Parliamentary Debates
(HANSARD)

THIRTY-NINTH PARLIAMENT
FIRST SESSION
2013

LEGISLATIVE ASSEMBLY

Thursday, 31 October 2013

Legislative Assembly

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THE SPEAKER (Mr M.W. Sutherland) took the chair at 9.00 am, and read prayers.

FIREARMS LICENCE FEES

Petition

MS L.L. BAKER (Maylands) [9.01 am]: I have a petition that has been signed as being compliant with the rules of the house relating to increases in firearm licence fees. It states —

> To the Honourable Speaker and Members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.
>
> We the undersigned residents of Western Australia oppose the recently introduced increases to licence fees for gun owners. We believe the fees are excessive and unfair and do not reflect the true cost of providing gun licences.
>
> Now we ask the Legislative Assembly to voice the case of gun owners aggrieved by these increases in licencing fees and examine whether the proposed fees truly reflect the costs of providing firearm licences. Further we ask the Assembly to withdraw the fees until there has been a proper consultation period with industry and sporting bodies.

There are 158 signatures to that petition.

[See petition 62.]

DOG BREED RESTRICTIONS

Petition

MS L.L. BAKER (Maylands) [9.02 am]: This petition calls for an end to the restricted dog breed regulations in WA laws and states —

> To the Honourable Speaker and Members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.
>
> We, the undersigned, respectfully oppose the 'Breed Specific Regulations' in any form, in the WA Dog Act 1976 which is currently under review. We, the undersigned, support a system to fairly deem dogs 'dangerous' based on modern veterinary and canine behaviour science, irrespective of the dog's breed.
>
> We, the undersigned, ask the Legislative Assembly to abolish all types of dog breed restrictions current and proposed for WA Dog Laws; to introduce training, socialisation and ownership regulations for all domestic dogs; and introduce a system where individual dogs are deemed 'dangerous' by a trained canine behaviour and training expert for its behaviour and temperament, and not due to the breed or parentage of that dog.

The petition has 22 signatures.

[See petition 63.]

PAPERS TABLED

Papers were tabled and ordered to lie upon the table of the house.

FASHION EXHIBITIONS — WESTERN AUSTRALIAN MUSEUM

Statement by Minister for Culture and the Arts

MR J.H.D. DAY (Kalamunda — Minister for Culture and the Arts) [9.03 am]: Tomorrow evening at the Western Australian Museum in the Perth Cultural Centre I will have the pleasure of opening two exhibitions that celebrate creativity and innovation in Australia's growing fashion industry. The first exhibition is a 30-year retrospective of the work of influential WA designer Aurelio Costarella. When Aurelio began designing in the 1980s, WA designers had little impact on the national market, let alone internationally, and Perth was a place where clothes were manufactured rather than designed. Now, WA has a vibrant fashion industry. Aurelio Costarella has been integral in supporting local emerging designers and has also demonstrated that with talent and dedication, it is possible to make one's mark on the international stage while still retaining one's Western Australian roots. The retrospective will be presented throughout the Museum, showcasing Aurelio's designs by weaving them among the Museum's objects and artefacts. The exhibition is a great incentive for visitors to explore the Museum's permanent collections, which they may not have seen in some time.

The second exhibition, *Frock Stars: Inside Australian Fashion Week*, provides a look into this annual presentation of collections by Australian and Asia–Pacific designers. *Frock Stars* is not just about glamorous gowns; it also chronicles the growth of the Australian fashion industry, which in less than 20 years has taken its place on the international stage, with Australian designers now experiencing unprecedented demand for their work.

Over the past five years the Liberal–National government has provided significant support to the fashion sector in Western Australia, with a combined total of more than $3.5 million through the Department of Culture and the Arts' designer fashion grants program and investment in the Perth Fashion Festival. This support has resulted in a growing number of opportunities for emerging WA designers to develop and showcase their talent.

Aurelio Costarella: A 30 Year Retrospective and *Frock Stars: Inside Australian Fashion Week* are both free exhibitions on display at the WA Museum in Perth from Saturday, 2 November, and I encourage people to visit.

COMMONWEALTH GAMES — GLASGOW 2014

Statement by Minister for Sport and Recreation

MR T.K. WALDRON (Wagin — Minister for Sport and Recreation) [9.05 am]: This morning I was fortunate to represent the state government at a function at the Perth Bell Tower to welcome runners carrying the Queen's baton on its symbolic journey through Commonwealth countries as part of the Queen's Baton Relay. In the past, Western Australia has produced strong contingents of athletes for Australian Olympic and Commonwealth Games teams, and these athletes have an outstanding record of bringing back medals. Western Australia sent about 40 athletes to the Delhi Commonwealth Games in 2010—the majority supported by the Western Australian Institute of Sport—and I expect this number will be maintained, and hopefully exceeded, by the Glasgow team. I am sure all members share a sense of excitement and anticipation as our athletes prepare for the Glasgow Commonwealth Games. The Commonwealth Games are a significant international event that provides homegrown athletes with a wonderful opportunity to gauge their competitive levels two years out from the Olympic Games. We have seen some outstanding results by local athletes on the world stage in the last 12 months, and I am confident that in Glasgow we have a lot to look forward to from the performances of local Western Australians.

The cost of preparing and sending Australian athletes to the Commonwealth Games is more than $14 million, with funds raised largely through contributions by the Australian corporate sector and government. I was pleased, on behalf of the Western Australian state government, to kickstart the fundraising efforts of the WA division of the Australian Commonwealth Games Association with a contribution of $60 000, which will go some way towards meeting its target of $150 000. As discussed in the house yesterday, current and future sporting stars also stand to benefit from the state government's $33.7 million commitment to a new WAIS high-performance service centre in Mt Claremont. While scheduled for completion after the Glasgow Commonwealth Games, this facility will provide WA athletes with access to unrivalled training facilities and the latest technology in sports science and recovery.

I take this opportunity to acknowledge the tireless efforts of J. Barrey Williams, the chair of the Commonwealth Games Team WA Appeal Committee, and Gratton Wilson, the president of the WA division of the Australian Commonwealth Games Association. Their tireless work and the efforts of the staff and volunteers who support them ensure that our elite athletes can focus on what is most important—representing their state, their country and their families, and striving for success on the world stage.

PREMIER'S OVERSEAS VISIT — CHINA

Statement by Premier

MR C.J. BARNETT (Cottesloe — Premier) [9.08 am]: From 7 to 11 October I visited China. My second visit this year focused on strengthening Western Australia's relationships with Zhejiang province, which is our sister state province, and with Shanghai. Sister state relationships are important to both the Chinese government and the provincial government, and our successful 26-year relationship confers status on and creates a positive reputation for Western Australia.

I held my first official meeting in Zhejiang with Zhejiang Governor Li Qiang, who identified trade and investment in agribusiness, particularly beef, including live cattle, sheep, grain and fine foods, as a future growth area for our relationship. Together with Zhejiang's Vice Governor, Liang Liming, I co-chaired the fifth biennial Western Australia–Zhejiang Exchange Committee meeting. Organisations from Western Australia and Zhejiang presented on cooperative projects in areas such as health, agriculture and education that they had undertaken over the past two years. Chambers of commerce in Zhejiang and Western Australia have now also developed joint projects. I witnessed the signing of new agreements on agribusiness, oceans research and university collaboration. The commitment to a joint study of the potential for a live cattle trade into the province is an exciting development. I met with Zhejiang Party Secretary Dr Xia Baolong, who visited Western Australia last year as governor and who now holds the most senior position in the province. He canvassed ways of improving

agricultural trade, particularly grain. I also raised the possibility of restarting discussions on LNG supply to Zhejiang province. Before leaving Hangzhou, I also met with Madame Qiao Chuanxiu, chairwoman of the Zhejiang People's Political Consultative Conference. All senior leaders voiced their strong support for the Western Australia–Zhejiang relationship and its future potential. At a lunch in Shanghai hosted by the Australian Consul General, Ms Alice Cawte, academics and businesspeople shared views on future trends in China. One key theme was the role of clean energy in the sustainable development of China. I saw the Shanghai Planning and Land Resource Bureau's quite staggering computer database for managing people, land, water, agriculture and planning in a city of 20 million people, over approximately 6 500 square kilometres.

