

ROYALTIES

Motion

HON WILSON TUCKER (Mining and Pastoral) [1.05 pm]: I move —

That this house —

- (1) notes that —
 - (a) due to high commodity prices, resource companies are making windfall profits;
 - (b) despite the super profits made by private interests, the royalty paid to Western Australia is comparatively low; and
 - (c) the immense wealth generated through the extraction of Western Australia's finite natural resources should be shared equitably with the people of this state.
- (2) calls on the government to increase the royalty rate of commodities, ensuring a more equitable royalty is paid during periods of higher commodity prices.

I raise this motion with a level of frustration because this is an area I care about. I raise this issue not on behalf of the Daylight Saving Party or on behalf of Hon Wilson Tucker and my vested interests. I raise this motion on behalf of the Western Australian people, who, right now, are getting a raw deal for the sale of the commodities from the natural resources that rightfully belong to the people of this state.

A number of extraordinary circumstances that we are seeing around the world—we are still going through this pandemic and war is still raging in Europe—are contributing in a very large way to these high commodity prices. The majority of multinational companies operating in Australia and in WA are enjoying these windfall profits that they are making right now. These profits are far outstripping the operating costs and far exceeding the royalties that have been paid back to the people of this state.

The heart of this motion is calling for the government to put in place a windfall royalty regime to capitalise on the high commodity prices. This motion is asking for the government to investigate a mechanism by which royalty payments can be made to the Western Australian people while these companies are profiteering from these exceptional circumstances. I moved this motion in the hope that this government will acknowledge the opportunity that exists right now. This is an extraordinary opportunity. Due to extraordinary circumstances, we are seeing sky-high commodity prices and sky-high profits for resource companies. That is contributing to the inequality that we see with the existing state agreements and the existing commercial arrangements that are not giving an equitable payment to the people of this state.

The resources belong to the Western Australian and Australian people. This is a very important point to make, and I think sometimes it is really lost in translation. The ownership of these resources is enshrined at the constitutional level—at the federal level. As a party to this and at a jurisdiction level, WA owns the resources that are within its jurisdiction, be that offshore or onshore. The government does not own the resources. BHP, Shell, Rio Tinto, Woodside and Fortescue Metals Group do not own the resources. The people of Western Australia own the resources. The future generations of Western Australians own the resources. The government's role is to act as custodians. It should be going in to bat for the people. It should be trying to secure the best possible deal and produce the best possible outcomes for the people of this state.

I challenge any minister here today to please stand and tell me, hand on heart, that the current commercial arrangements in place are producing the best possible deal for the people of Western Australia. I pose a question to the Minister for Emergency Services, and I do this with the greatest respect. The minister is a fellow member for Mining and Pastoral Region. His electorate office is in South Hedland. I believe that Hon Stephen Dawson is a very capable minister and a very capable human being.

Several members interjected.

Hon WILSON TUCKER: And hardworking, I am sure! Can the minister honestly tell me, when he goes to South Hedland and walks around his electorate, which has one of the highest crime rates in Western Australia, a high rate of social inequality, and, to be frank, a level of abject poverty, that the current arrangements for the resource companies that operate out of the Pilbara are producing the best possible result for the people of Western Australia? Within spitting distance of South Hedland are iron ore trains that carry immense wealth from the mines to the port of Port Hedland, the largest bulk export port in the world, and also one of the largest iron ore ports in the world. That immense amount of wealth is slipping through the fingers of the people of Port Hedland and also through the fingers of the people of Western Australia. There is a massive opportunity to capitalise on these extraordinary circumstances.

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This motion is asking the government to acknowledge the extraordinary circumstances and opportunities that exist right now and to capitalise on that.

Fossil fuels are, funnily enough, called fossil fuels because they are made from fossils. They comprise plant and animal matter that has been decomposing for millions of years. The opportunity to capitalise on the sale of these fossil fuels, which belong to the people of Western Australia, will exist for only as long as these resources exist. The other point is that these resources are economically viable to extract, export and sell for only as long as the global markets demand. That is a point that we tend to forget, certainly in Western Australia. The prevailing assumption is that Western Australia is a big sandpit full of an endless amount of iron ore and an endless amount of oil and gas. The truth is that at some point we will run out of these resources. These resources are finite. It has taken millions of years to produce these resources. However, given the current time line and the amount of resources that we are extracting, it will take only decades to deplete them. There is a window of opportunity here. We are seeing a greater social conscience from the business community. It has seen the science and is moving away from the use of fossil fuels.

The writing is also on the wall for the coal industry. Coal is a more carbon dioxide intensive fuel source than other members of the fossil fuel family. The writing is on the wall as we are moving away from coal. The same applies to oil. With the advent of hydrogen and battery technologies, the vehicle manufacturing and automotive industries are moving away from oil. The same applies to gas. Gas has been heralded as a transitional fuel source. It is reliable and comes onstream quickly for electricity generation. There is certainly a very high demand for gas. However, there is a finite window, for only as long as these resources are in demand, to try to capitalise on the sale of these resources.

I want to state that I am not arguing that taxes should be raised in perpetuity or across the board. I am not suggesting that taxation is necessarily good. There is certainly a lot of commentary from economists that taxation can be bad. If we look at the example of income tax, raising income tax comes with a cost. We might charge an additional \$100 per person in tax, but that could cost the economy and the government \$130 per person from the lost opportunity for people to participate in our economy. I am not saying that taxes are necessarily good. I am saying that the current regime for royalty payments from these resource companies is very soft. Given the sky-high prices for commodities right now, there is an opportunity to capitalise by taking some of the profits off the top to give back to the people who own these resources.

My understanding and interpretation of the role of government is that it is not necessarily to first and foremost run the Western Australian economy like a business and constantly keep it in the black. The government's role is to raise the living standards of the people who live in its jurisdiction. That is the lens that the McGowan government, and all governments, should be seen through. When seen through that lens, the government is failing to maximise the opportunity that currently exists to raise the royalty rate for commodities.

I refer to a recent article that quoted some comments by the Premier. For once, I found myself agreeing with the Premier. I thought his comments were very poignant and true. The Premier talked in that article about investing money in Telethon. He said that in making that generous donation, it was not the government's money and it was not his money; it was the money of the people of Western Australia. He said also that the people of Western Australia would have him make that donation to a very worthy charity that all Western Australians should be very proud of. In this way, the Premier was reflecting the will of the people. The truth that the Premier spoke when making this investment, on behalf of the people of Western Australia, to this worthy charity does not stop at Telethon. It extends to the role of government in investing money across the board in our economy and in thinking long term and strategically and trying to futureproof this state for the time when we will not have these resources that we are blessed with. Their time will eventually come. The government needs to seize this opportunity, which is worth tens of billions of dollars, rather than continuing with the status quo and not acting. Inaction is an action in itself. Future generations will judge this government on its inaction to futureproof this state's economy by not seizing this opportunity that currently exists.

For the remainder of my time, I will focus on the gas industry. Australia has been one of the largest gas exporters in the world, and I believe it still is. There is certainly a very strong reliance on gas. I refer to a report that was produced recently by the Australia Institute. I encourage all members to read it. It is titled *Gas-fired robbery*. The report highlights the inequality that exists in the royalties paid by the gas industry to this state. The report states that in 2021, 47 million tonnes of gas was sold, with sales revenue of \$27 billion for multinational corporations like Chevron, ExxonMobil, Shell and Woodside. I expect that those profits will be much higher because of the current supply chain disruptions, which are forcing gas prices sky high. The prediction is that energy prices in the gas sector will rise by 56 per cent in the next 18 months. There is a window of opportunity here, but it will close out.

The report also highlights that the LNG companies operating in Western Australia and Australia are 95.7 per cent foreign owned. The profits made by these companies are not staying in Australia. They are going offshore. According to this report, the LNG industry accounts for one per cent of our state budget—just one per cent. In 2020–21, this

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industry paid royalties of \$425 million. This is not nothing. However, relative to every other industry, it is a tiny amount. To put this in other terms, 99 per cent of the government services that members and I enjoy are funded by everything except LNG. The Premier is quick to talk about jobs. When we talk about LNG, he talks about jobs, jobs, jobs. It could be argued that the LNG industry does not attract the royalties back to the state that it should, but it does create jobs, which is a good thing. I am not against jobs, but the LNG industry accounts for less than one per cent of jobs. As a capital investment—money in and job creation out—it ranks as the worst performer. If someone were to put money into any other industry, they would get more job creation out of that than the LNG industry, which is heavily subsidised and accounts for less than one per cent of the state budget. Those numbers are actually falling. For the last 10 years, the majority of the revenue collected from LNG has been through the North West Shelf grants scheme. Two-thirds of gas—every other platform that operates outside the North West Shelf—does not attract any taxation or provide any royalties. There is certainly favour at the federal level for the petroleum resource rent tax, and it has been acknowledged that it will potentially be overhauled. But given the sorts of agreements that we have in place and that two-thirds of the gas exported from Western Australia is given away for free, there is certainly scope to tighten that regime when profits are high and we will not be impacting businesses or jobs, to ensure a fairer and more equitable payment back to the people of Western Australia. That is what this motion is calling for.

