that the National Party took in opposing the increase to the gold royalty rate.

As I have said previously, governments have choices. The Liberal–National government had choices in government. The National Party did not always like the choices we had to make, but the government has to put itself in a position of realising that if one option is not available, it has to consider other options. The Treasurer has not done that in this case. He has belligerently ignored the vote of this house. I am sure all members of this house are wondering why he would reintroduce exactly the same gold royalty increase—although he would say it is slightly altered—when it will have the same impact on the gold industry. I do not understand the Treasurer’s motivations when a message was clearly delivered to him by this house that there were other avenues of budget saving measures that he needed to consider as the Treasurer. It is disappointing he has not done that. The house is debating this motion again with nobody having changed their position, which is indeed wasting the time of the house. I would say to the Treasurer to stop wasting his time, get on with it and do his job. He should make some different choices and put forward some different budget-saving measures that the house will consider.

I will also comment on the industry consultation spoken of by the Treasurer and the Minister for Regional Development, who has stepped out of the house on urgent parliamentary business. I listened with interest to the answer of Hon Stephen Dawson during this afternoon’s question time with whom the Treasurer considered he had consulted on this proposed new gold tax royalty. It was certainly no-one who approached me, and I, as the Leader of the National Party, was not approached by this government to negotiate on this issue; neither were any of my colleagues. The Treasurer suggests he has been willing to consult with members of this house, but there has not been any consultation with the National Party, which has had a very clear stance on this issue, and certainly none with the industry, which I have regular contact with. I was also surprised to note that on 1 November the Treasurer contacted Reg Howard-Smith from the Chamber of Minerals and Energy of Western Australia, and I understand that for a week the CME had no consultation with industry about the conversation it had with the Treasurer on behalf of its members. If the Treasurer believes that is consultation, he is misguided and wrong. For him to have brought the Mining Amendment Regulations (No. 3) 2017 back to the house tonight asking us to accept them, shows either a lack of understanding or willingness to accept the will of Parliament. We have already voted on this. I do not understand his motivation. He has choices before him, he has the leaders of government right at his fingertips, and I would suggest that he needs to investigate some of those alternatives that may deliver him some real budget repair.

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During the 2017 election the National Party had a very clear policy. I have talked about it ad nauseam in this house. Hon Robin Scott has put alternatives on the table. Members of this house are suggesting to the government to get on with it, research those alternatives and present them. When the Treasurer is prepared to do that, we will be prepared to negotiate on whatever he puts forward. But as far as the National Party is concerned, it will not be the gold tax, and I am very disappointed that we have had to stand here again within two months and have exactly the same conversation. I look forward to the Treasurer bringing forward some real budget repair, because the indication from him that a gold tax will deliver him any budget repair is ludicrous. It is not supported by the budget papers. I think he is better than that. Get on with it, present something to the house and we can all move on.

**HON RICK MAZZA (Agricultural)** [8.13 pm]: I rise to make a few comments on the disallowance motion moved by Hon Robin Scott that I say from the outset I support. The first time this disallowance motion came to the house, I put on record my position; that has not at all changed. I acknowledge that the Treasurer has made a few tweaks here and there, but the industry still rejects the idea of an increase in the gold levy.

What mostly concerns me is that Australia is not exactly a very cheap place to do business; it is very expensive. The cost of our wages and infrastructure et cetera does not make it cheap compared with many other countries. That we have a very stable government is what we have going for us. Investors are prepared to put money into Australia and Western Australia, as we saw with the Railway (BBI Rail Aus Pty Ltd) Agreement Bill 2017 that passed today and will result in \$5.6 billion being invested in the state, because the government is considered to be stable.

As to this proposed gold levy, during the election campaign the then Leader of the Opposition said there would be no new taxes. We then had regulation put forward, which he was very sorry about, and it was disallowed. Disappointingly, the regulation has been proposed again. I am very concerned that this will tarnish our reputation with international investors.

Another major reason I oppose this levy is that in another few years, 60 per cent of the money we raise out of this vulnerable industry will be given to other states and there will be a reduction in our goods and services tax returns. To me it does not make good mathematics to put an impost on our industry that will then bleed out to other states in a few years. The other thing we have to consider is that the gold industry pays many other taxes, including payroll tax—a payroll tax bill will come before this house in the next week or so—and it contributes extensively to the state. This impost or increase in the royalty rate has been touted as a 1.25 per cent increase, but that is on the gross value of an ounce of gold. What has not been taken into account is the inputs in producing that ounce of gold. If we consider that 1.25 per cent on the net profit that these companies make from an ounce of gold, they will be impacted far more than 1.25 per cent. It will come straight out of the profit; the inputs have not been taken into account.

**Hon Kyle McGinn:** How much are they affected now with 2.5 per cent?

**Hon RICK MAZZA:** Actually I have the call, honourable member, so I will continue. Thank you.

The bottom line is that I will be supporting this disallowance motion and I look forward to it being upheld.

**HON COLIN TINCKNELL (South West)** [8.16 pm]: I will be brief because most of what I was going to say has been said by honourable members. I think the most important thing here, as Hon Rick Mazza mentioned, is that basically this is a complete stuff-up by the government. That is what this is. It did not do proper consultation in the beginning, and it has made a half-hearted effort to do so the second time round. The future of goldmining in WA is at risk and needs to be protected. Nothing much has changed from the originally proposed regulations. The ad hoc changes really do not make a difference. Really, consultation has still not happened. I still do not know of too many goldminers that have had consultation with the government on this, and that is disappointing.

The first anyone really heard about the details of this proposed version 2 was when it was released in the press. That is disappointing. I have mentioned that the latest proposal again reflects a distinct lack of consultation. It all just highlights how poorly the Western Australian government has thought this through. Raising the floor to \$1 400 an ounce will have no material impact whatsoever.

Looking at protections for marginal mines, marginal is marginal. There needs to be major assistance, but no real assistance is proposed. The government proposes to limit the assistance to two years, and that makes no sense at all. The government is comfortable with punishing marginal mines in two years' time; that does not make much sense.

Why is the government proposing relief only if the all-in sustaining cost is higher than 85 per cent of the gold price? A 15 per cent or lower margin is still a marginal mine, and any wafer-thin marginal mine needs to fund growth, service debt and provide some returns to shareholders. Explorers and developers of new projects and those trying to reinvigorate old mines would suffer under this new tax. Those are the projects creating new jobs in this industry. It is a high-intensity industry, which employs a lot of people. The profits from some of those old mines are not what they

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used to be. We have to realise that Australian gold production is forecast to fall by half over the next 40 years. I do not think that any of that has been taken into account. These regulations, having been introduced a second time, lack the necessary thought and consultation. They do not take into account floor price changes and there are no protections for marginal mines. One Nation and the crossbench will be supporting this disallowance motion.

