

Mr Mark McGowan; Mr Colin Barnett; Mr Bill Johnston; Mr Fran Logan; Chairman; Mr John Castrilli; Mr Matt Taylor; Mr Paul Miles

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**Division 7: State Development, \$56 254 000 —**

Ms L.L. Baker, Chairman.

Mr C.J. Barnett, Minister for State Development.

Mr S. Wood, Director General.

Mr G. Nunis, Deputy Director General, Resources and Industry Development.

Mr S. Melville, Director, Corporate Services.

Mr J. Ostojich, Acting Deputy Director General, State Initiatives.

**The CHAIRMAN:** The Leader of the Opposition.

**Mr M. McGOWAN:** I refer to Browse Basin, which is in the third last dot point on page 106 of the *Budget Statements*. As I recall, last year's budget had the figure of \$80 million or thereabouts being set aside to progress the development of Browse onshore. I am interested in the current allocation for Browse, where it is located, how much the government intends to spend and the reduced expenditure figure for last year.

[5.10 pm]

**Mr C.J. BARNETT:** The first item about Browse Basin—I am talking specifically about the James Price Point site—is that we ultimately reached agreement with the traditional owners. As part of that agreement, there is payment of around \$30 million to acquire the site, in a sense. There is uncertainty about which Aboriginal body will receive that money because there was a dispute between different Aboriginal groups. That money has been held in trust by the department and is accruing interest. Once the Aboriginal people decide where that money will go, it will be paid over. There is some ongoing work around the site. There is also the necessity to re-run the environmental approval process, which is underway. With respect to the Woodside-led Browse development—there are several Browse projects—the proponents have indicated they intend to use offshore technology. That means that the use of James Price Point by that project is unlikely. There are other projects that may well use James Price Point because they have a preference for onshore rather than offshore development. Perhaps the director general or one of his colleagues can provide further details on expenditure on Browse, beyond what I have said.

**Mr S. Wood:** All of the money that was sitting in there in respect of the land has been disbursed from our budget. The bulk of that was transferred to the Department of the Premier and Cabinet, which was responsible for the native title components of the agreements. That is now held in trust for the recipients of that money. That is about \$31 million. The remaining moneys that sit there, for example for next year, is \$1.362 million, which is ongoing staff and expenses for the completion of environmental and other negotiations largely for Browse and joint venturers.

**Mr M. McGOWAN:** If I can get clarity, please: am I correct in saying there was \$80 million; and, if that is the case, was there approximately \$48 million reversed out of the budget for this?

**Mr C.J. BARNETT:** In the previous year's budget we were working on the basis of the development being onshore. It is now unlikely under the current Browse project, so therefore that money is not required and the budget reduced. The budget for the Department of State Development is lumpy by its nature. When projects come to life or new projects come along, there tends to be government expenditure attached to that. Probably the future expenditure will be around the location of a supply base, but again it is early days.

**Mr M. McGOWAN:** To conclude that matter, firstly, I want to clarify how much money was reversed out of the budget, and secondly, even in light of the so-called golden rocks I heard the Premier use the word “unlikely” in relation to it coming onshore. Does that mean even though all these rocks have been identified, which expand the state component of the gas, the Premier has essentially given up on getting the project as it is onshore, because he used the word “unlikely”? That is my interpretation of what the Premier said. As the Premier said in his speech to the Australian Petroleum Production and Exploration Association, he is now focused on a supply base and some sort of domestic gas offset; is that correct?

**Mr C.J. BARNETT:** Since the changes in ownership of the Torosa field, there has yet to be any formal discussions with Woodside or its joint venture partners. I am sure that will be imminent. But the focus is currently on the location of a supply base—which in itself will be a major industry—and domestic gas. However, that might be delivered. There have been only some preliminary discussions with Woodside. Woodside and its JV partners are not likely to make a final investment decision before the end of next year. There is still a long way to go.

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**Mr W.J. JOHNSTON:** There has been much discussion about the possibility of a supply base for James Price Point. I understand that is not the only location but people have discussed it. That is one location. Are there currently negotiations with the traditional owners to vary the state agreement for the use of James Price Point? The current legislation does not allow—as the Premier knows, because it is his legislation—a supply base there for a project that is offshore; it only allows a supply base if the infrastructure is at James Price Point. How far advanced is the Premier with the TOs on that issue?