One particular issue that resonated at my meetings with government officials was food safety. In this regard, I found a strong interest in Western Australia's capacity as a reliable source of safe, high-quality food products. In Pudong, home to the Shanghai Stock exchange, I met Mayor Jiang Liang whose responsibilities include the new Shanghai Free Trade Zone, a planned financial services centre, and received a detailed briefing. Mayor Jiang suggested that Pudong and Perth develop a sister city relationship. I have passed this on to the Lord Mayor of Perth. I was honoured to be presented with the keys to Pudong.

I met with Mr He Wenbo, chairman of Baosteel, a longstanding and valued investor in Western Australia, and discussed his company's future plans in the state, including the Anketell project. Finally, I met with Mr Zhou Bo, the Vice Mayor of Shanghai. I again raised the possibility of LNG supply to Shanghai, a concept that Mr Zhou agreed held great potential for both Shanghai and Western Australia.

COMPOSTING FACILITY — OAKFORD

Grievance

MR C.J. TALLENTIRE (Gosnells) [9.11 am]: My grievance is to the Minister for Environment. Before beginning I want to acknowledge the presence in the public gallery of members of the Oakford community. In Oakford, there is a problem with a site at lots 35 and 36 Abernethy Road. The problem lies with some people's impression that if they pay enough, they can dump just about anything there, resulting in this site becoming the location for all kinds of liquid-waste dumping.

Originally, the company involved, Bio-Organics Pty Ltd, applied for a composting facility; it received approval back in 2001. It then emerged that many other types of waste were being dumped at the site—namely, large amounts of liquid waste. I have some records here, including logs of the number of trucks going there as well as the volumes the trucks are carrying. Just to give members an idea, trucks are capable of carrying up to 18 000 litres. Thirty trucks each depositing that amount totals up to 540 000 litres just in one day. It is a huge amount of liquid waste. It is not entirely clear what is in that waste or where it has come from; some people say from BP; some say from CSBP; some say that it is nitrogenous waste—all sorts of things. We should bear in mind that this facility is only 250 metres away from the Jandakot Mound area and that this waste can drain into a tributary of the Serpentine River, eventually entering the Peel–Harvey estuary; it is incredibly serious stuff.

The local residents have tried to do the right thing by raising their concerns. They have used the processes available to us all—namely, by approaching the Shire of Serpentine–Jarrahdale and raising it at an ordinary council meeting. However, their thanks for that was a letter from well-known Perth defamation lawyer, Mr Martin Bennett, warning them off. It is a frightening letter daring them to say another word on the issue—all because they raised their concerns at a council meeting. The tone and intimidatory nature of the letter is anti-democratic in the extreme. It is totally wrong that people should be silenced in this fashion by a letter from a St Georges Terrace lawyer who specialises in defamation cases.

The people have raised legitimate concerns. They are suffering the consequences of extremely malodorous winds that blow across their properties, which indicates the nature of the waste. There are sewerage-type smells that are so acute that people are woken up in the middle of night once the dumping starts to take place. They are also worried about the huge number of truck movements bringing in this waste. I refer the minister to a previous consideration of the Environmental Protection Authority, in which the Department of Health advised that for this sort of facility—this was back when it was just a composting facility—there should be at least a 1 000-metre buffer. That has been well and truly breached. We have residences much closer than that distance.

The issue has been taken by the Shire of Serpentine–Jarrahdale to the courts, which is a matter of public record as well. The shire is not prepared to reissue a licence at the moment; however, the Department of Environment Regulation has issued a licence until 2016. There is a terrible inconsistency when the local shire says that a licence should not be issued, and then the minister's department comes in and issues a licence. Something is dramatically wrong in his agency. It is something the minister must investigate and resolve. The composting facility was supposed to be located on a hard stand; I understand it is not. It is just on gravel. That would be a requirement for any other composting facility around town. If we consider the volumes involved as well as the nature of the waste, I totally share the concerns raised by those people, some of whom are with us here in the public galley. It is an issue when people have taken their concerns to their local member, the member for

Darling Range, and are left wondering whose side he is on with this issue. That raises another aspect to this whole issue. The people involved have had no satisfactory response from the proponent itself. We would think that a proponent would want to liaise with the community and communicate effectively. Instead, its action was to engage Mr Martin Bennett as its defamation lawyer, frightening these people off.

Some of the concerns that have been raised with me include the prevailing winds blowing potentially dangerous dusts onto their roofs. People do not have scheme water in this area and are reliant on either the groundwater, which has been contaminated, or water catchment from their roof containing potentially toxic dust. Not having a clean reliable water supply is a frightening situation to be in when they once had one. It has been taken away from them. That seems incredibly unfair. There is an issue around the super-saturation of the site with these volumes of waste coming in. It appears that the site is not being properly regulated at all, nor has it gone through a proper approvals process. Admittedly, the composting licence was approved, but we are talking about much more than composting here. Some of the other issues concern the flow through to the Peel Inlet, as well as Department of Environment Regulation's failure to acknowledge the proximity to the Jandakot Mound and the Harvey Estuary.

It just leaves me amazed that the department has not looked into that issue at all. The questions are there for the minister to answer. One key question is, why has the Department of Environment Regulation been unable to enforce conditions on the Bio-Organics' current licence by working with the Shire of Serpentine–Jarrahdale to avoid a potential environmental disaster on this site? It is something the minister will need to deal with, perhaps through contaminated sites legislation. However, in the first instance, the minister should make sure that his department is undertaking a thorough investigation. It should not be issuing licences when the local government authority is not prepared to.

MR A.P. JACOB (Ocean Reef — Minister for Environment) [9.18 am]: From the outset, this is a matter that the local member, the member for Darling Range, has raised with me on a number of occasions. He has made very good representations in this space and this is probably —

Mr D.A. Templeman interjected.

The SPEAKER: Member for Mandurah!

Mr A.P. JACOB: It is probably a good opportunity, member for Mandurah, to update the house by providing a bit of the history of it all, to state where we are at and what will be done in the coming weeks on this matter. As was said, Bio-Organics operates a composting facility at 945 Abernethy Road in Oakford. This facility is licensed by the Department of Environment Regulation as a prescribed premises under the Environmental Protection Act 1986. It is also classified under the Environmental Protection Regulations of 1987 as category 67A for compost, manufacturing and soil blending. This licence includes provisions for the acceptance of biological activators, and has been approved by DER as such. Two such activators were approved under the licence, one of those being grease trap waste and another being a sludge known as "Joe White Maltings", which I believe is a beer-making by-product.

These activators are generally in liquid form and they are commonly delivered by waste carriers in tankers to the Bio-Organics site. Since early 2013, DER has indeed received an increasing number of odour complaints from nearby residents and businesses. Numerous complaints have also been received regarding the potential contamination of groundwater, which I will address, as well as truck movements into and out of the site and along nearby roads. This inquiry has come to me from a number of ends. DER cannot control the number of trucks that may come to a site or use the surrounding roads.

Mr C.J. Tallentire: The minister can control the volume of trucks, though.

Mr A.P. JACOB: I will get to that, member. I am talking about truck movements because that has come up in a few issues, but it is really a matter for the Department of Transport or in this case the Shire of Serpentine–Jarrahdale. It is also important to note that Bio-Organics is required to have environmental licensing as well as shire planning approval. I believe that the Shire of Serpentine–Jarrahdale has launched legal action in regard to the planning approval, but I cannot comment on that as it is a legal matter between the shire and the proponent. The Department of Environment Regulation has certainly not been sitting on its hands when it comes to complaints about this facility.

Mr C.J. Tallentire: But it has been handing out a licence.

The SPEAKER: Member for Gosnells, I am not going to allow you to shout out again!

Mr A.P. JACOB: Thank you, Mr Speaker.

In response to the odour complaints, officers from the Department of Environment Regulation and the Shire of Serpentine–Jarrahdale have conducted odour surveys in the area surrounding the Bio-Organics facility. These were done over five days between January and March this year. The survey confirmed the presence of distinct strong odours of compost and grease trap waste around the compost facility site. The odours were a particular

problem during southerly and south easterly winds. The DER-controlled waste tracking system shows that there has been a large increase in the amount of liquid waste being delivered to the Bio-Organics Abernethy Road site. This increase in both controlled liquid waste and solid waste streams received at the site is considered to be the main cause of the increased odour problem at the site.