**HON PETER COLLIER (North Metropolitan — Leader of the Opposition)** [8.20 pm]: This is a bit like groundhog day in the Western Australian Parliament. It is very disappointing that we are sitting here talking about this motion, especially on the heels of that, quite frankly, ridiculous Salaries and Allowances Amendment (Debt and Deficit Remediation) Bill 2017 that we are having to deal with as well. As I said, it is like groundhog day. I have no idea why the government brought this on. This is an own goal. Six weeks ago, on 10 October, Hon Jacqui Boydell legitimately brought in a disallowance motion on the government's deceitful attempt to increase the gold royalty rate through the budget, which it did without any consultation whatsoever. As I said, Hon Jacqui Boydell moved that disallowance motion. On 12 October—six weeks ago—this house passed judgement on that and supported that disallowance motion. That was the will of the house. The will of the house decided. We all know that and respect that. I have been on that side of the chamber when we have lost and I have been on this side of the chamber when we have lost. We should respect that and not cast judgement on the vote of the house that has been taken. That is the way it is. But no—those guys over there decided to have a second bite and have another go. It is complete contempt for the parliamentary process, just as we have seen complete contempt with that ridiculous Salaries and Allowances Tribunal bill. The government is unnecessarily making enemies all over the place.

Hon Martin Aldridge put a motion on the notice paper today to change the temporary standing orders to recall Parliament. We are still debating that and have yet to reach a position on that. I have no doubt in my mind and I would surmise that the reason he did that was these regulations. This government is so sneaky that there is every likelihood that if this does not go through, it will gazette these regulations again when Parliament is not sitting. Guess what? We do not sit for another three months after next Thursday. If it gazettes these regulations yet again and they take effect from 1 January, this chamber will have no capacity to do anything about it for three months. How appalling that is! What an appalling message that is from the government to this chamber. This chamber has passed judgement on this issue. The government should get used to it. As far as the Liberal Party is concerned, I will not go through the whole issue again. All I will say is ditto to my previous comments; they remain exactly the same. We considered a number of issues but, fundamentally, the big issues were the impact on the gold sector and that the government had no mandate whatsoever.

The government went into the last election with \$5 billion worth of election promises. It went into the last budget without any consultation with the gold industry or any inkling that there would be an increase in the gold royalty rate. It came out of that budget with increased spending, increased deficit and increased debt. I make no bones about that; that is what it did on the back of another \$5 billion in election commitments. That is what the Liberal Party considered at the time. After the budget, when the gold royalty rate and the payroll tax had been increased, we gave it a lot of consideration. But the government simply and absolutely has no mandate whatsoever for this increased royalty rate. In addition, there had been no consultation at the time. The gold industry was not consulted about this issue. The small and marginal miners in particular would really have suffered. It would not have been just the miners that suffered. The communities where they are located would also have been negatively impacted. We came to the unanimous decision that as a party we would support the disallowance motion. That motion was passed with a majority vote on 12 October 2017. It is now 28 November and we are going around in circles. Nothing has changed. The government still has no mandate. I do not know how many times I can say that the government has no mandate to increase the gold royalty rate. It has no mandate to do that. Honestly, not once, but a thousand times when we were sitting over there over the last eight years we were told that we did not have a mandate, we did not have the authority, we did not have public support, or we had not consulted. We were told that over and again. You guys make us look like rank amateurs. It has taken the government seven months to get to this position. It has increased the gold royalty rate without any consultation whatsoever and without any mandate. Nothing has changed. We are now over the budget hump. I remind members that after the budget there was increased spending, increased deficit and increased debt. Those opposite went into the last election with a plan. What is the plan to pay down debt? There is no plan to pay down debt. The plan is to cap members' salaries for the next four years. We have dealt with that already and we will continue to deal with that all week. Now there is this one as well. The government has no mandate for that whatsoever. The government has no plan to pay down debt. It is picking the low-hanging fruit.

There has been no consultation. I am surprised that the Treasurer has come out and said that he met with the Chamber of Minerals and Energy. He basically went in there and said, "This is what we're doing. What do you think?" He was told that the CME had no problems at all and although it disagreed with the increase five weeks



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ago, it would agree with it now. What about the miners themselves? How much consultation was there? There was none. The government engaged in minimalist tokenism to say, “That’s what we’ve done.”

What about consulting with the upper house? I would assume that consulting with the upper house would mean consulting with everybody. I understand that a few phone calls were made to some of the crossbenchers. With all due respect, considering that one of the crossbenchers put in a disallowance motion last time, the government could assume that unless he had a rush of blood to the head on that day and decided to change his mind, he was not going to change his mind. The likelihood of the crossbench changing its mind is very remote. The government did not consult with the Nats and did not bother with the Libs. In someone’s eyes, we are obviously worthless, guys—not in ours, of course. Having said that, we have said that we will not oppose the payroll tax increase. We understand that parties have to pick their battles in this issue. We had very little, if any, consultation from big business telling us about the payroll tax issue and that is something that we will deal with when we deal with the bill. But the goldminers were different. I would assume that at the very least I would have received a phone call from either the Premier or the Treasurer, or the Leader of the Opposition, perhaps, might have received a phone call to see where we stood and whether there was any wriggle room. The government did not do that at all. It had complete contempt. I surmise that there is something more sinister in this. It is all too cute to just say, “We lost last time. We’ll just put it in again and see how we go.” Why on earth would the government do that? My devious political mind suggests that something is not quite right.

**Hon Nick Goiran:** You’re too nice to them.

**Hon PETER COLLIER:** Is that what it is? We will have to start being nasty pasties. Then, possibly, we will see what the answer is. I will look at a couple of articles to see whether I can find an answer to my question—that is: why are we going down this path? I will read from an editorial, a very good one I have to say, from *The West Australian* published on 23 November 2017 titled “Gold tax plan version two smacks of political stunt”. In part, the article states —

*The West Australian* said then —

This was after gold tax round one —

that the decision to go back to the industry after the version was vetoed was “a curious turn of events”.

We added: “What a strange way to run government. Perhaps a better way to go would have been to undertake the consultations first, then finalise the Budget position?” We also pointed out it was unlikely the industry would come on board, adding “when was there ever a business that would happily pay more tax?”