In the time remaining, I would like to talk about what other jurisdictions are doing in this space. We have recently seen a windfall tax in the United Kingdom, which acknowledges that companies are profiteering from the war in Ukraine and the massive disruption to the supply of gas. The demand for gas continues and these companies are enjoying bumper profits right now. This UK tax acknowledges that these resources belong to the people of the UK and they should be sharing in that wealth. This tax is expected to generate \$8.5 billion in the first year for the people of the UK. The Norwegian sovereign fund is worth close to a trillion dollars. Norway taxes oil and gas companies about 50 per cent for those deposits. That is a strong acknowledgement that as the owner of those resources, it is entitled to a large proportion of those funds. The Norwegian sovereign wealth fund, which is expected to generate over \$200 billion this year, was set up to ensure that when those finite resources are no longer available, the Norwegian government will be propped up and futureproofed. WA has a sovereign wealth fund worth a billion dollars. I do not think that we could argue that we have futureproofed the Western Australian government for when these finite resources have gone. I have a few suggestions about how we could spend that money. We currently have an inflationary environment and we certainly do not want to overstimulate the economy. As is done with the Norwegian fund, I suggest that additional royalty windfall profits should be put into the sovereign wealth fund and used to try to diversify the economy and really break us out of the boom-and-bust cycle that we find ourselves in. I understand that the current sovereign wealth fund uses some of its money in diversification grants, which is a good thing; however, those funds are comparatively low when we talk about really making an impact and scaling up other industries to smooth out our economy and futureproof WA. Another idea would be to offset some of the cost-of-living pressures that we are experiencing right now. We are in an inflationary environment. Despite the massive gas supply agreement that we enjoy in Western Australia, we are still locked in an inflationary spiral. Using some of those funds to offset some of the commodities that come from outside our jurisdiction, such as petrol, could help to reduce some of the cost-of-living and inflationary pressures in Western Australia.

I will leave my contribution there. I am curious to hear from other members on this topic. Again, this motion is not about taxation for the sake of it. I understand that we have had a very good year with these commodities. As Hon Dr Steve Thomas, the Leader of the Opposition, has said, we have recently enjoyed a big windfall from iron ore. As the honourable member said, it is a once-in-a-lifetime opportunity to use those profits and the revenue to the state from iron ore. We know that the operating costs for a lot of producers is about \$US20 a tonne. Last year, the price of iron ore was over \$US200 a tonne. This also extends to other industries, and especially the gas industry, with prices forecast to increase by about 55 per cent next year. There is a finite window in which the government could stand up to big business and try to side with the people for a change by ensuring that a fairer and more equitable payment is made to the people of the state.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Emergency Services) [1.25 pm]: I indicate from the outset that the government will not be supporting Hon Wilson Tucker's motion today, which calls on the state government to increase royalty rates for the resources sector. I intend to outline in detail to the chamber why the government does not agree with that motion. Essentially, the key points are that royalty revenue is strong and now is not the time to make changes. Royalties are important, as is the resources sector, to Western Australia. The McGowan government has used a range of strategies to turn Western Australia's budget into the envy of the nation, including stable, responsible management and economic diversification. In any case, the McGowan government will not be making financial policy decisions on the floor of the Legislative Council in response to an opposition member's motion.

Hon Dr Steve Thomas: Crossbench.

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Hon STEPHEN DAWSON: A crossbench, opposition, non-government member's motion. The state government is very proud to have had a stable and responsible budget and stable and responsible budget management, combined with strong management of the COVID-19 pandemic. That has led to Western Australia having one of the strongest economies in the world. Our resources sector in particular has been extremely profitable in recent years. The state government received about \$11.1 billion in royalties in 2021–22 and about \$12.2 billion in royalties in 2020–21. This was a significant increase from the \$6.7 billion in royalties received in 2018–19. These temporary windfall gains in revenue have been used responsibly to address the challenges of today, including through massively investing in our health system, preparing for and responding to the COVID-19 pandemic, and providing cost-of-living relief to Western Australian households, as well as preparing us for the future by investing in economic diversification and climate change, and reducing debt. Royalties are stronger due to higher commodity prices, but we would not have been in a position to benefit if our economy had not remained open over the past two years. This government's management of COVID-19 allowed the resources sector to remain operational for the entire course of the pandemic, unlike many of our competitors around the world.

Aside from royalties, the resources sector contributes significantly to taxation revenue. The three big iron ore companies, Rio Tinto, BHP and Fortescue Metals Group, paid an estimated \$21.5 billion in company tax in 2021–22 and about \$22.5 billion the year before, in 2020–21. This, again, is a large increase from the estimated \$9.9 billion paid in the 2018–19 financial year. Other states have also benefited significantly, with billions of dollars in royalties effectively transferred through the GST. As Hon Wilson Tucker would know, given that he represents the Mining and Pastoral Region and the vast majority of the mines happen to be in our electorate, the resources sector is an important employer in Western Australia. About 9.4 per cent of total employment in Western Australia is linked to the mining sector. It is also the largest contributor to payroll tax collection in the state. Efforts to keep the mining sector operating over the past couple of years were vital in supporting not just the Western Australian economy, but also the nation, as billions of dollars in additional tax collection were delivered to the commonwealth.

We have had a longstanding three-tiered royalty system in Western Australia that is considered to be transparent and simple. It generally provides a stable and consistent return to our community. Under this system, Western Australia has developed into a world-leading jurisdiction for mining investment and development. We know that the global financial outlook for 2023 is worsening. The International Monetary Fund, the World Bank and the Organisation for Economic Cooperation and Development, amongst many others, are predicting that the world's major economies will either stall or enter into a recession in the near future. Moody's Investors Service has rated us, with Queensland, as the states that are best positioned to manage this predicted economic slowdown in 2023. It is therefore clear that now is not the right time to make changes to royalties, which could impact investment in the state, potentially leading to the loss of jobs. The Fraser Institute's 2021 global mining survey has shown that Western Australia is the world's most attractive jurisdiction for mining and mineral exploration investment. Its annual survey rates the policy attractiveness of each jurisdiction, including regulations, taxation and political stability, as well as the geological value of investment. I also want to refer to the *Mineral royalty rate analysis: Final report* that was released in 2015. It was commissioned by the previous government. The report noted that an overwhelming requirement of the royalty system was for it to be stable and predictable so that it could continue to help attract investment in the sector.

When we first came to government, the Western Australian budget relied heavily on the ups and downs of the resources sector. Since 2017, as a state government, we have embarked on a significant agenda of economic diversification, which has considerably strengthened the state's finances and is a key economic policy. The 2022–23 state budget includes more than \$1.3 billion to diversify our economy using our financial success to build the initiatives and industries of tomorrow, whether it be in lithium, local manufacturing, hydrogen, future battery industries, medical research or ICT—another of my portfolios. We have invested in additional support for the tourism and international education sectors, including money to attract blockbuster events to Western Australia and to develop new tourism experiences here. We have invested to accelerate the recovery of the international education sector. We are expanding export markets and supporting the development of priority sectors, including an additional \$80 million boost to our industry attraction fund on top of the \$100 million that was previously announced. We are spending more to double the size of the industrial land development fund from \$50 million to \$100 million. We are spending more on agriculture, with \$25 million for the Western Australian Agricultural Research Collaboration.

We are expanding our international trade offices around the world so that we can be on the ground overseas selling Western Australia, Western Australians and all that we have to offer—the amazing innovation that starts off here in this state. We are spending \$12 million for the WA-Array program to identify new resources hidden below the earth's surface. We are spending more on the space sector, including the continuation of \$11 million in grants to support that sector in Western Australia. It is pleasing to hear that the University of Western Australia recently signed an agreement with the University of Arizona. We are now doing work here on behalf of that university because of where we are located and because of our strengths in the space sector. We are spending more on the WA health and medical life sciences industry strategy. Again, that is to grow opportunities for local entrepreneurs and researchers to make positive changes to the health and innovation systems. We are spending more on the

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Minerals Research Institute of Western Australia. We have also given a 50 per cent royalty rebate to support the development of the potash industry.

We are investing more in major ports and road upgrades to support regional development and regional industries. Some of those investments include a significant amount of \$332 million for a major upgrade at Geraldton port. We are spending \$250 million for the Pinjarra heavy haulage deviation. We are spending \$120 million to upgrade the road from Moorine Rock to Mt Holland to support the Covalent Lithium mine. We are upgrading the infrastructure at Lumsden Point in the Pilbara. We are also spending about \$50 million for the construction of a supply base to support oil and gas operations in the Browse Basin. We are spending more on roads in the north west of the state—those roads that carry our significant minerals. We are spending more on freight networks in the midwest and the great southern. This follows more than \$1.7 billion invested in economic diversification initiatives in the previous 2021–22 budget and midyear review, which included major investments to support Perdaman’s \$4.5 billion investment in the Pilbara for its proposed urea project. I previously mentioned the investment attraction fund and our industrial land development fund. We are spending more to upgrade parks, reserves, visitor facilities and tourism infrastructure across the state. We are doing lots, and much of that money has come in from royalties from the mining sector.

It is often the case that the opposition says in this place that the improvement of the state’s finances is all due to GST and iron ore revenues. However, the commentary from independent experts says otherwise. Our fiscal discipline has been described by Standard and Poor’s as “continued budget outperformance compared with domestic and global peers” and having “exceptional fiscal metrics”. I can compare that with how the same agency described the previous Liberal–National government, saying it lacked the political will to make the difficult decisions to control spending. We lived through that through our first few years in government.

I mentioned the Langoullant review in a debate last week. It found that the problem of the previous government was not revenue, but that it spent too much. We made the challenging decision to repair the structural deficit and pay down the mountain of debt we were left with. Unlike the previous Liberal–National government, we did not spend on the assumption that our GST share would be magically fixed, nor have we spent on the basis of elevated iron ore prices. We are spending only what we can afford as we go, noting the view out there amongst rating agencies and international organisations that 2023 is going to be a tough year around the world and may lead to recession in some places.

Hon Wilson Tucker was not in this place when we previously dealt with the issue of royalty rate increases and what happened in 2017–18 when the state government tried to change the gold royalty payment. This was introduced as one of our budget savings measures because we recognised that all sectors needed to contribute to budget repair. We believed the gold royalty changes were fair and reasonable. The change was a 1.25 percentage point increase in the royalty rate when the gold price was above \$A1 200. That change, at the time, was listed in the budget papers as providing around \$400 million in revenue to the state. That was at a time when the previous Liberal–National government had left us with \$33 billion worth —

Hon Dr Steve Thomas: Thirty-two billion dollars.