DER officers have also inspected the Bio-Organics Abernethy Road facility on numerous occasions over the past months to review composting and waste management practices and to assess the potential for groundwater contamination. It is important to note that at this stage DER has not been able to substantiate any allegations of groundwater contamination, but will continue to make inquiries about this matter. On 24 June this year, the then Department of Environment and Conservation sent Bio-Organics a letter that outlined the findings of the odour surveys. All complainants were also provided with a letter dated 26 June 2013 outlining the findings of the odour survey and the actions required by Bio-Organics, as well as information on how the department will manage odour complaints relating to these premises.

A discharge of liquid waste from a storage pond occurred at the Bio-Organics site on 2 August 2013. The Department of Environment Regulation is continuing to investigate this. On 30 August this year, DER again sent Bio-Organics a letter advising that it intended to amend its licence to remove conditions relating to the use of biological activators at the premises. The letter also outlined how Bio-Organics could apply for a licence amendment if it wished to accept other certain waste streams at its facility. The Department of Environment Regulation then met with Bio-Organics on 5 September this year, when the company agreed to continue accepting liquid waste; however, this is only until the Department of Environment Regulation completes its review and its amendment of the licence.

I am pleased to report that the Department of Environment Regulation has given this matter its highest priority. The department is liaising with Bio-Organics on the proposed amendments and it is likely to finalise the licence review by mid-November.

Mr C.J. Tallentire: You should be shutting them down until that investigation is completed, minister!

The SPEAKER: The member for Gosnells should stop shouting out! I call you to order for the first time.

Mr A.P. JACOB: It is only two weeks until the licence review will be finalised. I expect that these amendments will ensure that appropriate controls are applied to the composting operation so that unreasonable odours do not impact on adjacent residents. Importantly, I am happy to report to the house that these amendments will include limits on the amount and type of waste accepted at the facility. The DER will advertise the licence amendments for public comment before they are approved, and advertise again after the licence is amended. Community consultation will also be a part of this process, including those community members who have lodged complaints regarding this facility. The amendments will also be subject to the standard appeals process. This will all come out in the coming weeks. The Department of Environment Regulation will continue to undertake regular audit and compliance inspections at this site to ensure that the odours are appropriately managed and that the licensee is complying with all of its conditions.

It is important to point out that licence amendments, enforcement and prosecution are more appropriately matters for the department and the director general. There are very clear lines of separation in this regard and it is not appropriate for me as minister, or for that matter any member of Parliament, to intervene or become directly involved in any licence amendment, enforcement or prosecution action by the department.

Mr C.J. Tallentire interjected.

The SPEAKER: Member for Gosnells, I call you to order for the second time.

ALFRED COVE — ARTERIAL ROADS

Grievance

MR D.C. NALDER (Alfred Cove) [9.26 am]: My grievance is to the Minister for Transport. We are approaching gridlock on the main arterial roads in the Alfred Cove area. More than 1.9 million vehicles are on Western Australian roads, with a growth of 18 per cent over the last five years. Alfred Cove plays host to many of these cars, buses and trucks daily with the Canning Highway feeding many zones of trade and recreation in metropolitan Perth. Freight and other deliveries from Fremantle port travelling to the city, Booragoon, Murdoch or the industrial areas, movements to Leach Highway and beyond via Stock and North Lake Roads, and shopping traffic from Garden City along Riseley Street and Reynolds Road meet to create a very busy electorate. At peak hours, the additional movement of residents travelling to work and mums and dads on the school runs extend travelling times considerably.

When the television news regularly shows peak-hour crawl on the Kwinana and Mitchell Freeways in talking about congestion, we know this problem is also playing out on our local streets. Rat runs are increasing

inconvenience and danger around our homes and schools. When Treasurer and Minister for Transport, Troy Buswell, travelled with me along Canning Highway to Canning Bridge Station, he saw the Alfred Cove peak-hour experience. The incapacity of Canning Highway is forcing many commuters to seek alternative routes in an attempt to cut their travelling time to locations not only outside the electorate, but also within.

Congestion on local roads such as Macrae Road in Applecross near my electorate office and Bombard Street in Mt Pleasant, is, at peak period so bad, that residents are often forced to wait extended periods to leave their driveway. This also impacts their local errands and not just getting out of the suburbs to the city or towards Fremantle. Similar issues exist around North Lake Road and into Attadale. I also mention Burke Drive. This river ring-road plays host to increased traffic flows from the highway and school pick-ups and drop-offs. Dangerous behaviour by some motorcyclists and hoon drivers also takes place, making for a volatile combination with family traffic. This is an issue I am addressing with the Minister for Police, but it is worthy of a mention in this context due to the increased traffic movements attempting to escape the congestion of nearby Canning Highway. A similar trail of cars can be viewed at dawn and dusk along The Esplanade and Ullapool Road in Mt Pleasant. These traffic flows between Canning Highway and Leach Highway via the river are impacting on the safety of scores of walkers, runners and cyclists enjoying the river, and also reducing the area's amenity because of noise and traffic pollution.

I highlight these local rat runs as evidence of the inefficiency of Canning Highway in its current configuration. A major highway that can handle traffic demand stops people searching for alternative routes because it is the most time and fuel efficient path from A to B. Much of my community's feedback asks for road-calming measures on local roads, and this approach has much merit, but going to the source of the issue and fixing the main highways and feeder roads will ultimately give us better results in the long term.

I also wish to highlight the $700 million redevelopment of Garden City. This is a welcome investment in Alfred Cove and an exciting shopping upgrade for not only Alfred Cove, but also greater metropolitan Perth. Garden City is a major employer and attracts around 11 million shoppers every year, with only about one per cent arriving by public transport. Early estimates show that the expanded shopping centre will generate an additional two million annual visitors to the area. This does not include the light commercial and heavy freight vehicles all travelling along Riseley Street to service Coles, Myer and the hundreds of stores that we are flocking to visit.

The Murdoch activity centre looks set to host an additional 30 000 to 35 000 people living and working in the precinct. Add to this the pencilled-in developments around Canning Bridge and we will soon be living in one of the busiest regions in Perth. There is no question that this expansion will cause traffic headaches in the shorter term, but with a cooperative approach I think that it could be the catalyst for a complete rethink of the road networks for the Alfred Cove area and surrounds.

AMP Capital outlined its vision for roads and transport infrastructure to accompany the shopping centre redevelopment at a recent briefing. The member for Bateman was also present to represent the views of his constituents. I was most impressed by the industry-standard modelling AMP Capital has employed in its traffic studies and the inclusive and productive relationship this group has established with Main Roads and the Department of Transport. AMP Capital's funding of some of the intersections that surround the development is a welcome and fair injection of private sector funding for the benefit of our community. I have confidence that the firm working relationship already established with the Minister for Transport and his team will deliver great outcomes for traffic congestion in our local area as the transformation of Garden City shopping centre takes shape. Investment will also bring improved amenity to Marmion Street and other streetscapes in need of some tender loving care around the shopping centre.

Minister Buswell directed the Public Transport Authority to work with AMP Capital to find the best public transport solutions for the Garden City expansion. A rapid bus service linking Canning Bridge Station, Garden City and the Murdoch activity centre, which includes Fiona Stanley Hospital, St John of God Murdoch Hospital, Murdoch University and surrounding suburbs, could see commuters and shoppers move across our region easily and efficiently, and might even see an end to our love affair with the car. On Canning Highway towards Kwinana Freeway, the creation of a peak-period priority bus lane, including bus queue jumps at traffic lights, should be explored. I am aware that the minister has commissioned a traffic study to explore some of these options. Light rail may one day provide a solution to congestion on both Canning and Leach Highways, but the reality is that the economics do not stack up at present. Some creative redevelopment of Canning Bridge Station must also be a part of the solution to make sure that this pinch point is fixed.