But Mr Wyatt pushed on. Under the new plan, which aims to raise \$332 million over four years, the royalty rate would still increase from 2.5 per cent to 3.75 per cent but the “strike” price at which it would kick in would be lifted from \$1200 an ounce to \$1400. The royalty-free threshold of 2500 ounces would be kept rather than scrapped.

There would be \$60 million of rebates for miners whose costs were more than 85 per cent of the gold price.

Predictably, it did not win over the industry or the Liberals, Nationals and crossbenchers who, together, have the numbers in the Upper House to veto the plan, and signalled they would.

Mr Wyatt’s decision to push on is again, curious. He would be better to spend his time devising measures that can be implemented. He also declared he was keen for the Liberal Party “to confirm their Budget-wrecker status”.

**Hon Simon O’Brien:** That is what it is all about.

**Hon PETER COLLIER:** Yes, exactly. The article continues —

That gives the tax version two the appearance of a political stunt. If that is so, it is a pity. Mr Wyatt is better than that.

Hear, hear.

**Hon Michael Mischin:** No, he is not.

**Hon PETER COLLIER:** That is a very good editorial, and I have got more respect for Ben than that, I have to say, and I think he is better than that.

Just to reinforce that, I turn to another article from *The West Australian* of 22 November titled “Liberals will quash new goals royalty rise attempt”. The article quotes the Treasurer. He said —

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“I’m an internal optimist,” he said.

“Until the vote is done, there’s always hope. I’ll be proceeding because I think Western Australians want me to proceed.

“I want to Liberal Party to confirm their Budget-wrecker status and I’ll continue to work with Upper House members.

That is what this rubbish is all about, guys. That is why we are spending two hours on this rubbish. It is because these guys over there cannot get in their brains that they are in government. They are like a dog that chases the car and does not know what to do with the wheel when it gets it. The Labor Party has spent the last eight years trying to get into government and when it gets there, it does not know what to do, so all it does is blame the last government. This government has a budget that is reaped in debt and deficit and all it can do is find ways to fill the gaps in a clandestine fashion and still blame us—“How can we do it and get those terrible Libs? Let’s remind them.” Do not forget that we keep getting the government speaking notes. In their speaking notes of 11 September 2017 they were all told that they had to say the following. I quote —

- We have no option but to fix the mess left by the Liberal National Government.

And —

- Fixing the mess we have inherited will take time, but we will do everything possible to minimise the impact on struggling families and small businesses.

The speaking notes that the Labor Party gets consistently coincide very neatly with the comments of the Treasurer. This has absolutely nothing to do with budget repair, I promise; it has everything to do with continuing to blame the former government. Grow up, guys. The Labor Party is in in government, for goodness sake. We are about to finish the first parliamentary year and this is the best it can do. It can deliver us innocuous bills about freezing parliamentary salaries and try to gazette regulations that have already been knocked back without thinking about the big picture. We get very few opportunities in life, guys. The Labor Party has got one and it is wasting it. It is spending its whole time focused on here. The Labor Party is spending its whole time on the government benches being an opposition. All it cares about is us. I am flattered; we are absolutely flattered that the Labor Party is so consumed with us that we are all it cares about, but do members know who will suffer the most from this? It will be the public of Western Australia and in this instance, if this had gone through, the gold industry. Honestly, the level of incompetence and the juvenile attitude of members opposite is absolutely staggering. Can I just say to the Labor Party that it went into the election with \$5 billion worth of commitments. It is the Labor Party that handed down its first budget with increased spending, it is the Labor Party that handed down its first budget that increased deficit, it is the Labor Party that handed down its first budget to increase debt and it is the Labor Party that does not have a plan to reduce debt. It is not the gold industry. The government should not use the gold industry as a pawn for its mismanagement. It is for that reason that the Liberal Party will enthusiastically support the disallowance motion.

**HON SUE ELLERY (South Metropolitan — Leader of the House)** [8.35 pm]: I rise to indicate the government’s position and I am pleased I am able to do that immediately after the Leader of the Opposition, who has just confirmed how the Liberal Party got into opposition and why it will stay in opposition for a very long time. I want to set out a couple of things. The proposition has been put that there is a sense of *deja vu*, because we are debating exactly the same conditions that we were debating last time, except, of course, that there is no relationship to the truth. The government listened to the issues that were raised both directly by the gold industry and by members of Parliament in this chamber last time and specifically addressed those, with the proposition that we then gazette the regulations. I will talk about those specific differences in a minute. The proposition that somehow we are challenging, questioning or reflecting on the decision of the house in rejecting the proposition last time is not based in fact, because we are debating something different and it is different because we have listened to and have acted on the very specific issues raised in the debate last time. I will touch on those in a minute.

**Hon Michael Mischin:** What does the industry think about it?

**Hon SUE ELLERY:** Here is the other thing I will say. I listened to the debate in silence. It is a time-limited debate and I have asked our members not to interject, so I will not take any interjections from anybody else.

**Hon Peter Collier:** Why is it time-limited?

**Hon SUE ELLERY:** It is because we agreed to complete this debate by 9.40 pm tonight, and the Leader of the Opposition knows that that is the case.

Several members interjected.

**Extract from Hansard**

[COUNCIL — Tuesday, 28 November 2017]

p6100b-6117a

Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Jacqui Boydell; Hon Rick Mazza; Hon Colin Tincknell; Hon Peter Collier; Hon Sue Ellery; Hon Michael Mischin; Hon Simon O'Brien; Hon Alannah MacTiernan; Hon Nick Goiran

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**Hon SUE ELLERY:** I am proceeding on, Madam President.

I want to talk about two things. I want to talk about the degree of consultation that occurred with the changes that have been put forward in the gold royalty matter that was gazetted by the government and I want to talk about the actual differences. I go first to the differences, because that is the critical issue. Are we debating the same thing we debated last time? No, we are not. We are debating something different, because we took on board the very specific issues the opposition raised in the debate last time. Firstly, the strike price has risen from \$1 200 an ounce to \$1 400 an ounce. Secondly, the 2 500 ounce threshold was maintained. The benefit of this also goes to large international goldminers. It also have had a significant impact on a number of small to medium-sized producers. Thirdly, we developed a rebate scheme. There were claims made both in the debate in this place and by the Chamber of Minerals and Energy about five marginal goldmines that were at risk from the increased rates. The new proposal creates a much more generous rebate scheme whereby miners with all-in sustaining costs greater than 85 per cent of the current gold price would have the increased rate entirely rebated. This 85 per cent threshold would protect nine marginal miners, which is almost double the number of miners that people said in the debate in this chamber last time would be at risk, and that was the proposition put by the CME as well. The CME claimed that there were some 3 000 jobs at risk from the changes. The rebate scheme in the current proposal will protect 5 000 jobs. The only concern that the new proposal did not address is the issue that was raised by Hon Rick Mazza, and he absolutely hit it on the head. The essential issue here is that the gold industry will accept no change to the royalty arrangements. That is the essential difference—it will accept no changes. The proposition in the changes that the government has proposed addresses all of the other issues that were proposed in the debate by the miners and the CME, except for the issue that Hon Rick Mazza quite correctly identified—that is, the gold industry wants no change. That is what is not addressed.