**Mr C.J. BARNETT:** Sorry, I missed the last bit of the member's question.

**Mr W.J. JOHNSTON:** How far advanced is the Premier with the TOs on that issue?

**Mr C.J. BARNETT:** We have reached agreement with the traditional owners on James Price Point. If a supply base was to be located at James Price Point, I would not see any great difficulty with that. Obviously it is not an LNG plant but there would probably be some benefits attached to that. There are other options, as the member said, in the Kimberley for a supply base. At some stage there will be an evaluation of comparative sites. I expect that will be a joint undertaking between the state and the joint venture.

**Mr W.J. JOHNSTON:** How far advanced is the Premier with the TOs?

**Mr C.J. BARNETT:** We have reached the point that we have acquired native title rights over James Price Point. That is where we are at right now.

**Mr W.J. JOHNSTON:** Has the Premier started negotiation on the question of a supply base?

**Mr C.J. BARNETT:** No. The preference is a joint venture, and that will be a discussion point with the state.

**Mr F.M. LOGAN:** My question relates to Browse. As the Premier knows from comments I made in the house the other day, I believe that the decisions made by the former commonwealth government were wrong with respect to the retention leases on Browse. They were bad for Western Australia and they were bad for Australia generally. For the public record, I want to make it absolutely clear that in no way, shape or form did I indicate to the house, or indicate generally, that former federal minister Gary Gray acted in a corrupt way or was corrupt in his decision-making. I would like that on the public record to ensure that any inference that might be taken from it is not correct.

**The CHAIRMAN:** What is your question, member?

**Mr C.J. BARNETT:** That is a get-out-of-jail question!

**Mr F.M. LOGAN:** Of course I do not think that Gary Gray acted in a corrupt or improper way.

The report that came down highlighted some of the workings of that decision. In light of the boundaries being redrawn for the Torosa field and the possible new volumes of gas that are now in that field, and the fact that the leases for that field are coming up for renewal, what will be the Premier's stance on those leases? The ball is now in the Premier's court with respect to those leases. He does not have to renew the leases; he can put them out to the market again and test the market.

**Mr C.J. BARNETT:** Is this a question or advice?

**Mr F.M. LOGAN:** The argument that was put forward by the proponents, and was highlighted in this report, is that it is floating liquefied natural gas or it will not be developed at all. Would the Premier believe that, because there are plenty of other people searching for gas at the moment?

**Mr C.J. BARNETT:** As I said, we are yet to have a discussion with the joint venture, or even with Woodside, since that decision came down. The decision still has to be ratified, but I expect that will hold. The position that I have stated to the companies—I think I have said it publicly—is that the state will not follow the commonwealth in dropping those conditions. The renewal of those retention leases will depend on us being satisfied as to a supply base and domestic gas. If we are not satisfied by November this year, they will stay as they are.

**Mr W.J. JOHNSTON:** I am trying to clarify what the Premier means by "stay as they are". Do the leases not expire?

**Mr C.J. BARNETT:** No, not necessarily. They do not have the stature but they will continue until such time as the government changes them.

**Mr W.J. JOHNSTON:** Is the Premier saying he can extend the leases indefinitely?

**Mr C.J. BARNETT:** No, not necessarily. They will just stay there. It would be a very unsatisfactory position for the joint venturers.

**Mr W.J. JOHNSTON:** Clearly, because somebody else could —

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**Mr C.J. BARNETT:** I expect that will sharpen and clarify their mind.

[5.20 pm]

**Mr M. McGOWAN:** The Premier referred to an interesting point; namely, to a supply base, in Western Australia I presume, and also domestic gas. How does he expect to obtain domestic gas from this project?

**Mr C.J. BARNETT:** Either by pipeline or by ship.

**Mr M. McGOWAN:** So firstly the Premier is not saying that there needs to be an offset for domestic gas—that is, from other projects the joint venture partners might have by providing an offset from those into the domestic supply—and secondly, if he is suggesting that domestic gas will come via ship, does it not mean that we will need in Western Australia one of those regasification plants as used in Japan and China?

**Mr C.J. BARNETT:** If it was to be via ship, which would deliver into the southern part of the state, we would either have an onshore regasification plant or we may have a floating regasification plant, and that is quite common technology around the world.

**Mr M. McGOWAN:** So the Premier will insist on one of those two—is that what he is saying?

**Mr C.J. BARNETT:** I will require domestic gas for Western Australia. I would expect it would come from the Browse fields, but if the proponents bring up some alternative, we will consider it on its merits. But the two requirements from the state are a supply base and domestic gas, and that is well understood. I have met with Woodside and also met separately with the joint venture partners. I also made that point to investors overseas.