Hon STEPHEN DAWSON: It was \$33 billion worth of net debt. What happened? The Liberals, Nationals and crossbench disallowed it. There was absolute uproar from members opposite. Despite campaigning on a super royalties tax for the mining sector during the 2017 election campaign, the former Deputy Leader of the Nationals called it a “cash grab for the gold sector”. Former member of the crossbench Aaron Stonehouse—someone I believe Hon Wilson Tucker knows very well—described the move by saying —

Not content with one destructive tax increase, this budget includes a drastic increase to the gold royalty rate.

He went on to say —

When I was elected, I made the commitment that I would never vote for an increase in taxes or a reduction in liberty.

I have to say, and I have said it before, that often in this place, the hypocrisy of members opposite is appalling. Then Liberal member my good friend Hon Simon O’Brien, who has moved on from this place, said at the time —

Quite frankly, this gold tax will have no material benefit for the deficit or the debt. It is an absolute fraud to suggest otherwise and it is similarly a fraud to say the things that the government has been saying.

If the government had been able to introduce that new gold royalty, Treasury has told me that it would have been worth around \$800 million in revenue over the past four and a half years. Western Australia essentially had a referendum on the issue of a super profits tax for large resources companies during the 2017 state election. Some of us in this Parliament will remember when the then Leader of the National Party, Hon Brendon Grylls, made it a central election theme of his re-election campaign to put in place a mining tax on big resources companies such

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as BHP and Rio Tinto. It was decisively rejected by the electorate and even resulted in Hon Brendon Grylls losing what was a safe seat in the Pilbara.

I take this opportunity to give something in my own portfolio a plug. This morning I had the pleasure of announcing a new international challenge at the AusBiotech conference, a conference in Perth of some of the smartest people from around Australia and, indeed, around the world. We are undertaking a global search for a cutting-edge solution to enhancing health care in the Pilbara. We are asking applicants to think outside the box. The best solution from the challenge will win a \$5 million prize. We have a credible partnership with and support from BHP and Rio Tinto, which have contributed \$1 million to the competition. Hopefully, this will provide a new way of treating significant healthcare issues in the Pilbara region among the Aboriginal population, in particular, because what we have done for a very long time when we have tried new things has not worked. We are asking the smartest and best people from around the world to help us out—to help us close the gap. We would not be doing that without companies like BHP and Rio Tinto. Hon Wilson Tucker mentioned that I am in Port Hedland and I am very pleased to acknowledge the fine contribution and support that BHP in Port Hedland and Rio Tinto in Tom Price and Karratha provide to local communities. When we compare our schools in the Pilbara to schools elsewhere and the significant support we have in our classrooms, we see that it really makes a difference, whether it is science programs, new community centres or fire stations in Tom Price or Paraburdoo, or new school halls or co-partnering with state government for hospitals in those towns that are mining based, those companies put money on the table. They are keen to partner with us and they want to make sure that those communities are more liveable and that their workers and the families of their workers in those towns have significant services, and certainly services that are similar to those that are available in the metropolitan area that has a much bigger population.

Yes, it is a crying shame that there are people in the Pilbara or regional communities in Western Australia who suffer, but we cannot say that more royalties is the solution. Sometimes the sad reality is that we cannot make parents parent. Getting more royalties out of those mining companies will not guarantee that parents parent, and that is the sad reality of the situation in the north west of the state.

It is bizarre timing for Hon Wilson Tucker to propose changes to royalty rates right now. When Brendon Grylls proposed the super profits tax, the budget was a mess. When this government proposed the gold royalty changes, we had only just embarked on our journey to budget recovery. Now, when our state budget is the envy of the nation because of the McGowan government's fiscal discipline and responsible budget management, is not the time. The government will not support this motion today and we urge other members of this place not to support it because if we start messing with the royalty rates now, when the headwinds of 2023 start approaching many Western Australians will be out of work, and that is not good for anybody.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [1.44 pm]: As the opposition so often agrees with the Minister for Emergency Services, I indicate that we also will not support Hon Wilson Tucker's motion before the house today. I will not necessarily agree with many of the things the minister said, but ultimately there might be some crossover of our reasons. The house could probably agree with a couple of bits of the motion moved by Hon Wilson Tucker on its own. That is —

(1) notes that —

(a) due to high commodity prices, resource companies are making windfall profits;

I do not think anyone suggests that that is not the case. And part 1(c), which states —

the immense wealth generated through the extraction of Western Australia's finite natural resources should be shared equitably with the people of this state.

I think the critical word there is "equitably". Equitably does not mean equally; it is a value judgement. I think members would all agree that the resources of the state should contribute equitably and appropriately to the people of Western Australia, and we could agree with those parts of the motion. The problem I have is with part 1(b) of the motion, which states —

despite the super profits made by private interests, the royalty paid to Western Australia is comparatively low ...

Even the Minister for Emergency Services just had to acknowledge that the royalty income for Western Australia is incredibly high. As he mentioned, in 2020–21 the royalty income was \$12 billion and in 2021–22 it dropped back to \$11 billion. He is quite right; that is very good. However, that is an increase from a high average of \$6 billion in the lead-up in previous years. That is a doubling of royalty income during the current boom—an extra \$6 billion. What have the budget surpluses been in that period? They have been \$6 billion. As the income has come in at \$6 billion higher, the surpluses, funnily enough, have been \$6 billion higher. Of course, the minister can argue that there are other ways that have contributed. Certainly, GST has risen since 2017 because of the GST floor put in place by the previous federal coalition government, which is fantastic—thank you very much. That extra couple

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of billion dollars a year has funded some additional government expenditure, particularly around COVID-19. The government should be thankful to the federal government for that fix that has allowed it to cover its COVID expenditure pretty well—that has been great—but the budget surpluses reflect a massive increase in royalties. The biggest boom in the history of this country for any state jurisdiction has occurred here and the biggest beneficiary has been this state government. That is why it is putting out \$6 billion budget surpluses at a time when everywhere else in the country and most places in the world are putting out significant budget deficits. This government has been the lucky recipient of an iron ore boom, created by demand thanks to stimulus packages around the world thanks to COVID. Members might have heard me say that before. That has resulted in a mountain of cash flowing into this government, filling up the money bin, giving it the Scrooge McDuck effect again. This government is rolling in wealth. I agree with the minister that the timing of this motion to suggest that the government is not doing well is quite interesting. I must admit that I struggle to agree with him because this government has done remarkably well. The question is: what is the government going to do with this massive wealth, which, having declined to a slightly more reasonable level, has not disappeared?

Hon Pierre Yang: Can you address the motion?

Hon Dr STEVE THOMAS: I am addressing the motion. The average price of iron ore is still just over \$US90 a tonne—at least \$US20 ahead of the predictions in the budget. If it stays at \$US20, there is another billion and a half dollars that will roll into the profits; another billion and a half rolling into the money bin for the Premier to roll around in and swim through, doing his impression of Scrooge McDuck. It is not the case that the money has disappeared. There is still plenty of money in the budget.

I turn to a couple of things the mover of the motion, Hon Wilson Tucker, said. He said that he did not like the current commercial arrangements that gave us the distribution of royalties. The arrangements for the distribution of royalties and various taxes is the system that has given us the mining industry we have today. The mining industry, like every industry, requires a degree of certainty, particularly long-term certainty, to get investment in those areas. One advantage that Western Australia and Australia have had is a fair degree of political and tax stability, which makes it an attractive place to invest. It is important that the government maintains a good tax regime. The commercial arrangements we have are what gave this government a \$6 billion surplus last financial year. By the way, they are also the arrangements that gave the federal government a \$50 billion improvement to its bottom line. The federal Treasurer came out yesterday and said that the bottom line in the federal budget is massively improved, based largely on incomes from the commodity sector and the resources sector. That is exactly true. Remember, royalties are only one component of what the mining industry pays to various government bodies in Western Australia. We have royalties, but we also have a massive amount of payroll tax. Those big companies are massive contributors in payroll tax. They also pay company tax. They also employ a bunch of people, and those people pay income tax. The tax generated out of the industry is significantly beyond—far beyond, a factor of multiple times beyond—simply the royalties that those companies generate.

Whilst we are talking about what they pay in company tax et cetera, let us also remember this. People are a bit too quick to say that these are foreign multinationals. If people look at their superannuation accounts, they would be pretty hard-pressed to find one that does not contain a significant number of BHP shares and Rio Tinto shares. They are providing not only taxation but also revenue for the retirement and the upcoming retirement of a whole pile of Western Australians and Australians. We need to be aware that these are companies that contribute in a large number of ways.

The member also said that he believes that people are getting a raw deal out of the current arrangements. I suspect that I have a bit of sympathy for that; I think there is some truth to that. The question, of course, is why they are getting a raw deal. It is not because the money is not coming in; it is rolling in. If anything, they are getting a raw deal because of the performance of the McGowan government and the members opposite. If a raw deal is being done, it is because the enormous wealth that is rolling into the money bin has not been appropriately managed.

We have had a bit of history from the minister, and I always enjoy a bit of history, so I thought I would throw a bit in as well. Mine is probably a bit more recent than his.

Hon Stephen Dawson: It might be more selective than mine as well.

Hon Dr STEVE THOMAS: Well, what did it do? In 2017, what was the plan of the then opposition, led by the current Premier? What was its plan to manage resources revenue? Let me tell members; I am sure they are interested to know.