I want to talk specifically about engagement with the industry. Members will be well aware that the respective major voices of the industry pay their membership fees to, and are members of, organisations such as the Chamber of Minerals and Energy. They pay their membership to those organisations because they expect those organisations to be their voice to government on the major issues of the day. I think there was a hint from one of the contributors that engaging with the CME was somehow not appropriate or illegitimate; I do not know how one would reach that conclusion. It is, in fact, the voice of the mining industry and it represents members from the gold mining industry.

Some of what I will now say was referred to by Hon Stephen Dawson in answer to a question without notice today. On 1 November, the Treasurer had a phone conversation with CME chief executive Reg Howard-Smith and advised him that the government was proposing to revisit the gold royalty rate increase. He also advised him that the government was interested in acting on industry feedback on how the government might implement the royalty rate increase in such a way to take account of the concerns that were raised during the course of the debate, particularly with regard to marginal mines, small producers and the claims made about consequential impacts on employment.

On Thursday, 2 November, the Treasurer's chief of staff emailed Mr Howard-Smith to seek a meeting with the Treasurer for industry to provide that feedback. On 7 November the Treasurer and his chief of staff met with Mr Howard-Smith and CME deputy chief executive Nicole Roocke to discuss the proposed royalty rate increase and had a general discussion about the gold industry's position. Mr Howard-Smith committed to reporting back the following week.

On Friday, 10 November, the Treasurer's chief of staff phoned the Association of Mining and Exploration Companies' acting chief executive officer, Graham Short, to advise him that the government would be reintroducing the gold royalty increase and was interested in industry feedback on how it might deal with the concerns that the industry had specifically raised during the first debate to take account of the impacts on marginal mines and small producers, and the claims made about consequential flow-on effects on employment. A meeting was arranged for the following week.

On 14 November, Mr Howard-Smith emailed the Treasurer's chief of staff to say that the industry's response had been delayed until later that week. On the same day, the Treasurer's chief of staff met with Mr Short, AMEC chief executive officer Warren Pearce and AMEC president Will Robinson. Mr Robinson advised that AMEC did not support an increase and was not interested in consulting on the issue at all.

On 16 November, Mr Howard-Smith emailed the Treasurer's chief of staff—this is two days after he said that he was going to engage and get industry feedback—to advise that the gold industry's position on the government's proposal remained unchanged. There was no willingness to engage on what the set of principles might be for protecting the particular items they had identified.

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Nevertheless, the government redeveloped the proposal on the basis of the public positions that had been stated in debate in this place and by representatives of the gold industry during the course of the first debate. It went to the three elements that I have already outlined except, of course, the critical one, which is the simple fact that the gold industry is not prepared to entertain any increase in the royalty rate.

I want to talk about the rebate scheme in particular. We propose a two-year minimum rebate scheme. The government asked industry to come up with a concessions package that would suit it, and we got no response; the industry chose not to engage in that discussion. The return the community is provided by the gold industry has consistently been lower than the return provided by other commodities, and the gold industry seems quite happy for that to continue.

I want to talk a bit more about the rebate, but I will talk about this first. When asking the industry to consider how we might work with it to ameliorate the specific issues it has raised—members get bored with me saying this, but I am going to keep saying it—we start from the proposition that all sectors of the community are being asked to contribute their share to repairing the budget. Increasing the royalty rate is justified. We understand that no industry likes to pay more; the gold industry is one of —

**Hon Nick Goiran** interjected.

**The PRESIDENT:** Order! Everyone else was heard in silence. People who want to have a say will probably have an opportunity after this speaker finishes.

**Hon SUE ELLERY:** The gold industry is one of the most profitable in Western Australia and is demonstrably paying lower royalties relative to the royalties its counterparts in different states pay. It was forecast that the revised gold royalty proposal would generate net royalty revenue of some \$332 million to contribute to budget repair. The royalty rate is tiered to protect all producers from falling prices. The tiered rate of \$1 400 an ounce, compared with the previously proposed threshold of \$1 200, reflects the fact that a number of mines in Western Australia have all-in sustaining costs between \$1 200 and \$1 400 an ounce. It intersects with the proposed concession regime for marginal miners. Mines with an all-in sustaining cost rate above \$1 360 per ounce will qualify for a concession under the regime and all gold projects will pay 2.5 per cent if the gold price hits that new strike rate. The change from \$1 200 to \$1 400 does not impact the forecast revenue because gold prices are forecast to remain higher than these thresholds across the forward estimates.

Time and again, independent analysis has demonstrated that the royalty rate change would not materially impact on the gold industry. Nevertheless, we took account of the positions put by the industry, by the industry's representatives, and by the members in this house who participated in the debate. Despite the independent analysis showing it would not have a material impact, we took account of the specific issues members opposite raised and built them into the model that we then proceeded to gazette. Somehow that has been lost and we are told that this is *deja vu* and groundhog day and that we are debating exactly the same thing. We are materially not debating the same model. We are debating a model that has taken into account the specific issues that members opposite raised during the course of the debate. If members opposite do not believe me, they can go back and read what they said in *Hansard*. The specific issues they raised were built —

**Hon Nick Goiran** interjected.

**The PRESIDENT:** Order!

**Hon SUE ELLERY:** The opposition specifically raised three elements during the course of the debate about the gold royalty, and they have been addressed in the model that members opposite are seeking to disallow tonight. The proposition that we are being asked to vote on exactly the same thing is not correct. Members can take the position of opposing it; they are entirely entitled to do that. What they cannot do is stand here and say they are opposing exactly the same model, because they are not. Were the arguments members opposite put the first time round about the strike rate and the lack of any protection for marginal miners put genuinely, or were they not? We have addressed those issues, but members opposite say we have not made any changes and that they are not interested. They say we are trying to debate exactly the same thing. It is as if members opposite have not paid any attention at all to what we put into the model this time, and that is what leads us to the conclusion I made at the beginning of my comments in respect of the party that seeks to take government in this place, which is: that is why you are going to be where you are for a while.