Improved and efficient roads with a focus on public transport are the key to the success of our region. Growth and development is a great vote of confidence in our local area, bringing jobs and prosperity. However, consideration of how we will move people into, out of and around what will become one of the busiest regions in Perth must always be a top priority. I look forward to continuing to work closely with Minister Buswell on the transport issues in Alfred Cove. I thank the minister and his staff for their advice and assistance to date, and look forward to his response to this grievance.

MR T.R. BUSWELL (Vasse — Minister for Transport) [9.32 am]: I thank the member for Alfred Cove. I think I was out in his electorate earlier this year and I thank him for inviting me to look at the circumstances in and around traffic congestion. A lot of people have anecdotally described this to me, particularly the congestion from Canning Bridge, along Canning Highway up to Riseley Street and a little further over to the west. Subsequent to our meeting, I gave a number of undertakings and I am happy to give the member an update today on where we are at with those.

Essentially, there are some things that we can do in the short term and some that we can do in the longer term. In the longer term, for example, will be the work around creating a dedicated bus lane, perhaps am eastbound–pm westbound, on Canning Highway to help get buses off the highway through that particularly busy area. I think that is an important innovation that we will pursue.

In the shorter term, as part of a broader consideration of congestion around the metropolitan area, Main Roads Western Australia has employed some external advisers to come in and look at traffic signalling. One of the components of our plan to deal with congestion is to increase the efficiency of arterial roads. I often get feedback from people that signalling and the operations of signalling are not leading to optimum road utilisation. We identified that we should conduct a trial on Canning Highway and we have already analysed the signals. Starting tomorrow, the light flow of the signals at the intersections of Canning Highway and Riseley Street, Ardross Street, Reynolds Road, Sleat Road, Canning Beach Road and Kintail Road, and the Fremantle interchange will be changed. We have committed about $500 000 to do that section and another section of arterial road in the metropolitan area. Effectively, that means Canning Highway will get increased priority and the green phasings—there will be other changes—on Canning Highway will be for longer periods. Exactly as the member argued, the arterial road will get preferential treatment. As people come to understand the benefits of these changes that will mean that there will be less incentive for people to rat run because it will be easier to get down onto the freeway along Canning Highway. These changes will start rolling out tomorrow. I imagine that it will take a couple of weeks for them to be put in place. There will be thorough monitoring of traffic flows through the area, because if it works we can get increased efficiencies at other arterial road blockage points across the metropolitan area for a relatively low investment. It is really important to focus on not only building more roads but also using the roads that we have more efficiently. Therefore, as a result of that visit earlier this year, the first cab off the rank for this new approach to managing our road network will be that section of Canning Highway through the member's electorate. I think that it is a positive first step. Main Roads has told me its advice is that the trial will hopefully lead to increased flow efficiencies of up to 15 per cent. This will have an impact on people using the secondary roads at those intersections because they will have less time to access the intersection, but all the advice is that it will be a much better outcome for road use and flow through that area. I think that it is a good step forward.

We are still doing work on the bus lane. We are also looking at redesign and reconfiguration of the freeway on and off-ramps at Canning Highway and Kwinana Freeway. A very interesting innovation is a trial to upgrade the shoulder of the freeway between Canning Bridge and Mill Point Road to enable cars to use it in a restricted speed capacity at peak times. Effectively, we would get a significant increase in capacity through that part of the freeway, which will be tied into some of the work happening around the northbound Kwinana Freeway on-ramp off Canning Highway. All those things are designed to help relieve that pressure point. Main Roads is confident that it will deliver significant benefits. Main Roads' engineers have proved to me over time that they generally deliver on what they say. It will be a really important step forward in that area.

The member touched on the upgrade of Garden City shopping centre and I am very keen to stay involved with that project. As we discussed during our visit, the current bus terminus at Garden City is very large. Given what we are doing in the city with the new city busport, there is no need for that sort of footprint. It is much better that that footprint is available to be used as part of the broader precinct, either for commercial or other purposes. I am hopeful that the Public Transport Authority will keep working on that. Indeed, there should be a smaller footprint, perhaps with the dynamic stand allocation technology that will be used in the city. Therefore, it will be more like an airport; rather than having, say, bus 78 always stop at a particular stand, the buses will be electronically allocated to fewer stands. People will wait in a waiting room, be notified that if they want to catch bus 78, they need to go to stand 3, line up and off they will go. Effectively, there would be a smaller footprint, and from a customer point of view it is probably better.

I am also very happy to work with the member on the introduction of a better local bus service. I think that the member indicated a linkage between the Murdoch activity centre to the south, through Garden City and then back to Canning Bridge Station. I am happy to look at what we can do to implement that. It would probably be good to tie it in with the expansion of Garden City, thereby clearly linking a major shopping and employment destination with the main public transport backbone.

I again thank the member for inviting me to his electorate earlier this year. Hopefully, what I have outlined today about changes to traffic lights is a good first step, but I acknowledge, as the member did, that there is a lot more work to be done.

GUILDFORD HOTEL — REDEVELOPMENT

Grievance

MS M.M. QUIRK (Girrawheen) [9.39 am]: My grievance is to the Minister for Heritage. In June this year when I asked about the progress of the restoration of the Guildford Hotel, which was damaged by fire in August 2008, the minister responded —

> We have taken action. It is a privately owned building that has a development application approval on it. I am satisfied that they are making very good progress, and we are happy to work with them to see this significant icon redeveloped for the betterment of the local Guildford community.

Since the minister's response, a number of matters have come to light that may mandate affirmative action by the minister. The time for complacency has well and truly passed. Time does not permit me to canvass all the issues and episodes of what is now a very sorry tale. I will, however, highlight matters that are germane to the need for the minister to act decisively. He should be acutely aware that the hotel has now faced five winters without a roof. As the minister pointed out yesterday, it has been a particularly wet winter. The owners have been seeking expressions of interest from prospective tenants for some years. The longer this saga drags on, the more the intrinsic heritage value of the building is compromised, which threatens the commercial viability of the development. That will then leave it open for the owners to claim that restoring the hotel to its past glory is too costly. That is so-called demolition by neglect.

I turn now to recent events. A development approval was granted by the City of Swan in December 2011, which is due to expire in November 2013.

Mr A.P. Jacob: That's not right.

Ms M.M. QUIRK: The minister will have time to respond.

The owners contested some of the conditions of that approval and went to the State Administrative Tribunal. Under that process, the owners engaged in mediation to get certain conditions removed. That process occurred over some months and concluded with two conditions being removed. However, the development approval was not overturned nor was another decision substituted in its place. At that stage, it was arguable that time was still running on the development approval that was originally granted. However, it seems as though the owners have lobbied the City of Swan to extend the development approval on the basis that the SAT mediation process had meant that time has passed without their being able to progress development plans. The exact nature of these representations is likely to be contained in the nine documents that I sought under a freedom of information application but was refused access to by the City of Swan.

Recently it became apparent that an extension to the development approval has been granted until June 2014. Minutes of the council meeting of June 2012 indicate a decision on the extension was made in camera and marked as confidential. Even more recently, the owners of the hotel have asserted to concerned residents that the development approval has even longer to run, possibly until the end of 2014, but I have not yet been able to confirm this.

As a condition of their development approval, the owners were required to periodically obtain reports from structural engineers. This is limited, however, to issues pertaining to public liability. A number of these have been prepared by the firm Structerre Consulting Engineers. The most recent report that I have seen is dated 7 March 2012, and it notes that any extended delay to the restoration or redevelopment may place the building at risk of dilapidation. It is notable that this report did not act as a catalyst for any action to protect the building over the winter.

An earlier independent report commissioned by the Heritage Council of Western Australia in August 2009 after strong community representations reported on the hotel's structural integrity. When completed, this report was not made public by the Heritage Council and was obtained by concerned residents only under a FOI application. The report found weather damage to the building since the fire, which included new damage to the external walls, and that most of the buildings walls, including the external walls, were retainable if the hotel were made watertight and allowed to dry out. In addition, I am told that there is evidence of theft; pressed tin is being removed from the interior. The jarrah timber floors remain unprotected and vulnerable and I understand that there are some safety issues with the deep cellar.