**Mr F.M. LOGAN:** With respect to the Premier's statement that he would look to roll over those leases, why would he not put those leases out to the marketplace? That would send a very, very clear message to upstream players. I understand why the Premier would not do it—for the sake of protecting an investment—but he would really need to look at what those investments are. It would send a very clear message to the upstream players that the marketplace will rule in terms of the development of that gas; it will deliver onshore development, or could do.

**Mr C.J. BARNETT:** That obviously is an option; it is not one that I would consider exercising early on. I acknowledge that the joint venture probably spent close to \$1 billion on the James Price Point location. I think it is a great disappointment that it is not going ahead, but the actions of so-called environmentalists, including spitting on Aboriginal workers, insulting and threatening them has made the industry very shy of going near that community. It is also fair to say that the continual dragging out of negotiations with the traditional owners meant that the opportunity was lost. I think also in recognition of the effort, Woodside made a genuine effort on James Price Point. I do not think anyone can deny that, given that it spent close to \$1 billion, but right now it is a bit gun-shy of that community and that part of the world. I would not see good efficiencies coming out of splitting those fields between more than one joint venturer or developer, but what the member suggests, I guess, could be a last resort.

**Mr W.J. JOHNSTON:** Just for the purposes of getting the question up, page 107 of budget paper No 2 provides a table under the heading “Outcomes and Key Effectiveness Indicators”. One item states —

Extent to which State Agreement proponents comply with their reporting obligations and meet the Agreement objectives.

I draw the Premier's attention to the agreement with Woodside on Pluto. Where are we at with its domestic gas obligations?

**Mr C.J. BARNETT:** Pluto and the previous government, under Premier Carpenter, articulated 15 per cent domestic gas. I would argue that was not exactly new; nevertheless, it was articulated and strongly so, and I supported that at the time. The problem was that it was never put into writing; it was a shake of the hands and there is no contractual written agreement. I would expect that Woodside ultimately will honour its shake of the hands, but at this stage we are relying on that. Negotiations are and will be underway with both North West Shelf—after its initial contracts run out—and Pluto. Obviously, we have domestic gas obligations with Gorgon and Wheatstone as there will be with Browse. The shake of the hands is the agreement in good spirit, but not consummated in terms of formal agreements.

**Mr W.J. JOHNSTON:** When is the Premier expecting domestic gas supply from the Pluto project?

**Mr C.J. BARNETT:** Those discussions are ongoing, but I would hope tomorrow, although that is not going to happen. Maybe when the government gets an opportunity we can force that issue, but that is important to the long-term future of domgas.

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**Mr W.J. JOHNSTON:** The Premier raised the North West Shelf joint venture and what will happen at the end of the current contracts; we all understand those. I am wondering where the Premier is at with the discussions with the North West Shelf joint venture?

**Mr C.J. BARNETT:** The department and director general, in particular, are having discussions with all those parties. Post-2020, there is an issue about gas supply here. Fortunately, we have existing and new gas projects, and there have been the smaller ones that have come on, such as Macedon, Devil Creek and so on, which are entirely domestic gas, and, I guess, going maybe five years into the future, I would hope or expect to see domestic gas coming out of the onshore Canning Basin.

Several members interjected.

**Mr F.M. LOGAN:** Try 2025!

**Mr C.J. BARNETT:** I do not think so. It is a real live issue, and the department is working continuously on that.

**Mr W.J. JOHNSTON:** Is the department still expecting the Gorgon project to supply on time for its domestic obligations?

**Mr C.J. BARNETT:** I think it will be brought in on time. Gorgon may be a little delayed. I will ask the director general if he can add anything more on Gorgon and domgas.

**Mr S. Wood:** At present, there is no reason not to expect it to comply roughly on time.

**Mr W.J. JOHNSTON:** Last year in budget estimates Verve made it clear that it would potentially have a supply problem if Gorgon is too late. It is a live issue for the government, I understand that; that is why I am seeking a little more than what Mr Wood has so generously provided.

**Mr C.J. BARNETT:** Verve has some spare capacity at the moment, so let us not get too stressed about it.

**Mr S. Wood:** In relation to the mapping of gas gaps, there was a gas gap appearing in roughly 2015, which now, given where the market is at, does not appear to be severe; that appears in the Independent Market Operator's work as well. The one that the Premier mentioned in about 2020–21 still appears in a section of those contracts, and, if you like, the supply shortage for next year does not appear to be there. On current indications on the build of Gorgon, we expect the supply of the contract to Verve in the market to be reasonably seamless.