The concerns claimed by the gold industry have been addressed through the revised gold royalty and assistance program. The only reason the gold industry now has for opposing the royalty increase is that it believes it should not have to make a contribution or consider whether the royalties it pays are less than royalties paid by miners in any other state in Australia. This belief by the gold industry is irresponsible. Nevertheless, that is its view and it is entitled to it. We would expect it; is it uncommon for an industry to say, "Please do not increase our royalties"?

**Extract from Hansard**

[COUNCIL — Tuesday, 28 November 2017]

p6100b-6117a

Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Jacqui Boydell; Hon Rick Mazza; Hon Colin Tincknell; Hon Peter Collier; Hon Sue Ellery; Hon Michael Mischin; Hon Simon O'Brien; Hon Alannah MacTiernan; Hon Nick Goiran

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No, of course it is not. That is the standard operating procedure and I would expect it to take that position. That is why we have elected representatives to make hard decisions when hard decisions have to be made, and to listen to the specific issues that the industry says are the reasons we should not support this proposition. We listened to that. When members opposite told us, "These are the reasons we should not support this proposition", we specifically and in detail addressed each one and changed the model accordingly and they are still saying that we should not proceed with this model. That can only lead me to conclude that members opposite are not seriously prepared to engage with how we can generate a fair increase for Western Australian budget repair out of the gold industry. When they gave us the specific reasons about why we should not and we addressed those, they still say, "No, we still can't support it", and even worse than that they still say that this is *deja vu* and we are debating exactly the same thing we debated last time. Materially, we are not and for that reason, we will not be supporting the disallowance.

**HON MICHAEL MISCHIN (North Metropolitan — Deputy Leader of the Opposition)** [8.50 pm]: Hon Sue Ellery will be pleased to know that I will not be saying that this is exactly what we debated on the last occasion. I will say that the background to this is no different and the position being presented by government in this regulation is no different. She continued to go on that it is not the same as before, that the government has listened to what was said during that previous debate that was causing concern to members of this place, that it has listened to concerns of industry and has crafted something very carefully to accommodate all that, but there are still a few things lacking. One of them is any engagement in order to allow us to understand what it is that the government was planning to do, how it has done this and the figures behind it. Where is the business case? None was presented on the last occasion and there was none of this independent analysis that has been talked about. We have not had any briefings on this to explain what is being done or why. We had an answer about consultation with industry, which consists of, "We have told them that we're going to reintroduce something. What do you think of it?" without going into any detail about what it might be, how it is being developed, what the figures are, or asking for any critique of the government's analysis or an exploration of the consequences. Nothing is different from before. As a background to all this is a Premier who has said that any increase in royalties will cost jobs, damage the industry, bring no material benefit to the state of Western Australia and result in 90 per cent of the supposed revenue going away to the eastern states by loss of GST revenue. That is what the Premier told us two years ago when we were simply contemplating, as a government, increasing royalties by some modest amount. We were trying to plug a \$600 million gap in the budget.

**Hon Simon O'Brien:** Here is the ad, if you remember.

**Hon MICHAEL MISCHIN:** Actually, I think it was a \$400 million hole, not the \$600 million that is now being claimed. But that is right, Hon Simon O'Brien. There was no talk about budget wrecking then by the Labor Party when it entered into what the now Premier proudly asserted to everyone who cared to listen—a written agreement with the then Leader of the Opposition, now the Leader of the House—that Labor would block any increase in royalty. Now the Premier has said it will cost jobs and damage the industry. The Premier had said it will achieve no material benefit and 90 per cent of it will be lost. What has changed? If the government now has some information, why has it not been presented to industry and members of this place? It cannot simply be incompetence and ignorance anymore, because on 11 October we went through precisely this sort of debate. Since then the Treasurer has said, "We're going to do it anyway and if anyone knocks it back, they are budget wreckers." But what is really going on? What I suspect is really going on, in that toad-like hive mind that is behind this government—the collective intelligence—is that it is a plan to introduce some additional taxes that will raise even more revenue, supposedly, for the government, at the expense of Western Australians and then in a cowardly fashion say it was because this measure was blocked, without taking responsibility for the fact that this government could quite easily be right. Maybe the industry can afford it. Maybe no jobs will be lost. Maybe no revenue will be lost to the eastern states, but it has not bothered to try to persuade anyone of that case, let alone to support it with evidence. Why is that not happening? If the Treasurer has the information, provide it. Who knows? If there has been genuine engagement with industry, let us hear about it. What did industry say about this proposal? We keep being told there was consultation, that it was put to industry—although not according to the industry. What we have not heard from the government is what industry said about specific proposals and whether this rebate will work, and why not? Why do we not have that information?

There has been no business case, no negotiation with the parties in this place, no consultation with industry, rather than presenting it as a *fait accompli* that, "We're going to do this; what do you think about it, guys?" There has been no debate or scrutiny in the other place. The regulation itself was gazetted only last Friday. That is not a vast amount of opportunity to see whether it meets what the government claimed it had consulted about. We have had no opportunity to know any of the background. The Treasurer cannot even be bothered to talk to and give the slightest bit of respect to the elected members of this place representing their constituents. The government seems to assume that because it got elected with a majority, no-one else in this community counts. But I remind the

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government that at least half of this chamber is occupied by members who were elected by their constituents to represent them. They deserve the respect of being consulted and negotiated with, if this government is going to insist that this is a sound measure. Hon Robin Chapple might very well be right: maybe the gold industry can afford this. But if that is the case and if the government knows that, why does it not tell us? Why does it not sit down with the shadow minister, the leaders and other interested members of their parties, and present its case and contrive a so-called budget repair measure that will meet the requirements of budget repair, like putting money into this supposed windfall account, rather than being frittered away on election commitments and persuade us that there is a sound basis for this?

Is it arrogance, simply hubris or some smug and clever plot to achieve some cheap political advantage? *The West Australian* stated that the Treasurer, Mr Wyatt, is better than this. If he is, he has not taken the opportunity to show it. I would not be surprised in the least if the government has some smart little trick lurking in the background that it will spring on us in the next 24 hours if this disallowance takes place. That might cheer up members of the government and they might pat themselves on the back and say how clever they were. However, that is unworthy of a government. That might be something the Labor Party could get away with when in opposition. However, the Labor Party cannot get away with it when in government, when it is supposed to represent all parts of this community.

The government has talked about budget repair and about how we all need to make sacrifices. The responsibility for budget repair lies with the government, not anyone else.