The building remains unprotected and is showing increasingly obvious signs of deterioration from weathering. As the minister may be aware, the disgraceful state of the hotel was an issue during the last state election campaign. The Liberal Party candidate for the area Daniel Parasiliti stated in a media release in November 2012 —

> It is hoped that tenants can be found by the end of February so that construction on the site can commence towards the second half of 2013.
>
> "This is welcome news for local Guildford residents." …

> "I look forward to keeping the local community informed as the development progresses. I, along with the Liberal Government will ensure the pressure is maintained to see the project completed."

In the spirit of maintaining that pressure, can the minister advise how the building can be secured immediately so that long-term planning can proceed free of concerns about the building's safety, which requires reroofing or high-scaffolding cover to stop water ingress? I request that the minister urgently report to the house on the circumstances and probity under which the extension of the development approval occurred and when he first became aware of this. I also request that the minister ask the Heritage Council to commission an up-to-date report from independent structural engineers and table the same. If that report shows irreversible deterioration, I request that the minister take immediate action for compulsory acquisition, pursuant to section 73 of the Heritage of Western Australia Act. I ask the minister to meet the government's election commitment to enact a new heritage bill, which presumably would contain more options for government intervention. I ask that he consider including in any new legislation a provision for compulsory insurance for heritage-listed buildings, which would be sufficient to cover the costs of restoration and repair, as well as provisions that mandate an independent assessment of the cost and viability of the repair and restoration to remove the incentive for demolition by neglect. There is simply no plan B if the developers are unsuccessful in making progress on the project.

In conclusion, I remind the minister what the then heritage minister—wait for it—Hon Richard Lewis, stated in a media release when announcing the hotel's heritage listing in 1994. He stated that the hotel —

> … was worthy of permanent registration because of the special place it held in the hearts and minds of the local community.
>
> "Since its construction in 1885, the Guildford Hotel has remained a visual and social focus in the community, and forms an important part of Guildford's character," …
>
> "It has been a valuable building for its rarity, being the only commercial example of Federation free classic architecture in the Guildford area.
>
> "This listing will ensure the building is afforded the full protection of State's heritage laws."

MR A.P. JACOB (Ocean Reef — Minister for Heritage) [9.47 am]: I thank the member for Girrawheen for raising this matter, albeit with inaccuracies. In November 2011, the City of Swan did indeed approve the restoration and redevelopment of the fire-damaged Guildford Hotel, subject to 29 conditions. The owner subsequently sought a review of five of those conditions through the State Administrative Tribunal. The matter was formally withdrawn from SAT in September 2012 following an agreement between the City of Swan and the private owners of the Guildford Hotel to the revised conditions. The owners now have until late next year or the second half of next year —

Ms M.M. Quirk: Have you got an exact date, minister?

Mr A.P. JACOB: They have until the second half of next year to apply for a building permit. That is agreed, whatever the argy-bargy is; there is only a little bit of time in between. We can certainly agree on that.

The owners must comply with all of the city's conditions before a building permit is issued. These conditions include entering into a legally binding heritage agreement with the city, the Heritage Council of Western Australia and me as the Minister for Heritage. The agreement that will then be agreed to by the State Heritage Office, in consultation with all the parties, will include, amongst other things, a detailed works program and timing for works to be completed, as well as a program for the future maintenance of the building. With the development approval in place, I understand that the owners initiated a marketing campaign in late 2012 to seek expressions of interest from tenants and operators of the hotel and for other retail purposes to be developed on the site. The owners subsequently advised me—I informed the house about it earlier—that they are working with interested parties to determine whether they can proceed with a viable development.

Ms M.M. Quirk: How long are you going to let them do that, minister?

Mr A.P. JACOB: Actually, member for Girrawheen, they have provided me and members of the community with regular updates, as recently as in the last few days. They have actually been cooperative in that way and I am sure they would have cooperated even with the member for Girrawheen had she ever bothered to approach them. They have provided me with an update on where they are at, but that is commercial-in-confidence and I will not be forwarding that on.

Ms M.M. Quirk: That is very convenient!

The SPEAKER: Member for Girrawheen!

Ms M.M. Quirk: If you're not using legal professional privilege, you're using commercial-in-confidence.

The SPEAKER: Member for Girrawheen, I call you to order for the first time. Please stop shouting across to the minister.

Mr A.P. JACOB: They have also continued to update concerned members of the community, which is very important, and I commend them for taking that initiative.

In the meantime, the owners have taken steps to stabilise the building and ensure public safety to the satisfaction of the City of Swan. That was done after an order was issued by the city in December 2009 under the Local Government (Miscellaneous Provisions) Act. Under that order, the owners must provide regular reports to the city on the condition of this building. That should be undertaken by a structural engineer and that is occurring. Regular updates are being provided by a very reputable structural engineering company.

Ms M.M. Quirk: Yes, I quoted them, saying —

The SPEAKER: Member for Girrawheen, I do not think you were listening to me.

Mr A.P. JACOB: I think the member for Girrawheen is on very thin ice if she doubts the independence and reputation of that particular company. The government and I absolutely share the concerns of the local community and we want to see this landmark site repaired and restored without any undue delay. However, I think it is very important to note that the current Heritage of Western Australia Act 1990 does not contain provisions that will enable the minister or the Heritage Council of Western Australia to compel owners to maintain or restore the building.

Ms M.M. Quirk: What about compulsory acquisition, minister?

Mr A.P. JACOB: Yes, the act provides for compulsory acquisition; however, under the current circumstances, member, there is no case to proceed with compulsory acquisition.

Ms M.M. Quirk: Why not?

Mr A.P. JACOB: Planning approval is in place and the owners have been going through the normal steps involved in a large development such as this. In five years to this point that would not be unusual for a greenfields development of this scale. Development approval is valid until the second half of next year so even in a legal sense it would not be appropriate to interfere with the owners' rights to progress their project. We believe we will see the return of this important heritage asset to its former glory.

In moving forward from the city granting planning approval to development starting on this site, the State Heritage Office will provide heritage advice and support to the owners and the professionals they will engage for the project. The goal is to ensure that the needs of the owners and their tenants are met within the framework of the planning approval while preserving the significant heritage value of this hotel. Now is the time for all stakeholders to get behind the owners and to encourage and to support them to work towards restoration and redevelopment of this Guildford landmark hotel.

What should occur if the existing DA ultimately lapses? At the moment, it is exactly at the stage at which I would expect a developer to be at on a project of this scale, and, in fact, on a greenfields project of this scale, setting aside the history of this as a heritage project that had an accidental fire. This is perfectly normal —

Ms M.M. Quirk: Eighteen months?

Mr A.P. JACOB: The member for Girrawheen would have seen projects of a similar scale in her electorate.

Ms M.M. Quirk: No.

Mr A.P. JACOB: I will not speculate on how this issue may end should the DA lapse. We will work with the owners at this point, and if we ultimately need to reassess things, we will. At the moment the owners are operating within their full legal rights. They have a planning application approval sitting on the site, and they have until the second half of next year to secure tenants and to apply for a building licence. I am happy to report to the house that they have continued to provide regular updates to all who have sought to engage with them, including me, local community members—everyone except the member for Girrawheen and members opposite. The Liberal–National government takes recognition and management of our state's rich cultural heritage seriously.

Ms M.M. Quirk: When's the new act coming in then?

The SPEAKER: Member for Girrawheen!

Mr A.P. JACOB: In February 2011, cabinet endorsed the state cultural heritage policy, which is the first of its kind adopted by any government in Western Australia.

Mr W.J. Johnston interjected.

The SPEAKER: Member for Cannington!

Mr A.P. JACOB: The cultural heritage policy recognises that heritage legislation needs to be open, transparent, simple to operate and understand and able to reflect best practice in the recognition and protection of heritage

places. The review of the now 20-year-old Heritage Western Australia Act was the first initiative that arose from this policy. The Heritage Council has completed two rounds of public consultation on new heritage legislation.

Mr W.J. Johnston interjected.

The SPEAKER: Member for Cannington!

Mr A.P. JACOB: The state government will deliver on its election promise of introducing to Parliament a new, modernised heritage bill for Western Australia that will deliver open, transparent legislation that is simple to operate and understand, and that reflects best practice in the recognition and protection of heritage places.

HANSON AND HOLCIM CONCRETE BATCHING PLANTS, EAST PERTH

Grievance

MS E. EVANGEL (Perth) [9.53 am]: Mr Speaker —

Mr W.J. Johnston interjected.