The plan was announced on Saturday, 11 February 2017, just a month before the 2017 state election, by the then shadow Treasurer Ben Wyatt. I am sure there was a media conference to go with it. The third dot point of the opposition's debt-reduction strategy said that in government it would —

- Ensure future windfall revenue gains are used to reduce debt

The headline of this press release said —

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

A McGowan Labor Government will protect future iron ore windfalls from being exploited by future governments, by bringing in laws to allocate 50 per cent of iron ore royalties into a new Debt Reduction Account.

That was the promise of those opposite when they were in opposition; that is what they were going to do in government. A great line on the second page is a quote attributed to Hon Ben Wyatt, the shadow Treasurer at that time —

“Never again can we have a Government that foolishly assumes that windfall revenues from a short term spike in commodity prices is permanent and forms part of the permanent spend of the Government”

That is why it was going to put 50 per cent of iron ore royalties into a new debt-reduction account. As we know and have already had acknowledged by the minister, in 2020–21 royalties came in. Most of the royalties are iron ore, so of the \$11 billion of royalties that came in, let us say that \$10 billion was from iron ore, so that should have been \$5 billion into the debt-reduction account if we take the Labor Party at its word. Royalties in the 2021–22 financial year were about \$12 billion, and about \$11 billion of that was iron ore, so there is another \$5.5 billion into the debt-reduction account that was designed to pull down debt. So far, that is \$10.5 billion over two years. As this government looks at getting a \$20 billion set of surpluses over five years, most of it based on iron ore, it should be putting in more than \$10 billion, but it has more than \$10 billion over that two-year period. As we slow it down, \$15 billion should have gone into the debt-reduction account.

Hon Stephen Dawson: How much have we spent on COVID? It is a significant amount.

Hon Dr STEVE THOMAS: All the GST money, I am sure.

Hon Stephen Dawson: More than that. A significant amount.

Hon Dr STEVE THOMAS: The government had that free handout of GST.

Hon Kyle McGinn: The GST deal that your government could not secure or deliver.

Hon Dr STEVE THOMAS: Well done. The government got that GST money out there. This is on top of that.

The PRESIDENT: Order!

Hon Dr STEVE THOMAS: The government managed to spend billions of dollars extra from GST on COVID. That is fine; we are all happy for that, but there are billions of dollars. This was the government’s plan, and it is about \$15 billion short of actually doing it.

Hon Stephen Dawson: Do you agree that we dealt with COVID well?

Hon Dr STEVE THOMAS: I think the government dealt with COVID pretty well. Not perfectly—I would have done some things differently, but I am happy to say the government dealt with COVID pretty well. I agree. It largely followed the health advice, which is excellent. Places that followed the health advice generally survived COVID pretty well. Yes, the government did not do a bad job of COVID; it did a good job of COVID. I think the government gives itself a bit too much credit for following the health advice, but it still did a good job.

Hon Stephen Dawson: I think we were always clear that we followed the health advice.

Hon Dr STEVE THOMAS: Yes. Once again, we are in strident agreement. The government did a good job on COVID based on the health advice and budgeted by the increase in GST that was given to it by the former Prime Minister and Treasurer Scott Morrison.

Hon Stephen Dawson: You are one of my favourites. I have no issue with you.

Hon Dr STEVE THOMAS: I am prepared to give the government credit when it is due.

Hon Stephen Dawson: It is not going to affect your preselection as much as it is going to affect mine.

Hon Tjorn Sibma interjected.

Hon Dr STEVE THOMAS: He is already dropping down the ticket. He just made it worse.

Hon Tjorn Sibma: I like to tempt the fates.

Hon Dr STEVE THOMAS: Hon Wilson Tucker commented that people are getting a raw deal. If they are getting a raw deal, it is actually because the government has reneged on its plan. Hon Wilson Tucker talked about sovereign funds. When we get this massive wealth, we do not just roll in the money bin like Scrooge McDuck; we actually invest it for the future. In that bit, he is absolutely right. One of the best ways to do that is to pay down debt. Why is that a good outcome? Because it spreads the load, particularly of construction over time. The government has all this money set aside for its pet projects, particularly around Metronet, which is \$10 billion sitting out there and set aside for Metronet. The government is in competition with the private sector and industrial construction, and it is in competition with everybody trying to build a house. That is why we cannot get labour and why we cannot get materials. This government, rather than spreading that load out, using its windfall finances to pay down debt and

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

allowing the economy to correct, is looking after its political future by investing it all in these immediate returns. It likes cutting ribbons.

Hon Wilson Tucker is right to talk about improving this in a finite time frame or a finite window. There will be further booms in the future. I suspect we might have seen the biggest boom that anybody in this room will ever see. It is likely to be the biggest boom for centuries, but let us see. We never know what the next boom might deliver. The nature of the economy and the resources sector here is cyclical, so there will be future booms.

I make this point because politics has a couple of old truisms. The interesting thing in today's debate is that both the government and the opposition are taking what I would call a fairly conservative, almost slightly right-wing, approach to the debate. It is good to see that from the minister. The crossbench is coming from the more left-wing position. After all the union debates yesterday, it is good to see the government shifting across a little further to the right.

Hon Kyle McGinn: You lost that one!

Hon Dr STEVE THOMAS: We absolutely won that one, but it will take a little bit of time to come through. There are two versions of this. The government does not like it, but the truth is coming out. There are two versions. I go back to that political bible, *Yes, Minister*, because it is always good to look at, when Sir Humphrey is talking to a group of people about how the Treasury manages its operations. The supposition is that people work out an appropriate level of tax and cut their expenditure to match that. Sir Humphrey says, "Of course not, we work out how much we want to spend and then we tax appropriately." That is the shift from left to right wing. If a government is based in the left wing, by all means, it will tax as high as it likes. I am glad to see the government is taking something of a right-wing approach to this. It is also the case that we have left wing, right wing, communal responsibility and communal reward—I have said this before—and individual responsibility and individual reward. I do not like the politics of envy that says that just because someone is making a significant profit, particularly when the circumstances are good for them, suddenly that means they should be paying more. I am unashamedly right wing. I believe in individual reward. If someone takes the risks, they should take the lion's share of the reward for that. They should look after people as they go, but it is not the case, as the left wing would say, all the way up to the communist left out there—where is it? The Australian Workers' Union and the group out in that far end, not quite the Communist Party of Australia, but out that way a bit.

Hon Tjorn Sibma: Where's the MUA?

Hon Dr STEVE THOMAS: I am not sure about the Maritime Union of Australia!

Several members interjected.

Hon Dr STEVE THOMAS: At least the Construction, Forestry, Maritime, Mining and Energy Union is pretty right wing, so we are okay with that.

Hon Stephen Dawson: What's your view on trickle-down economics?

Hon Dr STEVE THOMAS: I have two and a half minutes here. I do not have time to debate that. Holy mackerel! That is a whole other debate. Give me unrestricted time in the budget debate and we can have a debate about trickle-down economics and the trickle-down effect, which are two separate things. But we have to put an environment in place in which individual effort, be it an individual person or company, is rewarded. When people get very big profits, a government should not be envious or jealous of that. It should encourage it, because—guess what? When a mining company or an individual is making a big profit, do members know what they are doing? They are paying big taxes. That is exactly what is going on. They are paying big royalties, so the mere fact that we are getting —

Hon Dan Caddy: Big taxes?

Hon Dr STEVE THOMAS: Yes, they are paying big taxes. They are paying big royalties. They are paying company taxes and payroll taxes; they are paying us a fair amount of taxes. When a company or individual is successful, guess what? They take people with them. It is good to see. I have to say, despite the rhetoric coming across the chamber from the ideological left over there, despite the ideological left-wing rhetoric, the government will actually vote together with a right-wing agenda, which is great to see. Government members are coming across slowly. I will not call them free marketeers yet—they have a way to go to be free marketeers—but they are coming across. They are actually starting to work out that we need businesses to be successful to be able to tax them. They are actually coming across to the fact that a business has to be successful so that we can tax it and get money out of it. Well done to the government. I am pleased to see this growth in its knowledge about how the world operates. I think that is fantastic.

Hon Tjorn Sibma: Great progress.

Hon Dr STEVE THOMAS: Yes, it is good progress. Give it a B-plus. This government has been incredibly lucky with its outcomes, but at least it recognises that it needs to look after these businesses and provide long-term certainty and stability. It did not do that with the gold tax; it provided instability and uncertainty. But in this debate,

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it has gone back to stability and certainty, and that is why the opposition is in the unfortunate position of not being able to support Hon Wilson Tucker. I understand the intent of the motion and the good intent of the member, but for stability in the state of Western Australia, we cannot support it.

HON DR BRAD PETTITT (South Metropolitan) [2.04 pm]: I rise to support the motion today. Before I start, I would like to acknowledge the members of the Community and Public Sector Union–Civil Service Association of WA in the gallery today.

I share Hon Wilson Tucker's frustration. It is a weird situation whereby companies—especially gas companies—are making huge windfall profits out of the terrible international events of last year. At the same time, governments have huge debts, including the Western Australian government. In fact, most governments with the exception of the WA government are running huge deficits. As Hon Wilson Tucker said, there is an underinvestment in many of our communities because of the amount of revenue that is needed.

As Hon Wilson Tucker said, these profits are going to companies that are, on average, 95.7 per cent foreign-owned. I will quote from a really good report titled *Gas-fired robbery*. It is an Australia Institute report written by Liam Carter—a good Freo lad—and Rod Campbell. I highly recommend this report. It is worth quoting at length from this. I will just read a little part from it. The report states —

LNG is big business in Western Australia. In 2019/20, 47 million tonnes were sold generating sales revenue of \$27 billion for multinational corporations like Chevron, ExxonMobil, Shell and Woodside. Over 90 per cent of the state's gas production is for export.

However, returns to WA and Australia as a whole are minimal. Two thirds of the gas exported from WA is effectively given away with almost no return at all to Australian citizens (who own the resource).