**Hon Sue Ellery:** Not the people who created it?

**Hon MICHAEL MISCHIN:** The responsibility for budget repair lies with the government. The government was elected on the fact that it said it had a plan. I have heard a lot about how the government intends to pay off debt like it would pay off a mortgage—whatever the devil that means. Presumably, it is different from paying off debt like we would pay off a car. The government has not explained how it can pay off a state debt like it would pay off a mortgage. The Leader of the House might expand on that one of these days. At the moment, this particular measure has all the hallmarks of not budget repair, but of a government that wants to show that it can get away with its plan. The government will not take no for an answer. The government will contrive any opportunity to push this through, without being responsible, and without listening to and accommodating the concerns of the industry that will be affected, the employees of that industry and the businesses that rely on that industry. The government will contrive any opportunity to push this through without listening to the members of this place, who have a responsibility to their electorates and their constituents to ensure that this government is held in check for its extravagances, its flights of fancy and its spending proclivities. If the government has a business case for this gold royalty, I invite it to present it. If the government intends to introduce any other revenue-raising measures, I ask it to do so responsibly. I ask the government, rather than simply gazette these regulations and try to force the issue to a conclusion by bringing on this debate, to engage with the gold industry on how it can contribute to the operating expenses of government, and to engage with the parties who will have to decide this issue.

**HON SIMON O'BRIEN (South Metropolitan) [9.02 pm]:** I want to address an issue that to my mind at least, if not to the minds of others, is at the centre of this debate. The Leader of the House has sought to demonstrate that this debate is not the same as the debate on another recent disallowance motion. However, what we have heard so far is a regurgitation of what is now a very familiar debate. I want to make two points. The first is that the response from the government demonstrates clearly that the government just does not get it. The recent debate about the disallowance of the gold regulations was about dishonesty. It was about the government telling porkies before the election and coming in with \$400 million worth of new taxes after the election. No undertaking was given by anybody in this place that, "We are very sympathetic to your position. If you tweak these regulations, we will give them a tick." We did not see people from the gold sector queuing up to say, "In principle, we are with you, Mr McGowan. Just tweak these regulations and pay lip-service to some of our very serious problems, and we will go along with it." That was not the tone of it. The debate was about whether people are going to lose their jobs. I showed at that time an advertisement in the paper with a picture of Mr McGowan and Hon Stephen Dawson, and others, on the steps of Parliament, saying, to quote Mr McGowan —

When they increase this mining tax (gold royalty) that will mean mines will close and jobs will be lost and these communities will suffer.

Labor Party members repeated those sentiments during the election campaign and promised they would not do that. That is what the debate was about the last time we visited the gold royalty regulations via a disallowance motion. A lot more has been said and could be said about this, but that is the gist of it. If members opposite do not get that, they are fooling themselves. They are certainly trying to fool the members of the Legislative Council. I suspect they do get that, but they are going through the process of putting up some sort of smokescreen. However, there is

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something that I do not get and that I think other members do not get, either—that is, what on earth is going on here? I smell a rat. After the previous disallowance motion was upheld again, the government pretended to consult. I have letters from various goldminers saying that never happened. We have heard that Reg Howard-Smith was somehow spoken to, but nothing ever went back to the industry. I find that hard to believe. In any case, the Leader of the House and other members of the government should not be surprised that there is opposition from the gold sector when they say, “One way or another, we want to take \$400 million out of your industry.” That is what the government is determined to do. Is the government trying to conjure up some way in which it can demonstrate that, yet again, Her Majesty’s loyal opposition is somehow a budget wrecker? Seriously! Is that what the government is up to? The major daily newspaper in this state thinks that is what the government is up to. I hope that is not the truth, but it certainly looks that way. What on earth is the government trying to do? The government, in a direct snub to this Parliament, has basically re-gazetted the same regulations. It has tinkered with them and pretended it had taken on board some of the concerns of the gold industry. However, as I have said previously, the government has totally missed the main concerns. It does not get them at all. The government has re-gazetted the regulations. So, the whole process has started again. It could be a very long time before that disallowance motion is considered by this house. However, the government, perhaps sensing that the house would insist that this matter be dealt with promptly, has contrived to bring it on tonight to be dealt with, and to receive the outcome that it must be sure it will get—that is, that the disallowance will be upheld.

**Hon Sue Ellery:** We were asked to bring it on, honourable member. I received a written request, asking us to bring it on.

**Hon SIMON O’BRIEN:** That is fine.

Several members interjected.

**The PRESIDENT:** There is one person on his feet, and that is Hon Simon O’Brien.

**Hon SIMON O’BRIEN:** However it has come to be dealt with, the government has brought it on, and it will be disposed of. However, like anything in the game of politics, we always have to ask: Then what? What will happen tomorrow, or next week? I particularly want to bemoan the trend by governments—probably of both persuasions—to take the attitude that if we do something at length by having regulations or some other instrument disallowed, it is okay to go out the next day and re-gazette those regulations to revive the measure that Parliament had rejected and start the whole process again.

**Hon Alannah MacTiernan:** We were listening. I was just reading what you said last time. You were very concerned about Telfer. We changed the provisions to accommodate your express concerns.

**The PRESIDENT:** Minister!

**Hon SIMON O’BRIEN:** They just do not get it, Madam President; they do not get it at all and that just demonstrates it.

**Hon Alannah MacTiernan:** That we should not believe what you say in this place?

**Hon SIMON O’BRIEN:** The minister can get up in a minute and take however long she wants to take. I am looking forward to hearing Hon Darren West and everyone else. I saw the Leader of the House encouraging him earlier to get up and speak in the debate.