Point of Order

Mr P.T. MILES: The opposition is going against standing orders. The member for Perth has the call to deliver a grievance, but the opposition is interjecting on another matter in this house. Can you please bring them to order?

Mr W.J. JOHNSTON: There is an expectation under standing orders that ministers take grievances seriously. When a minister comes into this house and does not respond to a grievance, it is natural that there will be a reaction.

The SPEAKER: This is not a point of order, member for Cannington.

Mr P. Papalia interjected.

The SPEAKER: I am telling you and I am telling the member for Warnbro that I have given you some licence. Please do not shout out any more.

Grievance Resumed

Ms E. EVANGEL: Thank you, Mr Speaker. My grievance to Minister Day refers to the ongoing issue of the operation by Hanson and Holcim of two East Perth concrete batching plants in my electorate of Perth. The minister is well aware of this ongoing issue, as I have raised it with him on a number of occasions, as has my colleague the member for Mount Lawley, Hon Michael Sutherland, prior to my election in March this year.

On 1 May this year, I met Mr Mark George and some of his colleagues, who, as a business owner in close proximity to the batching plants, represents the group of residents directly impacted by the ongoing operations of these batching plants. Mr George has driven a long and ongoing campaign to have these batching plants removed as they are directly affecting the health and wellbeing of surrounding residents, and negatively impact on the East Perth residential amenity. As a new member in this role, I sought a brief history and update from the minister's office, and I shall briefly summarise it in this house.

The concrete batching plants have operated in various sites in East Perth for over 40 years. The Hanson and Holcim plants moved to their current locations in the mid-1990s due to the need for their site to be resumed for the Graham Farmer Freeway project. Development approval for the plants in their current locations was issued by the then East Perth Redevelopment Authority, which had planning control over the area from the mid-1990s to the mid-2000s. As the area was under redevelopment, the EPRA development approvals included a time limitation, which expired in mid-2012, with the requirement to lodge a new application before being permitted to operate beyond that time.

Following the transfer of planning control from EPRA to the City of Vincent, and prior to their current approval time frames running out, each plant in mid-2011 applied to the City of Vincent to renew their development approvals. As the City of Vincent did not determine each application within the statutory time frame set out in their planning scheme, each plant lodged an application for review to the State Administrative Tribunal in August 2011. I believe that under the provisions of section 246 of the Planning and Development Act, the Minister for Planning directed SAT to hear each application but to refer the application, with recommendations, to the Minister for Planning for determination. Section 246 enables the minister to call in a SAT application if the minister considers the proposal raises issues of such state or regional importance that it would be appropriate for the application to be determined by the minister. Following SAT's hearing of each application, it provided the minister with recommendations and conditions that he agreed with, including the need for up-to-date strategic planning for the wider area to be completed, including the City of Vincent's local planning scheme review.

In summary, I believe the minister determined that Hanson and Holcim be given conditional approval to operate for a further five years, during which time the necessary strategic planning framework should be finalised to indicate clearly the ultimate development intent for the subject land. The current approval for each site expires on 16 October 2017, and the conditions of the approval include an environmental management plan, including noise, dust, waste and traffic management, to be approved and monitored by the Town of Vincent. A new application and approval will be required to enable them to operate beyond this date.

Our city is growing, changing and developing into a city of international significance. The outstanding work of this government, of which I am very proud, has been largely led by the Minister for Planning. He has led a once-in-a-life-time rejuvenation of our city, which in turn has encouraged an inner-city residential growth explosion. Projects such as this government's Riverside development are creating an eastern gateway statement. Together with the proposed Burswood stadium, with its pedestrian bridge landing in East Perth, they are contributing to this new and rapidly emerging East Perth. However, and unfortunately, it is the sentiment of my East Perth constituents that because of the two batching plants, the gateway to the city is being overrun by heavy haulage trucks. With all the positive investments and planning for this area, the batching plants are undermining this government's outstanding record in our capital city.

The residents are putting up with about 150 truck movements a day, so, as the minister might imagine, they are extremely frustrated. I shudder to imagine the noise, pollution, dust emissions and congestion being suffered continuously by these people. Understandably, they are very concerned about potential long-term health risks. These batching plants are a contradiction to the minister's excellent work and foresight in this emerging section of our city. What has been a tired, underutilised area for many years, which perhaps in years gone by justified the existence of these batching plants, is no longer an area where they are suited. It is public opinion that by facilitating the removal of the batching plants, we will ensure that the area is revitalised as a prime and vibrant inner-city location.

As the minister is aware, the current approval for each site expires on 16 October 2017, and a new application and approval will be required to enable them to operate beyond this date. The East Perth community has had to reluctantly accept that this is the current status. However, I urge the minister to make this the last renewal of this lease. The leases must not be renewed beyond this date as it will prevent home developments and condemn the area to a long-term industrial future. I believe the local residents and businesses are lobbying Holcim and Hanson to relocate from their current sites as they are concerned the companies will re-apply to remain after 2017. About 60 local residents and businesses attended a public meeting in June 2011, prior to the 2012 extension, and voted unanimously for the plants to cease operation. There is growing concern within my community that the leases will be extended beyond this current lease period, and this has been heightened by the recent Department of Planning's recommended rezoning of the area to strictly industrial use. On 6 October 2013 the City of Vincent held a public meeting at which residents voiced their concerns. This meeting was a result of the Department of Planning refusing the city's request to zone the land as residential or commercial. The department has indicated that some parts of the area be specifically used for batching plants and that residential uses be banned in the surrounding properties. Does this mean that the minister has already made up his mind to extend the two East Perth batching plant leases beyond 16 October? In my opinion and the opinion of many in my electorate, given the area's close proximity to the CBD and both the East Perth and Claisebrook train stations, this area is an ideal location for greater commercial and residential density development.

I respectfully request the minister's urgent consideration of this issue as it is one that is causing much grief and angst to many people in the Perth electorate.

MR J.H.D. DAY (Kalamunda — Minister for Planning) [10.01 am]: I acknowledge the interest of the member for Perth in this issue and the fact that, since she was elected, she has advocated and continues to advocate strongly on behalf of her constituents, the residents of this part of her electorate. The rejuvenation that the member referred to in the CBD of Perth and surrounding areas is relevant to the reason the batching plants are in this location and have been given approval to continue for another five years, up until 2017. The fact that so much construction activity is occurring in the CBD obviously means, with modern-day construction methods, that large quantities of concrete are necessary. All other things being equal, it is desirable to have concrete batching plants located as close as is reasonably possible to the site of construction so that the trucks that are needed to convey the concrete to those locations spend the least possible time on the roads and therefore cause a lesser amount of congestion and exhaust emissions than would otherwise be the case.

The role of the planning system is, to a large extent, to balance competing interests in the use of land. I accept that the residents and those who operate businesses in the area would prefer the batching plants not to be in that location. That is an important point of view and will continue to be taken into account in future decisions in this matter. The other side of the argument, as I have just mentioned, is that it is desirable to have batching

plants such as these as close as is reasonably possible to the site of construction of major projects so that the cost of transport of concrete is reduced and there is less congestion on the roads than would otherwise be the case.

I agree with the historical record that the member presented. It is correct that when an appeal was lodged with the State Administrative Tribunal by the two companies in 2011 I made the decision to call in, as it is termed, both applications for review in SAT with a request that SAT make a recommendation to me as Minister for Planning so the final decision could be made by me. It is relevant to note that my actions in that respect have been entirely consistent with the actions of my predecessor, the Minister for Planning and Infrastructure up until 2008, Hon Alannah MacTiernan, who subsequently became mayor of the City of Vincent and is now the member for the federal electorate of Perth in the House of Representatives. Quite understandably, for exactly the reasons I have mentioned, she made the decision to call in an appeal to SAT in 2008 of one of the companies in relation to their application to have longer operating hours. I also understand that a submission was made by her to SAT in relation to an appeal by the other company in 2008 on the same issue, as the Minister for Planning is able to do. The issues that I have just raised were relevant then and they are still relevant now.