Approximately \$425 million in gas royalties was collected by the WA Government in 2020/21, making up just 1 per cent of Western Australian Government revenue, less than half the amount collected from motor vehicle registration. 99 per cent of this revenue was from North West Shelf Grants.

LNG projects other than the North West Shelf including Shell's Prelude FLNG, Chevron's Gorgon LNG and Wheatstone LNG and Woodside's Pluto LNG collectively make up ... two thirds of Western Australia's gas production. These projects paid virtually no royalties to the Western Australian Government and no Petroleum Resource Rent Tax ... to the Australian Government.

Think about that. They are paying no royalties to the Western Australian government. They have effectively got this gas for free, which is pretty extraordinary. The report continues —

If the North West Shelf royalty arrangements were extended —

Hon Kyle McGinn: It's almost unbelievable.

Hon Dr BRAD PETTITT: Let us just take WA's own gas requirements. I am not saying this would be sufficient, but if the North West Shelf royalty arrangements were extended to all LNG operations, approximately \$1.6 billion extra could have been raised in 2019–20, \$1 billion of which would have gone to WA and \$500 million to the commonwealth. These are the kind of arrangements and legacies that we have set up that mean that we are absolutely underdoing it. Hon Wilson Tucker gave lots of good international examples. I was reading an example from Queensland today. If WA raised its royalty rates to the same rates that Queensland charges, WA would have \$12 billion extra to spend on housing, health and schools. We are undercooking it not only by international standards, but also in comparison with other states. In fact, we are even underdoing it in comparison with our own previous projects in which we charged the right rates. I absolutely agree with this motion because it is good, it is smart policy, and it would see the right level of revenue returned. We have looked at Norway as an example, but there are plenty of other examples around the world that show that WA is not getting good value.

This happens to be not only good and smart policy, but also Greens policy. I read from the Greens' policy, which states —

- impose a resource rent tax or additional royalty to reflect the climate change costs, to the community and the environment, of carbon emissions from fossil fuels

I think that is smart; we should be looking at doing that in this time of transition. Of course, industry has a line, which often gets repeated, that taxes hinder investment. Hon Stephen Dawson repeated that line today. I had to think: if now is a bad time to do this, when rates are high, when is a good time? It is a bad time because industries are struggling; it is a bad time because industries are doing well. I am not sure what a good time would be.

I have a quote from an article in *The West Australian* today about the motion before us. It states —

Unsurprisingly, the resources sector has come out swinging against proposals to resurrect the mining tax, arguing such an impost would stifle investment in mining and force companies offshore.

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In response to that, let me quote former Labor government adviser Professor Ross Garnaut, who I think has an extraordinary mind for this kind of thing. He talks about the advantages of a rent tax —

... they can collect for the revenue a substantial proportion of highly profitable fields without deterring investment ...

Through the efficient design of rent taxes you can have your cake and eat it too; you can have more resource investment and collect more revenue from it ...

We can get more investment; we can make sure we are funding properly the things we need to be funding in the state; and we can make sure that we get that return to Western Australians and Australians. It is for those reasons that I absolutely agree with the motion, which —

... calls on the government to increase the royalty rate of commodities, ensuring a more equitable royalty is paid during periods of higher commodity prices.

HON KYLE MCGINN (Mining and Pastoral — Parliamentary Secretary) [2.10 pm]: What an honour it is to talk about this motion today. It feels like a full 360 degree turn from the last term. I have been looking over the crossbench section and reminiscing about some of the most dreadful speeches that I have ever heard, in history, that were written by the Chamber of Minerals and Energy and delivered by none better than the honourable Aaron Stonehouse. The contribution from the honourable Aaron Stonehouse to the gold tax debate was woeful and, quite frankly, arrogant. It was very Liberal Democrat.

Hon Neil Thomson: You support the gold tax?

Hon KYLE MCGINN: Is the member going to listen to my speech, or is he just going to dribble? Just give me a minute to fire up, mate! I am sorry; I cannot just jump straight in. Just give me a minute.

I was talking about the honourable Aaron Stonehouse. Sorry, Hon Peter Collier, did that get you going a little bit there, mate?

Several members interjected.

Hon KYLE MCGINN: I get an interjection as soon as I get to my feet—let us be honest! It is pretty funny. It feels like people just want to talk to me when I am on my feet. It is quite amusing listening to the members on the crossbench agreeing to increasing royalties when I have had to listen to the honourable members Colin Tincknell, Robin Scott, Aaron Stonehouse, Rick Mazza and Charles Smith. I cannot remember the Nationals WA members, but they were there. The Liberal Party members were there. The Liberal Party was even there with the mining companies that were paying workers to protest our offices, which was the funniest picket line that I have ever seen, to be honest. Out in the goldfields, for example, over 1 400 workers were paid to go and protest at my office with the —

Hon Peter Collier interjected.

Hon KYLE MCGINN: No. Hang on a second. Just to clarify —

Hon Neil Thomson interjected.

Hon KYLE MCGINN: Can the member hold his tongue for a second. I am just dealing with this interjection.

Several members interjected.

The ACTING PRESIDENT: Order!

Hon KYLE MCGINN: I was talking about the mining companies paying their workers to attend rallies, Hon Peter Collier. It was like the rallies here at Parliament where people were being handed high-visibility shirts as they got off the buses and came to the front doorstep—to make it look like they were working for mining companies. I was one of the members of Parliament who had about 1 000 workers—they were getting paid to protest—protesting my office because their employer was being told, “We are going to sack you all if the mining tax comes in. Fourteen dollars a tonne is just too much.” What happened straight after that? We saw an increase of almost \$1 000 go onto the price of gold across the world. It went from around \$1 500 a tonne to \$2 500 a tonne, yet \$14 was considered breaking the bank. The former member for Kalgoorlie, Kyran O’Donnell, was a huge advocate for the mining companies. He would say, “We cannot do this to the goldfields. We have only one economy, and that is it.” That was his very narrow view, and, clearly, that served him really well in the last election!

I will just let Hon Wilson Tucker know what happened when we did try to introduce a gold tax in 2017. There was absolute hysteria. It was really, really insane to see how the Liberal and National parties reacted to that. I did not see those members going out there and asking companies to get better at their social licence. I do not think I have seen Liberal Party or National Party members ask once for more full-time employment or more training or more apprentices or any of the stuff that is good for building the economy. I find that quite amusing.

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I will say, though, that the biggest backflip today has been from the Greens. I find it quite a refreshing difference from the last Parliament in which the Greens brought a motion to this chamber to completely shut down the oil and gas industry overnight; it was unbelievable. The honourable Tim Clifford brought a motion to this chamber, in typical Greens fashion, with not much research and not much understanding of what would happen. He just came in and said, “Close the oil and gas industry overnight. We need to get rid of it right now.” There was no plan. What was really, really amusing is that the honourable Tim Clifford came from the oil and gas industry and had worked on Barrow Island, so he would have been paying his mortgage at the time with oil and gas profits. Therefore, to see that the Greens have now gone from “just close the industry” to “tax the industry” is an interesting flip.

I will side with the minister, who put it very elegantly that the McGowan government has done a fantastic job managing the finances of this state. It has done a far better job than the previous government, which did a disastrous job. There was no ability for a Scrooge McDuck in the last government because the chamber was always empty because they were out spending like drunken sailors. We also had the National Party members with their own bankcard and ATM, just flicking hundreds everywhere they could, without business cases or plans and without even consulting the old almighty emperor of the day.

Hon Neil Thomson: I can’t believe you represent regional Western Australia.

Hon KYLE McGINN: Can I just say that we have four representatives in the Mining and Pastoral Region, and that came from the last election, member. We have four Mining and Pastoral members. Yes, I do represent regional WA. Absolutely, I do and I am proud of that.

Hon Neil Thomson interjected.

Hon KYLE McGINN: That member really needs to take the time—as I have said many times—to educate himself before he opens his mouth.

I will touch on what Hon Wilson Tucker mentioned. He said that he raised this motion on behalf of the WA people. I am still waiting for Hon Wilson Tucker to raise the daylight saving issue. I am waiting for him to get on his feet and give me a big speech on that, because his credibility in this chamber comes from being a big supporter of daylight saving. I would love to listen to the member speak for a good hour on daylight saving so I can understand why my electorate, which was the least in favour of voting for daylight saving, elected Hon Wilson Tucker as a member for the Mining and Pastoral Region. Talk about representing the regions!

Hon Neil Thomson: I agree with you.

Hon KYLE McGINN: Wow! I get an agreement from Hon Neil Thomson. I should hang up my hat now and retire. My God!

Regarding sky-high profits, I would like to know the difference between the profits when Hon Wilson Tucker came into this chamber in 2021 and the profits now. It would have been good to see a breakdown on what was different from a couple of years ago and why he did not run on a platform of increasing taxes when he ran at the election. I would be very interested to see what the difference was, because I do not think it would be much, Hon Wilson Tucker. One of my questions to the member is: what is the difference between when the member was running in the election to now that all of a sudden he wants to see royalties increased? Another question is: what was different when the member was running in the election?

Hon Wilson Tucker: People deserve a platform to advance different issues because I care about them.

Hon KYLE McGINN: Why did the member not put it in his platform right next to the issue of daylight saving, which he cares about?

Hon Wilson Tucker: No; the single issue —

Hon KYLE McGINN: I did not see it. It is a single issue that we have not heard about in this chamber. Hon Wilson Tucker, if today’s motion —

Hon Wilson Tucker: I can’t just keep talking about daylight saving.

Hon KYLE McGINN: You cannot; I accept that. But you could have brought it to this chamber today —

The ACTING PRESIDENT: Order! Might I get you to direct your comments through the chair, honourable member.

Hon KYLE McGINN: Absolutely, Acting President.

The ACTING PRESIDENT: Thank you. You can continue.