**Hon Darren West:** I didn’t want to go before you.

**Hon SIMON O’BRIEN:** I know the member likes a right of reply!

I am particularly concerned about how I see a readiness, whether it is by governments or those who support them, or others, to tread improperly and unwisely on the established traditions and conventions of this Parliament in pursuit of their own short-term agenda and of their failing to answer the question, which I have pointed out before, that needs to be asked before action is taken in politics: if you do what you are proposing to do, then what happens? I think there might be another time in the near future that I will have to talk to the house about this. In finalising my remarks on the matter that is immediately before the Chair, it is a pity that the government does not get it. It is a pity that this government feels inclined to follow this practice of just re-gazetted when its regulations are disallowed. I want to ask, and I hope someone from the government side is going to get up and answer this simple question, and it is a simple yes or no question: what is going to happen after this disallowance motion is resolved shortly? Is the government going to re-gazette more regulations, having got together their press releases and tweaking it in some way, shape or form? This is some tweaking! These regulations are still going to take \$400 million out of the sector. No wonder it is being opposed. Nonetheless, the government, bless them, will contrive somehow to try to kid the rest of the community that it has listened and that the regulations that are now

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going to be put in the *Government Gazette* are somehow materially different from a matter that will have been decided not only once by this house, but also, before we are done tonight, for a second time. I want to know from the government: Is that what is in their hearts? Is it its intention that at some stage, whether it is when Parliament rises for the lengthy summer break, it is going to come up with new regulations? What is it up to? What on earth is it up to? I do not know whether I will get a frank answer to that. I doubt it very much, but I certainly want the question on the record and that is why I have put it there. I join others on this side in indicating that we are not impressed with the way that the government has gone about this, whether it was in 2014 on the steps of the Parliament or when the then Leader of the Opposition Mark McGowan went to Kalgoorlie and said, "Oh, no, we would not dream of doing what we have now tried to do twice."

**Hon Nick Goiran:** Can't trust him!

**Hon SIMON O'BRIEN:** We cannot trust him, and I certainly do not. But I want to know what the government's next move is going to be, because I bet it has already thought about it.

**HON ALANNAH MacTIERNAN (North Metropolitan — Minister for Regional Development)** [9.14 pm]: This is obviously a complex situation, and I want to go through a couple of points. First of all, as we said the last time we introduced a similar provision, from the time we came to Parliament to the time that we formed our first budget we had a \$5 billion writedown in revenues. We had a plan before we went to the election that did not incorporate an increase in the gold royalty. However, we found subsequently that in a most unprecedented way that there had been a change in the circumstances of the finances of the state and that meant that in addition to those things that we had undertaken during the election we would do to effect budget repair, that we had to introduce a new suite of measures. Members opposite seem to think that there is something untoward about us having listened to the debate that went on the last time we put forward an earlier version of the increase in the gold royalty and that we have re-crafted a response. I had a strong recollection of that debate and I have gone through the speeches that were presented in this house at the time members opposite were supporting that disallowance. Many of those speeches focused on the impact that the gold royalty increase would have on a series of mines—in particular, the Telfer mine. Hon Simon O'Brien spoke at length about the impact on Telfer and what an unfortunate consequence this might have for the Martu people.

**Hon Simon O'Brien:** It was a good example, too, wasn't it?

**Hon ALANNAH MacTIERNAN:** It was—it was an example and we looked at that in detail. Hon Jacqui Boydell made the same analysis; she looked at Telfer. Hon Robin Scott and Hon Colin Tincknell talked about mines like Telfer—those that had a rate of return that could have been compromised by how we had set the gold royalty rate, those that had an all-in marginalised cost that could have seen them negatively impacted. We listened to that debate and I assure members that we took that on board when we looked at what we would do next. How reasonable was this analysis? Our assessment was that those arguments had some merit. We deliberately moved the rate down to a point so that all those mines that had been mentioned in the debate would no longer be affected by this new regime. We came into this place and have acknowledged that members have made some decent arguments. We have gone through them forensically. I assure members that in our discussions we did consider the points and the analyses that members put forward, as proper representatives of the public in this chamber. We said, "Okay, we accept there are some arguments there so we are now going to recalibrate that to take into account the points members made and come back and present it again."

The opposition might argue that at the margins we should have been more deferential and talked to them more before we did that, but I want to let members understand that all the things members said during that debate were listened to. We thought: how can we accommodate those concerns? The package members have before them tonight was very much framed on the understanding of members' analyses and the legitimate concerns that they raised. I am disappointed that somehow or other, us doing that is seen to be negative. That is not how I think we make progress in this place. Quite a few members want to contribute tonight. We have the problem of \$5 billion of reduced revenue since the last election and we need to deal with that. We have to deal with that and work together. We have listened to what members opposite have said and their analyses. We have tried to reframe this motion in such a way to ensure that we are getting a good deal for the community of Western Australia and that increased gold revenues will go to some companies to make sure that the public who own the gold, at the end of the day, is properly compensated. At the same time, we recognise that between five and nine companies could have been negatively impacted. That is what this place is supposed to be about: a house of review in which members opposite present their arguments and we listen to them, we reframe our policies and bring them back. I do not think that is negative. However, it is very disappointing that although all the concerns that members opposite raised have been addressed, they have ignored that and said, "Well, that's not the issue; it's something else." Members opposite have to understand that assets in the ground belong to the people of Western Australia and we need to make sure that there is a proper allocation of the reward from digging up those minerals.



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**HON NICK GOIRAN (South Metropolitan)** [9.21 pm]: It is breathtaking stuff to be here listening to this nonsense from members opposite. From listening to the two senior members of cabinet who represent the government in this place, members would think that 21 February 2017 never happened. They would think it had been erased from history books. Hon Alannah MacTiernan and Hon Sue Ellery went on about how they have listened. They have not listened to anything. On 21 February, the Labor Party leader—the guy who members opposite elected—said there would be no new taxes, no increases in taxes and that he would reveal all his revenue-raising initiatives before the election. That is what he said. He is the leader of members opposite; they own it.

Several members interjected.

**The PRESIDENT:** Order!

Several members interjected.

**The PRESIDENT:** Thank you. Members have been heard in silence. We do not have long to go. Hon Nick Goiran has the call; continue your remarks, please.

**Hon NICK GOIRAN:** Again, Hon Alannah MacTiernan, a very senior member of government, continues to pretend that 21 February never existed.

**Hon Sue Ellery** interjected.

**Hon NICK GOIRAN:** Look at the Leader of the House's attitude. There is no person more senior in this house than the Leader of the Government who carries on like a pork chop. That is totally unacceptable. I already explained the last time we debated this that Hon Mark McGowan —

Several members interjected.

**The PRESIDENT:** Order! I am looking forward to hearing Hon Nick Goiran talk about the actual disallowance and not individuals.