It is correct that I have requested that longer-term strategic planning be undertaken for the precinct prior to the expiry of the approval for the operation of the two plants in 2017. I certainly hope that that will be undertaken in the next two years. It needs to involve the Department of Planning together with the City of Vincent and the views of the local residents do need to be taken into account in that respect. One aspect that I am sure will be given consideration is alternatives to the location of batching plants in this area—whether there are viable alternative options that could be put into effect by the two companies. All the issues that I have mentioned need to be taken into account.

On 3 September, only fairly recently, I provided consent to the City of Vincent to advertise its draft local planning scheme for public consultation. One of the modifications that I required related to the concrete batching plant sites. The original draft of the scheme that was presented to me proposed to introduce a residential and commercial zone, which, if supported, would mean that after the expiration of the current approvals in October 2017, new applications for the batching plants would not be able to be considered by the city and they would therefore have to cease their operations. I understand from some recent media reports that the City of Vincent proposed in its draft scheme to include an additional use of the site to allow provision to be made for the continued operation of the plants; however, I am advised that this is not correct.

In order to protect industrial land in accordance with the objectives of the state's economic and employment lands strategy, particularly those considered to have state and regional importance and that are located within the inner and middle sectors of the metropolitan area, I determined to request a modification that rezoned the batching plants site within the special use zone with an associated entry in schedule 4 of the scheme. I also considered it appropriate to exclude residential development, for the time being at least, in the areas immediately surrounding the batching plant site. This includes the lots fronting Edward Street, east of Lord Street, Caversham Street and Claisebrook Road between Chelsea Street and Murchison Terrace.

The issues that the member for Perth has raised are being considered seriously; they do need to be taken into account. I understand the views of the local residents but we also need to give consideration, as my predecessor did, to the wider needs of economic development and the appropriate use of roads and the appropriate location of industrial facilities such as these.

PUBLIC ACCOUNTS COMMITTEE

Second Report — "Budget Briefing 2013–14" — Tabling

MR D.C. NALDER (Alfred Cove) [10.08 am]: I present for tabling the second report of the Public Accounts Committee, titled "Budget Briefing 2013–14".

[See paper 1116.]

Mr D.C. NALDER: It is customary for the incumbent Public Accounts Committee to host a briefing on the state's annual budget, delivered by members of the Department of Treasury to all interested members of the Western Australian Parliament. The briefing provides an ideal opportunity for all members to acquire a detailed knowledge and to question senior Treasury officials on the economic forecasts for the year ahead and the impact on income and expenditure proposals on the state's bottom line. The committee resolved to table this report, including the PowerPoint presentation used by the Under Treasurer, at appendix one, to make it available to a broader audience beyond the confines of Parliament. The committee would like to express its thanks to Mr Tim Marney, the Under Treasurer, for his cooperation in this process and for the presentation. Similarly, the committee would like to acknowledge the input of Mr Barnes and Mr Court to questions from the floor during the briefing.

I would also like to thank the committee, consisting of the members for Victoria Park, Belmont, Cannington and Bateman, for their input and support. I would also like to take this opportunity to thank the committee staff, Mr Tim Hughes and Ms Lucy Roberts, for their tremendous support.

MR W.J. JOHNSTON (Cannington) [10.09 am]: I rise to make some brief remarks on the tabling of this report. This is the first time the Public Accounts Committee has tabled a report arising out of the process that has been done for a number of years now; that is, getting Treasury officials into a hearing to directly brief members of Parliament. I believe that the Public Accounts Committee is doing a very good thing by not just holding a briefing but also moving to table a report arising out of that briefing.

In my inaugural speech to this house, I outlined my suggestions for ways in which parliamentary committees could be used to increase the engagement between the people of Western Australia and the activities of Parliament. One of the big missing pieces in the operations of Parliament is the lack of understanding that members of the public have about the work we do and the important functions of Parliament. Expanding the role of committees is in my view a way of connecting Parliament to our constituents and to the citizens of Western Australia.

What the committee has done here is very basic; it is a very simple report. It comprises just a couple of slides and the answers to a few questions from the Treasury department but in my view it is the start of what could be a much bigger step. The Public Accounts Committee in the future could invite in not just officials from the Department of Treasury after the budget comes down to brief us on the content of the budget, but also in advance of the budget organisations in the community that comment on budget matters. For example, the Chamber of Commerce and Industry of Western Australia, the Western Australian Council of Social Service, Shelter WA, the Chamber of Minerals and Energy of Western Australia and UnionsWA all could be invited in to make submissions on the upcoming budget. That would then allow the committee members to ask questions. You know as a member of Parliament, Mr Acting Speaker (Mr I.M. Britza), that people are always coming to us with demands for activity, but on very few occasions do they come and talk about the opportunity costs that those demands create. If we got those different lobby groups to come in and say not just what they want, but also how those demands would fit into the total needs of the community, we would actually improve the process of the budget development. Then, after the budget, we could get the Treasury department in to present submissions on the budget.

I urge members to have a look at the slides in the report, which include future projections of employment growth and activities in the economy and those sorts of things. We could also invite in other people with expertise in those areas to make comments about the assumptions made in the budget. We could get academic economists, for example, to come in and give their assessment of the positions taken and the assumptions made by Treasury forecasters. That in my view would be a way of improving Treasury forecasts.

I note that when Mr John Langoulant—I am not trying to personally antagonise him, as he is a good citizen of Western Australia and has made many different contributions to public service, the Chamber of Commerce and Industry and business—moved from Treasury to the Chamber of Commerce and Industry, he commented that Treasury bureaucrats always tell the government the wrong thing because they do not want their forecast to be too bullish. This would be therefore a way of holding to account the forecasts of the Treasury.

I am therefore very pleased to speak today at the tabling of this minor report, but I make the point that it is important in its own right and gives the opportunity for growth in the activities of our parliamentary committees to make them even more dynamic, more worthwhile and more important in the future.

JOINT STANDING COMMITTEE ON DELEGATED LEGISLATION

Sixty-ninth Report — "Report Seeking Clarification of the Application of Standing Orders to the Joint Standing Committee on Delegated Legislation" — Tabling

MR P. ABETZ (Southern River) [10.14 am]: I present for tabling the sixty-ninth report of the Joint Standing Committee on Delegated Legislation entitled "Report Seeking Clarification of the Application of Standing Orders to the Joint Standing Committee on Delegated Legislation".

[See paper 1117.]

Mr P. ABETZ: There are different standards in both chambers for appointment as a participating member on the committee. An Assembly member must be appointed by the Assembly, whereas a Council member may be appointed by leave of the joint committee. The joint committee is of the view that there is a lack of equity between Council and Assembly members in the rules for appointment as a participating member on the joint committee. We raise two issues: first, it is completely unclear which standing orders apply to the joint committee; and, second, regardless of which standing orders apply, they have different application between members of both houses. This lack of equity between members of the Legislative Council and the Legislative Assembly suggests a contradiction in the principle of equality between members of joint committees. The committee recommends that the Legislative Council and the Legislative Assembly clarify which standing orders are to apply to the joint committee. Further, the houses should clarify how such standing orders are to be applied to ensure equitable treatment of members from both houses.

Sixty-eighth Report — "Explanatory Report in Relation to the Firearms Amendment Regulations 2013" — Tabling

MR P. ABETZ (Southern River) [10.16 am]: I present for tabling the sixty-eighth report of the Joint Standing Committee on Delegated Legislation entitled "Explanatory Report in Relation to the Firearms Amendment Regulations 2013".

[See paper 1118.]

Mr P. ABETZ: We present this report to assist the other place during the debate on the notice of motion to disallow the amendment regulations in due course. The amendment regulations increase fees for a range of firearms licences for the 2013–14 financial year in order to achieve full cost recovery. Western Australia Police, as part of the explanatory memorandum to the amendment regulations, provided a unit-cost table for the fees. That table reveals that Western Australia Police has a costing methodology in place and all the fees are at 100 per cent recovery. In such cases the committee's sessional resolution 23 applies, which states —

> If an agency has a costing methodology and the amended fee is under recovering or at cost recovery, then accept the increase.