**Mr F.M. LOGAN:** It is probably the final question to the Premier on Browse as it relates to State Development—from me, anyway. I refer to the dot point relating to Browse under “Significant Issues Impacting the Agency”. I relate that back to the dot point from recommendation 4 of the FLNG inquiry, which relates to the call to this government to seek legal advice as to the lawfulness of the commonwealth minister's unilateral decision with the Browse retention leases. Once again, I make it clear that I am not suggesting that Mr Gray acted corruptly in any way whatsoever. He has taken that point —

**Mr P.T. MILES:** How paranoid!

**Mr F.M. LOGAN:** No, I am just making it very clear because issues are being raised by both Mr Gray and others that that might have been what I indicated, and that is clearly not the case.

**The CHAIRMAN:** Your question, member?

**Mr F.M. LOGAN:** I apologise to him and anybody else who has taken that view. I want to know from the Premier, regardless of me making that statement, whether there is a clear recommendation to the government about whether it will take any legal advice on whether the decision was correct in the first place.

[5.30 pm]

**Mr C.J. BARNETT:** I will simply say that I was very disappointed in Mr Gray's decision, made on the eve of an election. I thought it weakened Australia's national position in the negotiations over the use of that resource. Probably no other country in the world would behave that way. I was also concerned at the time about the pressure exerted on the state government to accept that Western Australia had only five per cent of the gas and that we should simply roll over our retention leases and drop that condition, in line with the commonwealth. I was roundly criticised in the media when I refused to do that. That decision to not go along with the commonwealth now might be worth a few billion dollars to Western Australia. Comments are made within the committee's report about floating liquefied natural gas. Whether any investigative body at a commonwealth level picks up and inquires into that is a matter for the commonwealth. The state government does not intend to pursue the issue, although I remain very disappointed about what happened at that time. It will be up to any commonwealth body to see whether an investigation is warranted.

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**Mr G.M. CASTRILLI:** I refer to the second dot point on page 107 of budget paper No 2, in reference to free trade agreements. There have been a lot of positive movements recently with regard to free trade agreements between Australia, Japan and Korea, and also talk about potential similar arrangements with China. Obviously there is an increasing focus on this by the Department of State Development's overseas offices, so could the Premier please give us an overview of what impacts and benefits that will have on Western Australia? Given that we are talking about live animal markets and exports, what impacts will that have on other markets around the world, such as the Middle East? What focus and emphasis will our overseas trade offices have in those other markets?

**Mr C.J. BARNETT:** I do not anticipate that the free trade agreements will have a great impact on the mining and petroleum industry. We are generally talking about internationally traded commodities involving large companies, both buyers and sellers, and large and sophisticated trading houses and financial institutions. Trade figures show that China and other countries are very open to us. The benefit for us will come principally around agriculture and agricultural processing. The director general of the Department of Agriculture and Food speculates that we could quite easily double our agricultural production in this state, so I think there are great opportunities there. In other areas of commerce and manufacturing it is generally good news. The impacts for Japan and maybe Korea will probably be greater; China is still hesitating about it but I think, overall, I cannot see any downside. I think it is going to be positive. If there is a downside for Australian industry, it will be in some of the traditional manufacturing areas that remain on the east coast, but for Western Australia it is positive. It certainly brings political leadership and business leadership closer together to have that sign of friendship. In Australia we can sometimes underestimate international relationships, whether through ambassadors or trade officers from Western Australia; their bases and links with companies are terribly important and it is a sign, particularly from Asian countries, that Australia is a trusted, friendly partner. I think that in itself will facilitate business. This has been going on for a long, long time, particularly in Korea, so I am glad that that has been achieved, and I hope the Chinese one can be concluded also. I think overall it is good, and good for the member's electorate and the neighbouring south west area.

**Mr M. McGOWAN:** I refer to the last point at the bottom of page 106. The Premier's own department has actually put it in the budget that industry is concerned about the mineral royalty rate analysis being undertaken by the Department of Mines and Petroleum, which is a different department from this one. Can the Premier explain what the industry concerns might be, and what he expects the outcome of the mineral royalty rate analysis will be?