**Hon NICK GOIRAN:** The government has allowed this disallowance motion for the increase in the gold royalty rate to be urgently debated this evening. For the next episode in *The Adventures of Pinocchio* and the disallowance motion we are dealing with, my submission to members is that members opposite have conveniently forgotten about 21 February. That is entirely relevant to this debate. Hon Sue Ellery stood and regaled us about how this is a different disallowance motion and a different regulation from last time. Not once in her contribution did she mention the story of 21 February and nor did her senior counterpart. They would prefer that it had never happened. As I said last time, I will continue to remind them about it. The Premier said there would be no new taxes, no increases in taxes and that he would reveal all his revenue-raising initiatives before the election. They were hollow words. Members came back in here and tabled the motion again with another regulation. It was gazetted whenever it was and members opposite said, "We're going to consult", and, "We've heard you." No, they have not; they said they would not do it and they are doing it anyway. That is a disgrace. As I said last time, it reminds me of another leader of this country who said once upon a time that there would be no carbon tax under a government that she led and she did it anyway. This is exactly the same. Hon Mark McGowan, who is now the Premier of Western Australia, said that he would not do this and he has done it anyway.

Interestingly, since the last *Pinocchio* episode that we looked at, the Treasurer of this state, Hon Ben Wyatt, is obviously on a mission to undermine his leader. His leader said there would be no new taxes and no increases in taxes. What did Hon Ben Wyatt do? He did the exact opposite.

**Hon Alannah MacTiernan:** It was in isolation, by himself, without cabinet approval!

**Hon NICK GOIRAN:** The minister can tell me; she is telling the story! Is she telling us that she owns it as well?

Several members interjected.

**The PRESIDENT:** Order! This is not an interactive game. One person is on their feet; they have the call. Hon Nick Goiran, can you please continue your remarks and stop inviting interjections.

**Hon NICK GOIRAN:** Hon Alannah MacTiernan wants to have it both ways. Which is it, Hon Alannah MacTiernan? Is it the case that Hon Ben Wyatt ignored his leader and proceeded to gazette the regulation for a second time: "I know, member for Rockingham; Yes, Mr Premier, I know you don't want to increase taxes or have new taxes, but I'm going to do it anyway"? Is that the story? I do not think so, according to the last interjection.

**Hon Alannah MacTiernan** interjected.

**Extract from Hansard**

[COUNCIL — Tuesday, 28 November 2017]

p6100b-6117a

Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Jacqui Boydell; Hon Rick Mazza; Hon Colin Tincknell; Hon Peter Collier; Hon Sue Ellery; Hon Michael Mischin; Hon Simon O'Brien; Hon Alannah MacTiernan; Hon Nick Goiran

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**Hon NICK GOIRAN:** Have a bit of courtesy, please. The minister had a senior colleague right next to her; please show a bit of courtesy. It is unbelievable that we are in this situation once again and that members opposite conveniently rewrite history. At the end of the day, members opposite have to choose. Is the Treasurer supportive of his leader or does he undermine him?

**Hon Alannah MacTiernan:** These are group decisions. We are debating a decision of our government.

**The PRESIDENT:** Hon Nick Goiran, focus on me; talk to the Chair.

**Hon NICK GOIRAN:** But Madam President, the interjections are just so spectacular!

**The PRESIDENT:** Yes, but you know you should not be taking them on board. You should be directing your comments to me.

**Hon NICK GOIRAN:** Thank you, Madam President.

**Hon Sue Ellery** interjected.

**The PRESIDENT:** You should not be assisted by anyone else in the chamber.

**Hon NICK GOIRAN:** My submission to members tonight is that the member for Victoria Park is going out of his way to undermine his leader. It is the second time he has brought in an attempt to increase the gold royalty. His leader promised the Western Australian public that he would not do that and the member for Victoria Park says, "Forget what he said on 21 February; I'm going to do it anyway." Hon Alannah MacTiernan tells us, "Don't be so nasty to the member for Victoria Park. He's a good bloke; we're all in it together." She said it was a group decision that had gone to cabinet et cetera. Members opposite are all as bad as each other. They are all trying to undermine their leader. They are all saying, "Don't worry about what he said on 21 February; let's all get in on it together." Why do members opposite dislike their leader so much? If they dislike him so much that they are trying to undermine him, get rid of him. They should move to somebody else who will follow through on their word. Let us stop having these hollow people who say one thing before the election then do something else. This has to stop. The Western Australian public are sick and tired of this. It is what they dislike about parliamentarians and politics. They dislike more than anything else when members of Parliament say one thing before an election then do something else afterwards. The Western Australian public dislikes that, and the government is encouraging it. We know it is encouraging it because it is the second time the government is having us debate the same nonsense.

I am very pleased that the Liberal opposition has indicated that it will support this disallowance motion. I thank Hon Rick Mazza for his diligence in bringing this matter before—sorry, Hon Robin Scott! I also thank Hon Rick Mazza because he is just an exceptional member of Parliament! But I thank Hon Robin Scott for his competence in bringing this matter to the attention of the house. I thank the Leader of the House for expediting this matter and being so accommodating this evening. I thank her for the process; I do not thank her for her speech because it was garbage. I very much look forward to this house once again reminding members opposite that 21 February actually did exist; it was not April Fools' Day. We will continue to hold the government to the word of its leader, and that will continue to be the case until the Labor Party gets rid of him. If members opposite are not happy with 21 February, kick him out, bring somebody else in and we will have another conversation.

*Division*

Question put and a division taken with the following result —

Ayes (15)

Hon Martin Aldridge  
Hon Jacqui Boydell  
Hon Jim Chown  
Hon Peter Collier

Hon Colin de Grussa  
Hon Nick Goiran  
Hon Rick Mazza  
Hon Michael Mischin

Hon Simon O'Brien  
Hon Robin Scott  
Hon Tjorn Sibma  
Hon Charles Smith

Hon Aaron Stonehouse  
Hon Colin Tincknell  
Hon Dr Steve Thomas (*Teller*)

Noes (14)

Hon Robin Chapple  
Hon Tim Clifford  
Hon Alanna Clohesy  
Hon Sue Ellery

Hon Diane Evers  
Hon Adele Farina  
Hon Laurie Graham  
Hon Alannah MacTiernan

Hon Kyle McGinn  
Hon Matthew Swinbourn  
Hon Dr Sally Talbot  
Hon Darren West

Hon Alison Xamon  
Hon Martin Pritchard (*Teller*)

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Pairs

Hon Ken Baston  
Hon Colin Holt

Hon Pierre Yang  
Hon Stephen Dawson

**Extract from *Hansard***

[COUNCIL — Tuesday, 28 November 2017]

p6100b-6117a

Hon Robin Scott; Hon Robin Chapple; Acting President; Hon Jacqui Boydell; Hon Rick Mazza; Hon Colin Tincknell; Hon Peter Collier; Hon Sue Ellery; Hon Michael Mischin; Hon Simon O'Brien; Hon Alannah MacTiernan; Hon Nick Goiran

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Hon Donna Faragher

Hon Samantha Rowe

Question thus passed.