Hon KYLE McGINN: Daylight saving, Acting President, is what I am talking about. That is what I wanted to hear about today. I genuinely want to understand why I should have more sunlight in the morning, or is it the afternoon? It is too much for me!

One of the things that came out of the opposition's scare tactics during the gold tax era of 2017, which as members who were here in this place would know came back, was that the second version of the bill had a floor of \$14.50, which was similar to the floor the member was talking about. If the resource goes under that floor, the tax would fall away. Mind you, that was still rejected by the opposition, which put it up as one of the solutions during the debate—what we could see going through as a gold tax. I remember that distinctly, because the Chamber of Minerals and Energy sent out new notes for the second bill saying, "We still oppose it because it's a tax." What are we supposed to do there? The opposition and the crossbench were basically getting their speech notes directly from the CME; it was quite funny to watch, because the same notes that the CME had sent to me were being read back to me by the opposition. Apparently, there was the threat of mass job losses at \$14 an ounce.

Throughout that debate I reiterated the question, putting the tax stuff to one side: do members think that the gold industry has a good social licence in the goldfields? Hon Neil Thomson just gave me a click sign, which I think means yes. Let us look at the difference between the iron ore industry up north and the gold industry out in the goldfields. In Karratha, Port Hedland or Newman, the first thing people notice is that Rio Tinto, BHP and FMG are all there. They are investing in those communities, on the ground. No-one can dispute that. There are arts centres, cultural centres, hospitals and football teams being sponsored. I said this during the last gold tax debate: when people go out to the goldfields, it is a completely different story. It is almost as though the gold industry is completely different and untouchable. I remember some of the things members opposite said when they were out there protesting against us increasing the gold royalty; they said that they would actually grow a backbone and go and tell some of the companies that had no Aboriginal or female employees and no full-time workers or apprentices to not pay extra. If they were happy to tell some of those companies that they were so proudly lobbying for not to pay \$14 extra per ounce, why did they not tell them to develop a decent social licence? What has happened since then? I have heard nothing from the opposition in that space—absolutely nothing. It is, "Oh, we did our job and we got rid of the nasty tax, and that's that." It is a shame that they do not go out there and fight more.

I have said from the day I arrived in this chamber that the oil, gas and mining companies should do more training, create more jobs and have more of a social licence. They should be investing in buy-local policies and procurement policies, such as the WA jobs policy that the McGowan government brought in. We had a great debate the other day about this government's procurement policies. What a brilliant government—leading the way on local employment and local procurement. I just wish some of those mining, oil and gas companies would listen and take some steps in their own direction. It is the smaller companies as well, not just the bigger ones. It is the ones that get away with not employing locally. COVID has resulted in one thing: they now have to get off their backsides and do something about it, because they know that if something goes wrong again, they could be prevented from flying in foreign or east coast workers.

The oil, gas and mining sectors' reliance on foreign workers prior to COVID was insane. I remember having a debate with former, I think, federal employment minister, Hon Michaelia Cash, who came out to Kalgoorlie. There was a job shortage at the time, 2017 or 2018, just about the time when the federal LNP government decimated our car industry. More than 45 000 skilled workers could have come across from South Australia and Victoria, but instead Michaelia Cash implemented designated area migration agreements, which were designed to bring workers over to—as I was told—live in the goldfields. As soon as that agreement got off the ground, it was discovered that they were to live in Perth and be fly in, fly out workers in the goldfields, with absolutely no economic impact on the local area whatsoever.

Hon Sandra Carr: Shame.

Hon KYLE MCGINN: It was shameful. Then what happened? COVID hit, and they could not fly them in anyway, so we missed out on a workforce of more than 45 000 from the car industry. If we had focused on getting them placed in the goldfields, we would have had, in my view, some of the best, hardworking, skilled workers in this country. They could have slotted into our mining industry very well.

I say to Hon Wilson Tucker that, regardless of what party we are from, I really want to see a focus for the Mining and Pastoral Region, both inside and outside this chamber, on talking to the mining, oil and gas companies about what they can do for the local communities and what they can do better. I think there is a stark difference between the big end of town, the middle of town and the low end of town. There are some that do really good work and some that do absolutely nothing. Commodities dictate that also. As I said before, up north we see them everywhere. I am still in awe of the brilliant job BHP has done with the cultural centre in Newman. I know that you, Acting President (Hon Peter Foster), would be very aware of that. What it has done has uplifted that community's culture and artwork unbelievably. That was solely a BHP project.

Hon Dr Steve Thomas: Didn't they invest in the Karratha one as well?

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Hon KYLE McGINN: There is the Karratha one, which I think it invested in with the federal government. That was Rio, sorry. I think it was Rio Tinto in Karratha and BHP in Newman. I am not sure whether there is a cultural centre in Port Hedland, but —

Hon Stephen Dawson interjected.

Hon KYLE McGINN: Spinifex, that is right. I will say that BHP invested very heavily in the hospital in Port Hedland as well.

We were talking about Laverton in 2017 and asked the mining companies how much was actually coming back into Laverton after \$2.6 billion went out; it was next to nothing. When we asked them, “How about putting your shoulder to the wheel and being with the community and building this?”, it was blue murder; it was insane. Kyran O’Donnell attacked me for even thinking about it, and that was very short-sighted on his part.

I think Hon Wilson Tucker has just seen some low-hanging fruit in the form of taxing commodities. I would prefer to have seen something more strategic. I would love to see something on daylight saving; I am still hanging out for that debate, and I am looking forward to it.

Hon Wilson Tucker: It’s a hot topic right now. There’s a window —

Hon KYLE McGINN: What was different in March 2021?

Hon Wilson Tucker: I didn’t have a platform.

Hon KYLE McGINN: But the member now has a platform for daylight saving, and I still do not know what it is. I still do not know whether I get more daylight in the morning or the evening!

Hon Wilson Tucker: The answer’s in the name: single-issue party.

Hon KYLE McGINN: Okay. I genuinely want to have a debate on that, because there is one party in this chamber that has never ceased to amaze me at how they manage to inject the issue of marijuana into every single debate in this chamber—so much so that they educated me on putting marijuana into fish so that they do not have mental health issues! I have to say that Hon Dr Brian Walker has done a superb job of advocating for what he stands for, and I would love to see Hon Wilson Tucker bring some more debate to this chamber on daylight saving.

Hon Stephen Dawson: He’s got to work harder!

Hon KYLE McGINN: I just want to explain daylight saving to my electorate, because at the moment I have absolutely no clue what it is about.

Hon Wilson Tucker: Unfortunately, member, that electorate will cease to exist at the end of this term.

Hon KYLE McGINN: Again, low-hanging fruit. Have a dig.

Hon Wilson Tucker: You’re having a dig at me, I’m having a dig at you! The McGowan government was the one that completely overhauled the upper house, not me.

Hon KYLE McGINN: It is funny. I feel that if the member were advocating strongly enough for daylight saving, he may have a chance of getting the whole of Western Australia on board by the end of this term. I have seen some good ads around about daylight saving, although I have not seen the sun suit for a while.

Hon Wilson Tucker: Come to my office and I’ll show it to you!

Several members interjected.

Hon KYLE McGINN: I am going to pull a cheap trick here: whereabouts in the Mining and Pastoral Region is the member’s office? Whereabouts in my electorate do I find the member’s office?

Several members interjected.

Hon KYLE McGINN: Yes. I wonder if it is out in the goldfields or up in beautiful Port Hedland? I know Hon Stephen Dawson has a beautiful office in Port Hedland.

Hon Stephen Dawson: South Hedland.

Hon KYLE McGINN: Oh, blasphemy!

I thank the member for bringing this motion to the house. I am sure he will enjoy the debate, and I look forward to hearing his response at the end.

HON NEIL THOMSON (Mining and Pastoral) [2.29 pm]: I want to start by saying that I am not supporting the motion and I cannot support the motion. I understand to some extent where Hon Wilson Tucker might be coming from. First, he has made it clear that he is looking for some sort of platform. I think his words were to that effect. Therefore, a populist motion like this might appeal to some people, if we look at it just on the surface. The second aspect that might have motivated Hon Wilson Tucker to come forward with this motion is something that he

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

mentioned in his speech. That is what is on the ground in towns like Port Hedland and the state of affairs with social housing, the provision of services and the general amenity of the town. This applies right across the regions. There has certainly been a decline under this government. That then becomes a problem that needs to be solved. The solution from Hon Wilson Tucker, which I do not support, is to whack another tax on companies that he claims are making profits from their activities in the mining sector.

I understand why the motion has come forward in this form, but I cannot support it. The Leader of the Opposition, Hon Dr Steve Thomas, has outlined our position. I fully support that. I also support the response from the Minister for Emergency Services and some of the issues he raised in his presentation. One thing that we must be very careful about is ensuring that we provide a high degree of certainty in the investment environment in Western Australia. The mining sector in Western Australia has not proceeded simply because of the resources in the ground. There are resources in the ground in Africa, Russia and South America. The quality of some of those resources is higher than in Western Australia. What has made Western Australia stand out is the incredibly secure investment environment that has been created over many decades, with bipartisan support from both Labor and Liberal–National governments.

We need go back only to some of the incredible decisions that were made in the early days of the opening up of the north west of this state. At that time, there was absolutely no certainty that the iron ore industry would be successful. There were a lot of challenges with lack of infrastructure, and uncertainty in the markets. Nobody could have foreseen what would happen with China. It was all about providing iron ore to the Japanese market. Some very brave decisions were made and some very huge risks were taken by some of the early companies in places like Mt Newman and Mt Whaleback and throughout the northwest. Over time, incredible wealth has been generated by those companies, not only for their shareholders, but also for their tens of thousands of workers, and for the state government. We only need to look at the budgets over time to see the percentage of state revenue that has come from iron ore royalties. At that stage, in the late 1990s, the Western Australian government was reliant to a large extent on stamp duty, payroll tax and a range of other taxes to fund the vital services that it needed to deliver for our community.