**Mr C.J. BARNETT:** I guess the industry concerns might be that royalty rates will increase as a result of the analysis. That in itself is not the intent of the government. The intent of the government is that the royalty rate—which is not a tax; it is a payment or a purchase price for the mineral—should be based on 10 per cent of the value of the mineral resource. We get differences in actual rates because of the point in the production chain at which it is measured, and it is taken at the first commercial or tradable stage. For gold, it tends to be ingot—99.9 per cent grade; for iron ore, it can be out of the ground; and for other minerals, it can be in concentrate form, and so on. The higher the level of processing, the lower the rate will be to give us the equivalent of 10 per cent value in the ground, essentially. There is a view that some current royalty rates may not accurately reflect the 10 per cent value—some may be low and some may be high. This review is about trying to make sure, through technical and economic assessment, that a true and proper royalty rate is being paid. If the analysis shows that for one particular commodity the royalty rate is too low, the government will decide whether it will be adjusted and within what time frame it is adjusted, but first we need the independent assessment of what the value of the royalty is, and whether it is accurately representing 10 per cent of the value in the ground. That work is going on at the moment and the industry is preparing submissions and its own analysis. But the principle is, I think, very clear: companies should pay the full price for the minerals they choose to buy—they do have to buy them—from the state of Western Australia, to market internationally, and that price is 10 per cent.

**Mr W.J. JOHNSTON:** This process of the review is booked, through the decision of cabinet, for \$180 million for next year. Is the Premier still confident that that \$180 million will be achieved?

**Mr C.J. BARNETT:** That is not a decision of cabinet —

**Mr W.J. JOHNSTON:** Yes, it is.

**Mr C.J. BARNETT:** Okay; the member was there, was he?

**Mr W.J. JOHNSTON:** No, it is in the budget papers. All the budget papers are approved by cabinet.

**Mr C.J. BARNETT:** No, the member misunderstands again. It is not a decision of cabinet to, if you like, raise that extra amount; that is an —

**Mr W.J. JOHNSTON:** Yes, it is.

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**Mr C.J. BARNETT:** Okay, the member was there, presumably, and I was not.

**The CHAIRMAN:** Member for Cannington, can you let the Premier answer, please.

**Mr C.J. BARNETT:** It was a decision of cabinet to have the review. Treasury has made an estimate in the forward estimates as to what Treasury believes may come from that. That is Treasury's estimate; it is not a cabinet decision.

**Mr W.J. JOHNSTON:** Was the former Under Treasurer wrong when he gave evidence to the Standing Committee on Estimates and Financial Operations that all the matters in the budget papers are agreed by government?

**Mr C.J. BARNETT:** Does the member want another lecture on government accounting? I remind him, as I have a dozen times in this house, that the budget is a one-year exercise. The only legal thing that happens in a budget is the appropriation of the recurrent and capital funds for the forthcoming year. The forward estimates are estimates by Treasury; they are not the budget. If the member does not understand that, I am not going to answer any more questions. I have explained that about 20 times in this house. Just look at the process of the budget through the chamber.

**Mr W.J. JOHNSTON:** I will ask again: is the Premier confident that the \$180 million forecast for the next financial year will be achieved?

**Mr C.J. BARNETT:** I do not know whether it will be that, above it, or below it; that will be a result of the review. If the review comes out with some royalties being out of whack, it will be a decision of government to adjust them or not adjust them. If it is to adjust them, it will be to adjust them over time. That will be a decision of government, but they are estimates—nothing more, nothing less.

**Mr M. McGOWAN:** Based on what the Premier has just said, the Department of State Development being fearful on behalf of the industry as to what might happen is correct, because he just said it might be above \$180 million, so the \$600 million —

**Mr C.J. BARNETT:** It might be below, too. It could be below.

**Mr M. McGOWAN:** But it might be above; it might be higher than the \$600 million or thereabouts that the government has booked over the three following years.

**Mr C.J. BARNETT:** It might be lower.

**Mr M. McGOWAN:** Which metals does the Premier expect it will come from?

**Mr C.J. BARNETT:** I do not know; I do not have the result of the review yet. It is an objective, technical, scientific, economic process, and we will wait for the review to be finalised.

**Mr W.J. JOHNSTON:** A number of proponents in the gold sector have submitted to the review that they are, in fact, paying more than 10 per cent already, so has the department done any technical analysis on those issues; and, if so, what does that technical analysis demonstrate?

[5.40 pm]

**Mr C.J. BARNETT:** The simple obvious answer is: the review is not complete. I am not going to entertain you, myself or anyone else and speculate on the outcome. I will wait until the review is completed and see what the recommendations are.

**Mr W.J. JOHNSTON:** Given that the review is going to be confidential to the cabinet only and that nobody outside the cabinet will know what is in the final report from the review, how will the Premier be able to assure to industry that the outcome actually reflects the information that has been provided to the review?