Hon Dr Steve Thomas: And federal grants as well.

Hon NEIL THOMSON: Yes. The Leader of the Opposition made a comment about federal grants. We also had challenges with the GST. When those early GST agreements were settled, Western Australia was in a net positive situation with the GST revenue that went back into its coffers. For every dollar that was generated in Western Australia, we got back \$1.10 or \$1.20. However, things changed during the time Hon Eric Ripper was Treasurer. I have a lot of respect for Hon Eric Ripper. I was an officer in Treasury at the time and worked closely with him in some of the advice that I gave. I thought he was probably the best Treasurer the Labor Party had ever had. That was my opinion. He had a very strong understanding of how markets work. At that time, we started to see a dollar-for-dollar reduction in GST revenue. Every time this state got an increase in royalty payments, the GST component that came back to Western Australia would go down. That was the challenge. We have had a lot of cheap talk about the Barnett government and budget management. At that time, there were huge challenges with the clawback of federal government GST funding as royalty income increased. That put massive structural pressure on Western Australia as the economy was growing. We then had the incredible fix under the then federal coalition government, when Scott Morrison delivered, in partnership with the Premier of Western Australia at that time —

Several members interjected.

Hon NEIL THOMSON: Scott Morrison fixed that, and we saw a change.

To come back to the motion, the important thing is that we must provide certainty in the marketplace. I can say with authority to the mining and resources sector, on behalf of the Liberal Party, that we will always be a safe pair of hands for the Western Australian community. Not only that, members, we will be a safe pair of hands for the Western Australian community in the delivery of services. We have seen this government's abject failure to deliver services in the regions. We have seen the complete failure of the machinery-of-government reforms and the outcomes on the ground for social housing. We have seen the government's dodgy mathematics for shifting land assets out of the housing authority and into DevelopmentWA, and then basically pouring that money back to the housing authority in the form of grants and claiming that it is making a record expenditure on social housing. It has been a case of smoke and mirrors. In the past, those assets were held by the housing authority and it was able to fund record levels of social housing. Those record levels have never been replaced. The previous government doubled the amount of social housing.

Several members interjected.

Hon NEIL THOMSON: We have seen a decline in the amount of social housing.

Hon Kyle McGinn interjected.

The ACTING PRESIDENT: Order! Hon Neil Thomson has the call.

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

Hon NEIL THOMSON: We see the dire situation in Port Hedland. Many social houses are not being refurbished and looked after. We only need to look just down the road from the office of Hon Kyle McGinn to see the conditions there. It is not surprising that members like Hon Wilson Tucker have come up with the idea of finding some easy money by grabbing it out of the resource companies. The responsibility of the government is to deliver services efficiently and to make sure that it gets the best value for money out of the record budget surpluses that it currently has.

Several members interjected.

The ACTING PRESIDENT: Order! Hon Neil Thomson has the call.

Hon NEIL THOMSON: We must be efficient. However, that is not the hallmark of this government. This smoke and mirrors goes further than that. There used to be this thing called royalties for regions. The government kept the branding. That is the way this government rolls; it kept the branding of royalties for regions. What did it do? It did something silent and backhanded; it took \$2 billion of grants out of the royalties for regions program over the last seven years. It pulled those funds out and put them into recurrent expenditure to pay for things that were previously funded out of the consolidated fund. It was a substitution of those funds. That is the key.

Several members interjected.

The ACTING PRESIDENT: Order! When silence returns, I will give the call to Hon Neil Thomson.

Hon NEIL THOMSON: If this government were honest about what it has done to royalties for regions —

Hon Kyle McGinn: You were in coalition when you agreed with RforR.

Hon NEIL THOMSON: I mean, it is a joke now! That brand is a complete joke because it is not a real royalties for regions program anymore. The government substituted things that had otherwise been funded out of the consolidated account. That is why towns like Port Hedland are now in disarray. That is why we cannot afford to do anything. There are basic problems with amenities in South Hedland. It has got so bad. There are challenges from that dead generation of community amenity, with an increase in antisocial behaviour and crime.

Hon Kyle McGinn: What amenities are you talking about?

Hon NEIL THOMSON: Right next to the office of the honourable member, the taxidivers are now suffering because they effectively face huge challenges. Not enough funding has gone into those communities.

Hon Kyle McGinn: Do we have to fund taxidivers? Is that what you're saying—we need to fund taxidivers?

Hon NEIL THOMSON: I agree with Hon Wilson Tucker insofar as we need more investment in our regions. We need smarter investment in our regions. We need a smarter delivery of services. We need to restore our social housing program. We need to disaggregate the huge megalith called the Department of Communities, which is absolutely dysfunctional. We need to make sure that child protection services operate in a proper way and deliver the outcomes that are needed for our community. Although I do not support the motion, I think this has been a real opportunity to highlight the failures of this government.

Several members interjected.

Hon NEIL THOMSON: It is no wonder that motions like this come up. The industry must tremble in its boots when it hears motions like this. Yes, Hon Wilson Tucker will get a headline, but that will just create more uncertainty and concern in the marketplace. The Western Australian Labor government has failed to ensure an appropriate level of social licence in our regions—government members talk about social licence—and has failed to deliver services in our regions in a respectful and appropriate manner.

HON DR BRIAN WALKER (East Metropolitan) [2.42 pm]: What we are doing right now is a wonderful example of dysfunction. Members put forward views as if they are the only views possible and do not listen to members on the other side. That is a good reason to listen to what Hon Wilson Tucker said, supported by the facts that Hon Dr Brad Pettitt put forward. There are things that could be improved. I liken it a little to the discussion we have in our homes; with the cost of living going up, people are asking themselves whether they should put food on the table or petrol in the car. Where should they direct their funds right now? We have seen, with the budget coming up, the difficulties that every home is facing in Australia. We are going to have to find a way of making do with less available funds, just as the government will have to do with the budget. It is true that we have a massive budget in Western Australia. We can discuss, we can argue and we can even fight about how to disburse those funds, but we need to do that in a way that meets the needs of the people of Western Australia.

What is happening in this debate is that the status quo is being defended. I put to members, in all seriousness, that the status quo is our enemy. We always need to look for improvement, because whatever we have now could be

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

better. Having an open mind is very important. Members are aware of my constant refrain of truth, freedom and growth. Growth, in this context, is about how our society can grow with the available funds.

Hon Stephen Dawson: Are you talking about growing pot again?

Hon Dr BRIAN WALKER: I do want to mention cannabis, in view of what Hon Kyle McGinn said; that will come up shortly. As the minister has spoken, I have one quibble with what he said earlier. He pointed across to the opposition and the crossbench and called us the opposition. I found that somewhat trying, even though he had a cheeky smile on his face. I will move on from that.

From our point of view, we want to look at how to use out-of-the-box thinking to help those in need. I will focus on the low-earning part of society. We have funds, but a very large part of the population is doing it tough. We ought to find ways for people to maximise their financial opportunities. I earlier mentioned the discussion about the family budget—whether to put food on the table or petrol in the car. People will ask whether they need to eat less or travel less, or whether they need to increase their income. We have all had that conversation; it is part of our daily lives. When it comes to increasing income, there are only two approaches. One is to work harder and the other is to work smarter. I think it is true that working smarter is a better way to increase our available income than working one's backside into the ground and hoping it will help us to put food on the table or petrol in the car. We need to maximise people's financial opportunities without increasing the tax burden on government or society.

The other area that I would like to focus on is about ensuring equality, or equity, within society to improve the quality of life of all Western Australians. I think we would all agree with that. It is common sense. It is what we are here to do. I will not attribute blame to either side as that would be completely unfair, because all members are doing their best to serve the people of Western Australia. I take that honour quite seriously, as, I am sure, do all members. If we asked any immigrant family what they would like their children to be, the general response would be an accountant, a doctor, a lawyer or an engineer—standard jobs that people can do. We have this idea that there is a special place for people in those occupations. My mother would have liked to have said, "Look at my son, the doctor", although she was too proud to say that. I could say of one of my children, "Look at my son, the engineer." But we need every single available member of society to work together. In a hospital environment, if I did not have a hospital orderly to manage things in the background, I would not be able to do my job as a doctor. I depend on those people. I think they are actually far more important than I am. I will put it another way: we all need to work together, we all have an important place in society, and we all need to be respected. Why would I want to give a pittance of an income to people who do a very important job? I am thinking of the report in today's *The West Australian* about how the police are seeking to undertake some industrial action to make their point clear that they have made sacrifices for two years with the COVID pandemic, but they have not been rewarded adequately. Neither have the nurses or teachers. They are important people in our society. We depend on those people, and they need to have their hard work and integrity remunerated appropriately. The important question is: how do we afford that? Should we work harder or smarter? Hon Wilson Tucker put forward the point that we ought to be working smarter. Hon Dr Brad Pettitt asked whether, in comparison with Queensland, we could earn more. We certainly could. Why do we not follow the example of another Australian state, which is perhaps doing things better than we are? Could we learn from our colleagues across the other side of the country?

We have to think outside the box in economic terms. Hon Kyle McGinn will appreciate this, because I know how I would like to fund this. He knows, doesn't he! We would legalise cannabis. We could have a multibillion-dollar innovative industry in the cannabis and hemp sphere. It could generate a multibillion-dollar income. For example, in Canada, cannabis-related tax revenue, from just cannabis and not hemp, has raised over \$Can3 billion in three years. That is \$Can1 billion a year to spend as the government wishes. I think it would be stupid to look at that and then say that we are not going to do that. We need to have an open mind and look at that more closely. Why not? Would it help our population if we had a billion dollars extra in our coffers to help those who need it most? The figures can be backed up; I can table a paper if members wish. Regardless, we need to look at the economic tools in our toolbox and be responsive to that. I am not an economist. Members all know that. The Treasurer has a large, well-staffed department and I ask him to please have a closer look at this and have an open mind. We all need to work together for the good of the population we represent.