**Mr C.J. BARNETT:** The review has not been completed. When the review is completed, it will come to government—it will come to cabinet in the first instance—and if there are any changes in royalties, whether up or down, the industry quite rightly will expect some explanation, and that will be provided at the time; but we are not at that stage—nowhere near it.

**Mr F.M. LOGAN:** Will that review then be tabled in the house or made available publicly?

**Mr C.J. BARNETT:** That is a decision we will make when we receive the review, but it will become a cabinet document.

**Mr M.H. TAYLOR:** My question relates to the first dot point at page 107. What efficiency gains are expected from restructuring Western Australia's port management?

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**Mr C.J. BARNETT:** I think they will be quite considerable. We have had situations in the southern part of the state of ports competing against each other, and even probably duplicating investment in infrastructure. I cannot remember the exact number now—I think we have about eight or nine ports, and then in the other category another eight or nine. To have ports managed at a regional level is a good reform. I think it will provide better service, better choice and allow ports to specialise if that is suitable to them. It just reduces the number of government entities, which is not a bad thing in itself. It is a commonsense reform. It is probably because the legislation has only just got through Parliament. It probably means that there will be maybe a three-month delay in implementing all those changes. They are significant changes, but they are for the better.

**Mr W.J. JOHNSTON:** At page 109 and at the “Increases” dot point is funding for the Bunbury to Albany gas pipeline. Further down the page, Bunbury pipeline is mentioned again. Some planning money has been allocated—\$7 million in planning money. When is this project going to start?

**Mr C.J. BARNETT:** I said publicly the other day in Albany that the project has slowed for a number of reasons; probably the principal reason is a higher than anticipated capital cost of construction. As I have said from the beginning about this issue, the difficulty with the Bunbury to Albany gas pipeline is that there is no single major customer at the end of the pipeline. Over the years I have been a minister or Premier I have been involved in a few pipelines—the goldfields, midwest, Pilbara and Busselton pipelines—and this one is difficult for that reason; it is a multiplicity of small customers and demand will grow. An amount of \$20 million out of the royalties for regions fund was allocated for determining the route and acquiring rights over the easement. An amount of \$7 million of that is about to be transferred across to the Department of State Development to complete that work. We still need to do work on trying to get the costs to a lower level, and there will almost certainly be a private–public partnership around this. I acknowledge the project has slowed. In the meantime, this government has diverted an enormous amount of funds into Albany; that has been part of the consideration. But the project continues on and I am optimistic. I know we will find a partner—the question is at what price—but the capital cost of the project is the problem.

**Mr W.J. JOHNSTON:** Last year, the Premier was not prepared to speculate on the price of the project, but now, apparently, he has detailed costings. Could he tell us what those costings are?

**Mr C.J. BARNETT:** We have some rough estimate, but we have some work to do.

**Mr W.J. JOHNSTON:** What are those rough estimates?

**Mr C.J. BARNETT:** I am not going to go through that because they are rough. We are going to do some more detailed work and if we bring in a private partner, that private partner will probably—I would hope in any case—be able to deliver the pipeline at a lower cost.

**Mr W.J. JOHNSTON:** At the time of the election, the Premier said that the government would get Verve to build a power station. Does the planning money include a future government-owned power station in Albany?

**Mr C.J. BARNETT:** The pipeline itself does not include money for a power station, and it is not about building a power station to justify the pipeline, but there is expected to be a demand for maybe a 20-megawatt power station in the great southern not only to produce power for the population and industry growth but also, as I said previously in the house, to stabilise the grid. By stabilising the grid, we provide a more reliable power supply, and, ironically, we open the scope for renewables to come into the grid. Part of the medium-term planning—I do not imagine a power station would be there at the time the pipeline is completed, assuming it is being built, but at some stage, maybe in the next 15 to 20 years, I think a power station would go into the great southern primarily for grid stabilisation purposes. Long lines to low loads is the biggest problem in the energy industry.

**Mr M. McGOWAN:** The pipeline has been talked about for a long time. I think the Premier started the discussion in 2008.

**Mr C.J. BARNETT:** Correct.

**Mr M. McGOWAN:** He committed the government, if elected, to building one. In 2013, I went to Albany and saw the big billboards stating that the gas pipeline would be coming to Albany only if the people voted for the Liberal Party.

**Mr C.J. BARNETT:** And they did not.

**Mr M. McGOWAN:** When?

**Mr C.J. BARNETT:** They did not vote for us.

**Mr M. McGOWAN:** Ha, ha!

**Mr C.J. BARNETT:** It is a fact!

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**Mr M. McGOWAN:** So no pipeline!