Good ideas need good financial support. That is what we need to make these ideas come true. We cannot simply, as some people do, put out an idea and expect it to be funded from an empty coffer. We need to have good financial resources and a good idea of what the actual facts are, including the money in and money out and whether it is worth it. We need some fiscal responsibility. With that in mind, I would welcome support. I will be supporting Hon Wilson Tucker's motion today. It is noted here that the crossbench is the only group supporting this motion. I put it to members that we are the only group looking for innovative solutions, solutions that would allow us to serve those who most need it.

Hon Stephen Dawson: Put that in your pipe and smoke it!

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

Hon Dr BRIAN WALKER: Thank you for that, minister. I am looking at how we can serve the people of our state most effectively and efficiently, and, dare I say it, with some degree of pleasure.

HON SOPHIA MOERMOND (South West) [2.51 pm]: I thank Hon Wilson Tucker for this very good and timely motion. I had no idea of the hot topic this was going to be. This motion seems sensible to me. It has always surprised me that mining companies have somehow been able to use our beautiful country for their own riches. Although I understand the importance of an economy and employment, it should not come at the cost of people or the environment. Wittenoom is a clear example of how mining can destroy an area. There are no concrete numbers on the cost of cleaning up Wittenoom, but one estimate states it is at least \$100 million. The clean-up or rehabilitation of an area must always be provided for by the mining company, which is happening, and I am aware of some companies doing great work in rehabilitation. I had a tour of the Alcoa plant down south and I was impressed with the care taken, which included restoration of the soil's microbiome. As a naturopath, I find microbiomes imminently relatable. Of course, my preference would be a sustainable hemp industry. I know members are all shocked to hear that! It would include a tourism industry boosted by the legalisation of cannabis, like what is happening in Thailand and, of course, the ability to make our own toilet paper.

On a federal level the lack of strategic planning around the mining industry has been noted and commented on since at least the Howard government. According to a Treasury research paper, the Howard government spent more than 90 per cent of a \$334 billion revenue windfall in its last three years in office on tax cuts and middle class welfare. We could have had free education, improved health care, or cleaned up Wittenoom with that money. The wealth gleaned from Western Australia is massive and we have examples of other countries and states that were able to create a fund for their own citizens. Norway is a good example from the western world. It has a tax rate on mining companies of about 60 per cent. Different sources give different numbers for that. We here have a tax rate on mining companies of 30 per cent. The rhetoric behind it is that mining companies would cease operations here because it would be insufficiently profitable. I would call that modern gaslighting, to be honest. Norway has a future fund valued at US\$960 billion. This allows it to now make choices that are better for the environment and better for its people. It also means that Norway, with all the money it has, consistently rates high on happiness scales. Money does not buy happiness, but it does buy better food, better housing, better medical care, better education and better recreation options. Western Australia's mineral and petroleum industry in 2019–20 had a value of \$174 billion. Imagine what 60 per cent or \$104 billion could have contributed to Western Australia.

We are lucky in Western Australia, with mostly a good standard of living, which is one of the reasons why Western Australians are not politically engaged—because life is that good—but no-one can deny the ongoing issues with our health system and homelessness. Both are wreaking havoc with people's lives. We all deserve better. As my honourable colleague said, our aim should be to improve the lives of all the people in Western Australia. One simple way to do that is by creating more revenue from mining. One of the myths around mining companies is that they would leave if we increase state revenue. That is a very beneficial myth. As a result, when Prime Minister Rudd attempted to increase the tax on mining companies in 2008, they spent \$22 million on making sure that that did not happen. There was a massive marketing campaign that mining companies obviously had a lot of money for, which is indicative of how much profit they make. The other myth that is often used to justify massive profits for companies or individuals is the trickle-down effect. It has been shown over and over again that it does not benefit people. A lot of money ends up tied up in investments or in the bank and simply does not really participate in our economy.

I note the comments made by Hon Kyle McGinn about what the various companies have contributed to social and other infrastructure in the north. I view those things as the job of the government, and, if companies were taxed higher, there would be no issue supplying those services. I can see only benefits from increasing revenue from mining companies and I am entirely unsure why this is met with such resistance here. We all want Western Australian people to have healthy and happy lives.

HON WILSON TUCKER (Mining and Pastoral) [2.56 pm] — in reply: I thank all the members for their contributions. Some very colourful opinions were certainly expressed for a Wednesday. One could be forgiven for thinking it was a Thursday! I do not have a lot of time so I will quickly paraphrase them and will not acknowledge all the contributions made by members, just some of the more colourful ones. Hon Dr Brian Walker spoke about the economic imperative we are facing. Right now, we are in an inflationary cycle. We have cost-of-living pressures and the ability to work smarter not harder can be used to offset those. I appreciate his comments. Hon Dr Brad Pettitt spoke about the Australian Institute's *Gas-fired robbery* report. I encourage all members to read it. It is a very compelling report. Hon Kyle McGinn, where do I start? The honourable member waxed very lyrically, mostly about the previous term and previous debates. I do not think the honourable member actually raised anything in rebuttal. In fact, I think he was agreeing with me in his contributions around royalty increases. I thank him for his contribution.

Hon Kyle McGinn interjected.

Hon WILSON TUCKER: Honourable member, regarding daylight saving, I was admittedly barely elected on a mandate for daylight saving and I cannot spend four years talking about that issue.

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

Hon Kyle McGinn: But you were elected on a mandate of daylight saving.

Hon WILSON TUCKER: I was, yes. When I came into this place, I took an oath to serve the Western Australian people and do, as a single member, with limited resources —

Hon Kyle McGinn: They want to see daylight saving.

The ACTING PRESIDENT: Order!

Hon WILSON TUCKER: I am a member of —

The ACTING PRESIDENT (Hon Peter Foster): Hon Wilson Tucker, I will get you to direct your comments through the chair.

Hon WILSON TUCKER: Thank you, Acting President. I was elected as a member of the Mining and Pastoral Region and I intend to take that commitment seriously. I have a bill on daylight saving. It is on the notice paper, member. I suggest you read it. The debate is coming.

The Minister for Emergency Services spoke about a stable and consistent royalty regime, which is important. Hon Dr Steve Thomas spoke about big companies generating big taxes. I disagree with them both on those points and I am going to use the LNG industry as an example. Two-thirds of the gas that is exported off Western Australia attracts no royalties and no tax. The North West Shelf agreement —

Hon Dr Steve Thomas: Are you talking about the bit in federal waters?

Hon WILSON TUCKER: It comes onshore to WA in this process. It attracts no royalties. There is nothing that comes back to Western Australia.

Hon Dr Steve Thomas: But it is extracted in federal waters.

Hon WILSON TUCKER: Every platform outside the North West Shelf has some level of exemption under the current royalty regime. Those royalty payments from the North West Shelf scheme are responsible for 99 per cent of the royalty payments back to the state. For the last 10 years, they have been —

Hon Dr Steve Thomas: They are a rebate, not a royalty.

Hon WILSON TUCKER: I will take the member's point. We will discuss it behind the chair. The North West Shelf grant scheme has been falling for the last 10 years. It was responsible for 4.25 per cent of the budget in 2012–2013. In 2021, it was responsible for 1.15 per cent of the budget. It is declining. I spoke to Liam Carter, the creator of the report, and his belief is that there is some clever accounting happening from the LNG companies. It is basically measured at the wellhead using between a 10 to 12 per cent levy. There is some clever accounting hidden behind commercial-in-confidence that is effectively robbing the Western Australia people of royalties that are owed to them.

I am just going to quickly get to some other comments. The Minister for Emergency Services spoke about Brendon Grylls and what happens when someone stands up to these companies. That is a classic example of the rhetoric and the actions that we see from the mining companies when a tax hike or royalty increase is proposed. They go up in arms with claims that their jobs will be impacted. What I am suggesting here is a measured approach to take a small amount of the profits that they are enjoying. I am not suggesting we do a taxation regime across the board, but more so a measured approach to sharing some of the profits that we see. I do have a few other points, but I note the time. I thank all members for their contributions today. It is unfortunate that the government and the opposition do not support this motion. I think it is a sensible one and is in the best interests of the Western Australian people.

Division

Question put and a division taken, the Deputy Chair (Hon Peter Foster) casting his vote with the noes, with the following result —

Extract from *Hansard*
[COUNCIL — Wednesday, 26 October 2022]
p4992e-5010a

Hon Wilson Tucker; Hon Stephen Dawson; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Kyle McGinn; Hon
Neil Thomson; Hon Dr Brian Walker; Hon Sophia Moermond

Ayes (4)

Hon Sophia Moermond

Hon Dr Brad Pettitt

Hon Wilson Tucker

Hon Dr Brian Walker (*Teller*)

Noes (26)

Hon Martin Aldridge
Hon Dan Caddy
Hon Sandra Carr
Hon Peter Collier
Hon Stephen Dawson
Hon Kate Doust
Hon Sue Ellery

Hon Donna Faragher
Hon Peter Foster
Hon Nick Goiran
Hon Lorna Harper
Hon Jackie Jarvis
Hon Ayor Makur Chuot
Hon Steve Martin

Hon Kyle McGinn
Hon Shelley Payne
Hon Stephen Pratt
Hon Martin Pritchard
Hon Samantha Rowe
Hon Rosie Sahanna
Hon Tjorn Sibma

Hon Matthew Swinbourn
Hon Dr Steve Thomas
Hon Neil Thomson
Hon Darren West
Hon Pierre Yang (*Teller*)

Question thus negatived.