**Mr C.J. BARNETT:** It is all elections are about.

**Mr M. McGOWAN:** Is that what the Premier is saying—no pipeline therefore —

**Mr C.J. BARNETT:** No; has the Leader of the Opposition been sitting there, asleep?

**Mr M. McGOWAN:** The promise for a pipeline was on all of the material.

**Mr C.J. BARNETT:** Yes; absolutely.

**Mr M. McGOWAN:** I am wondering—it said “in the next term of government” from my recollection—when is it going to happen?

**Mr C.J. BARNETT:** I cannot give the Leader of the Opposition a date. I am not about to speculate on that, but we will continue to work on the pipeline. The member for Cannington may sneer.

**Mr W.J. JOHNSTON:** Of course.

**Mr M. McGOWAN:** It was an election promise.

**Mr W.J. JOHNSTON:** The Premier told us that it was going to be built in four years and it is not.

**Mr C.J. BARNETT:** The member may sneer. Look at Albany.

**Mr W.J. JOHNSTON:** Because you do not tell the truth.

**Mr M. McGOWAN:** But that is not the question.

**Mr C.J. BARNETT:** I am answering the question.

**Mr M. McGOWAN:** The Premier is outside of state development.

**Mr C.J. BARNETT:** No.

**Mr M. McGOWAN:** We are talking about state development.

**Mr C.J. BARNETT:** I can talk about whatever I want to in my answer.

**Mr M. McGOWAN:** No, you cannot.

**Mr W.J. JOHNSTON:** You cannot. You have to follow the standing orders.

**Mr C.J. BARNETT:** Yes, I can.

**The CHAIRMAN:** Members!

**Mr C.J. BARNETT:** That is because this government has a record—sometimes difficult—of achieving. Do members opposite know that this state government has spent something like \$470 million in Albany since it was elected, and money has gone into worthy projects?

**Mr F.M. LOGAN:** We will go and look at how much money we have spent.

**Mr W.J. JOHNSTON:** We spent more than that.

**Mr C.J. BARNETT:** That has been part of the reason the pipeline project has been delayed.

**Mr W.J. JOHNSTON:** We spent far more than that. We spent \$2.5 billion in Albany.

Several members interjected.

**The CHAIRMAN:** Members, further questions?

**Mr F.M. LOGAN:** Yes.

**The CHAIRMAN:** In relation to this?

Several members interjected.

**Mr C.J. BARNETT:** The Labor Party has opposed this consistently; I accept its position.

**Mr W.J. JOHNSTON:** No, I have never said that.

**Mr C.J. BARNETT:** The member for Albany is knocking it all the time.

**Mr W.J. JOHNSTON:** I am knocking it, but I have never opposed it.

**Mr C.J. BARNETT:** No, the member for Albany is down here every day criticising the pipeline project.

**Mr M. McGOWAN:** There is no justification for it.

Mr Mark McGowan; Mr Colin Barnett; Mr Bill Johnston; Mr Fran Logan; Chairman; Mr John Castrilli; Mr Matt Taylor; Mr Paul Miles

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**The CHAIRMAN:** Member! I had have made the call to pass to the next question from the member for Cockburn, so please do not continue a debate on who has spent more.

**Mr W.J. JOHNSTON:** That is right. Get the Premier under control.

**The CHAIRMAN:** Member for Cannington, I will call you.

**Mr F.M. LOGAN:** At page 109 of the *Budget Statements*, under “Financial Statements” and “Income Statement”, listed under “Increases”, Premier, is funding for the Western Trade Coast Office. The member for Rockingham and I know a fair bit about the western trade coast project, but we do not know exactly what it does and why it is receiving \$369 000. Is this Phil Edman’s little thing for running around keeping him amused?

**The CHAIRMAN:** Member!

**Mr C.J. BARNETT:** It is that member’s electorate.

**Mr F.M. LOGAN:** I know it is. I am asking the Premier what it does. Where is the money going to be spent?

**Mr C.J. BARNETT:** What it is doing right now is finalising the protection zone around the Kwinana industrial area, and that is important.

**Mr F.M. LOGAN:** That is the role of the department of environment.

**Mr C.J. BARNETT:** It is working with industry and government agencies, particularly planning and environment, as well as state development, to finalise the protection zone in that area. There is \$14 billion worth of production that comes out of that industrial estate, and that is its prime tack for the next 12 months.

**Mr F.M. LOGAN:** Is it not the role, and only the role, of the department of environment to do that —

**Mr C.J. BARNETT:** No, it is not.

**Mr F.M. LOGAN:** — along with the Department of Planning, particularly the Western Australian Planning Commission, between the two of them, to set those boundaries. What does it have to do with the Western Trade Coast Office?

**Mr C.J. BARNETT:** It is a cross-agency entity that is doing that—and that is its role. Its funding is less than it has been in previous times, and it has that specific task to complete.

**Mr M. McGOWAN:** Is Phil Edman determining these things? Is that his role in this government?

**Mr C.J. BARNETT:** He chairs it, but the work is done by the officers, the industry and the departments, including state development.

**Mr M. McGOWAN:** Does the Premier have faith in that?

**Mr F.M. LOGAN:** There is a saving for you, Premier.

**The CHAIRMAN:** Can we have one at a time.

[5.50 pm]

**Mr M. McGOWAN:** I wanted to go back to the question that was unanswered about when the Bunbury to Albany gas pipeline will be constructed and concluded.

**Mr C.J. BARNETT:** It will be constructed and concluded when we have finished the acquisition of the easement, when we have a joint venture or public–private partnership in place and when we have cost estimates, both capital and recurrent, that are acceptable to government.

**Mr M. McGOWAN:** What date does the Premier expect to have those?

**Mr C.J. BARNETT:** For someone who has never developed a pipeline, that is a bit rich.

**Mr M. McGOWAN:** The Premier’s criticism of me is that I have never developed a pipeline!

**Mr C.J. BARNETT:** I think the Leader of the Opposition knows so little about resource development and energy, it is embarrassing.

**Mr P.T. MILES:** I want to ask a further question about the gas pipeline to Albany. I am not sure whether the Premier said it or suggested it, but what size was that pipeline going to be?

**Mr C.J. BARNETT:** It is quite a small pipeline. It is about that size. It is not a large pipeline.

**Mr M. McGOWAN:** For the record, that was about six inches. Is that right?

**Mr C.J. BARNETT:** It is probably that scale. Pipelines are very elastic things, literally.

Mr Mark McGowan; Mr Colin Barnett; Mr Bill Johnston; Mr Fran Logan; Chairman; Mr John Castrilli; Mr Matt Taylor; Mr Paul Miles

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**Mr F.M. LOGAN:** Only if they are made of rubber!

**Mr C.J. BARNETT:** The member for Cockburn may know. It is a matter of pressure and looping. A pipeline can be as big as we want in terms of the transport of gas. The Leader of the Opposition should ask his colleague about pipelines; he will explain pipelines because they are not the same as a garden hose.

**Mr W.J. JOHNSTON:** I was interested in the \$369 000 that we are spending on the Western Trade Coast Office. I understand that the Department of Planning has done a major piece of work on planning for the entire region that has taken a long period of time that identified buffer zones, locations for industry and locations for medical centres. That is how detailed the piece of work was. Why do we now need to spend \$369 000 to review the work done by the Department of Planning over such a long period at such great expense?

**Mr C.J. BARNETT:** It is not doing that. It is putting in place, in a statutory sense, the buffer for the protection zone.

**Mr W.J. JOHNSTON:** So it is developing legislation to bring back to the Parliament.

**Mr C.J. BARNETT:** It is developing the proper processes to set it up. It has been there in principle only. It is not properly constituted in a legal sense. Negotiations are to be held, particularly with the City of Rockingham, which has not been all that cooperative. A body of work is to be done, which I expect to be completed within the next 12 months.

**Mr W.J. JOHNSTON:** What is the relationship between that and the WA Planning Commission's processes?

**Mr C.J. BARNETT:** The Planning Commission is involved in the process, as is environment, industry groups and the Department of State Development.

**Mr W.J. JOHNSTON:** Will any member of Parliament get any overseas travel out of that \$369 000?

**Mr C.J. BARNETT:** I would not anticipate that. Members of Parliament are entitled to travel. I read the member's report the other day.

**Mr W.J. JOHNSTON:** Which one—the one about Indonesia?

**Mr C.J. BARNETT:** The one that was photocopied.

**Mr W.J. JOHNSTON:** The Premier does not know what he is talking about. He did not read the report.

**Mr C.J. BARNETT:** It was pointed out to me today.

**Mr W.J. JOHNSTON:** Go and read the report. That is not true. That is a lie.

**Mr C.J. BARNETT:** There was not an original word in it.

**The CHAIRMAN:** Member, it is not okay to refer to someone as having lied in the house.

**The appropriation was recommended.**