On the basis of that resolution, the committee concluded that the amendment regulations are within power of the Firearms Act 1973. However, the committee received many unsolicited submissions regarding the fee increases. It considered the quantum of fees further by holding a public hearing. The committee resolved to advise the house of four controversial matters arising from the hearing and those submissions. The matters are: first, the processing of applications for firearms licences; second, the opportunity for error in such processing; third, the noting fee for additional firearms on certain existing licences; and, fourth, the costs of licences in other jurisdictions. That concludes the formal tabling statement.

I will take the opportunity to make a few personal comments regarding the Firearms Amendment Regulations 2013 that were gazetted on 28 June 2013. Because they resulted in a massive increase in fees, they certainly generated an awful lot of public debate and discussion. Some fees were increased by 400 per cent. I can well imagine that anyone in the community who has to pay an annual licence fee that suddenly goes up by 400 per cent would not be particularly thrilled with that prospect. If I remember correctly, the committee received 89 written submissions, although it did not call for them; people simply chose to write to the committee. The explanatory memorandum from the police department that accompanied the amendment regulations states —

> an adverse reaction is expected from the firearms industry and the public.

That certainly happened; the explanatory memorandum was quite prophetic. Although the increases in fees, in accordance with the terms of reference of the committee, are within power, as mentioned in the formal tabling statement, there are certainly some major issues.

I am not a firearms owner. The last time I used a firearm was as a teenager to shoot rabbits on a little hobby farm we had—it was a shotgun. Just recently the members of the Canning Club, which is a shooting club in my electorate, invited me to come and have a look at what they do, and gave me a go of a couple of pistols. It was quite fun; I also had a go with a rifle.

Dr G.G. Jacobs: Did you hit something?

Mr P. ABETZ: Yes; I was surprised at what a good shot I was, and so were they! But I think it had something to do with the excellent sight on the rifle. I got them all within a just few inches of the bullseye, so I was quite impressed—they were quite impressed, I should say.

Mr C.J. Barnett: I think you were pretty impressed with yourself too.

Dr G.G. Jacobs: I think so; otherwise he wouldn't be talking about it!

Mr P. ABETZ: That is right, yes; but never mind.

I return to the issues. The committee was astounded by the totally convoluted, complex processing system used in this state for registering firearms.

Mr M.J. Cowper: Tell us about it!

Mr P. ABETZ: I just find it unbelievable that in this day and age we have such unnecessary double handling. It just defies description. I will give members an indication of what happens. If a person wants to buy a firearm, he goes to the gun shop but cannot actually take the gun from there. He needs to get the serial number of what he wants to buy and go online and print off a form. He takes the form to Australia Post, which, by the way, charges $50-something for handling and scanning it, and it then goes to the police department, where it is processed by one person and then moves to another section. Then it gets entered into a computer system, which, incidentally, cannot communicate with a later aspect of the entry process. So it has to be entered into two different computer systems, which of course creates wonderful opportunities for typos, which then creates more work because

things do not quite tally up. Once that second entry has taken place, the police have to go and check the reason the person wants the firearms licence. That is probably fair enough because if someone has filled in that they want to rob a bank, they probably should not get one.

Dr A.D. Buti: It is fair enough!

Mr P. ABETZ: Yes, that is fair enough.

Then the police have to ring the property owner if the reason given was that the person wanted to go and shoot rabbits on some station somewhere; if the owner says that is correct, it is all well and good. Once it has all been approved, before someone can pick up their gun they need to send photographs to the police of where they plan to store those guns, and then two police officers have to come out and inspect that. Once all that is done, then the person can go and pick up his gun. If that person has been out on that property and done some rabbit shooting with the shotgun, and two weeks later the owner says, "Hey, look, can you help get rid of some of these feral goats? You need a .22 for that," and the person goes back to the gun shop to buy a .22 rifle, guess what happens? The whole process has to be repeated, even though section 18(10) of the Firearms Act clearly makes provision for a noting fee. But, no, the police department has taken it upon itself to interpret this section as being applicable only in very exceptional circumstances. So they go through the whole process again of ringing the farmer to find out whether he really wants Joe Bloggs to shoot goats and whether he really needs a .22 to do that. If the farmer says he does, the process of sending in the photos of where he is going to store the gun needs to be gone through again, and two police officers have to come out to inspect it all again. The inefficiencies of that system are totally outrageous. In most other states, if someone buys a second firearm, they are charged a noting fee of around $40; in Western Australia it has now gone from $72.50 to $169. If I am a fit and proper person to own a shotgun, and a couple of months later I want a .22, why does all that processing have to be done all over again?

Mr P. Papalia: How many weapons would you personally be happy for that process to be repeated for? What if they were doing their fourth or fifth weapon? At what point would you want them to go out and re-check?

Mr P. ABETZ: That is an interesting question; it depends what sort of weapons they are. If it is a shotgun or a .22 and somebody wants a .303 because they are going to shoot camels out there and the person is fit and proper. Why? I guess it is up to the police officer handling it to use some commonsense.

Mr P. Papalia: But what's commonsense?

Mr P. ABETZ: I realise that commonsense is not as common as the word suggests. But I believe we need to put some trust in our public servants and give them the opportunity to use commonsense, because otherwise we will end up having a system that just keeps rolling along. Some people, for example, are firearms collectors and have several hundred firearms of various sorts. To have to pay $169 every time, after they have been deemed a fit and proper person to have 100 firearms because they are collectors, really needs looking at.

I raise another issue that was that was raised by a constituent of mine, Mr John Glisson. To have a firearm people need a licence—it is like a driver's licence—and they need to have that with them when in possession of their firearm. But that licence records nothing about how many firearms someone is licensed to have. A person could be licensed to have one shotgun, but if the police pull him over and he has a ute full of rifles in the back and the police look at the licence to carry firearms, they have to let the person go because nothing on the licence states how many firearms or the serial numbers they are allowed to own. I believe that card should have on it the serial number and calibre of the firearm or firearms that person is allowed to own. Now, if someone goes to a gun shop to buy ammunition for their firearm, that plastic card will not allow them to purchase ammunition because it shows nothing about the calibre of the gun they are allowed to have. The person needs to dig out of their pocket the receipt, which gets very tatty, and they need to present that to the gun shop to prove that they are entitled to own this gun, and if they are entitled to own it then they are allowed to buy ammunition for it. There really is massive scope for reducing the red tape and simplifying the whole system.

I notice that Hon Rick Mazza from the other place has moved a notice of motion to disallow the regulations. Although the regulations certainly are within power under the act, I think this debate about the regulations has highlighted the absolute urgency of revising, amending or perhaps totally redoing the Firearms Act. I hope the government will give that a reasonably high priority so that people who need firearms are not required to pay what I consider to be very excessive charges. Let us keep in mind that 60 per cent of all firearms in WA are owned by people who live in regional areas, so it really affects people like farmers, graziers and so on, or people who live out in the country. We need to not put unnecessary obstacles in the way of people who have a legitimate reason for owning a gun, because if it becomes too difficult and too costly, it will end up being a disincentive for people to obey the law. We need to find a balance. We do not want to have too many weapons in the community; I do not have an issue with that. However, for many firearm owners, it is a sport. The people at the Canning Club that I went to were very strictly supervised and safety conscious and were doing the right thing. A lot of families are involved in this sport. It was interesting to see people young and old, and mums and

dads with young kids and older kids, participate in this sport. To require those people to pay what seems to be quite unreasonable charges is quite unnecessary. I hope the act will be reviewed. It will be interesting to read the debate in the other place.

MS S.F. McGURK (Fremantle) [10.30 am]: I also want to make a quick comment on the report of the Joint Standing Committee on Delegated Legislation in relation to the Firearms Amendment Regulations 2013. I have very little experience with firearms and firearms clubs and with that culture. However, I want to reiterate and confirm some of points made by the member for Southern River. I could understand the frustration of the people who came to the hearing of the committee at the quite significant firearm licence fee increases, when they are continuing to experience a very inefficient system. The fee increases are particularly significant compared with those in other states. Of course our legislation is different from that in other states, so it is difficult to compare our licence fees with those in other states, and that is not something that is within our remit in any case.

On the evidence presented to the committee, the fee increases did seem to represent cost recovery. Therefore, there was little opportunity for our committee to disallow any of those fee increases. However, having said that, there do seem to be significant inefficiencies in the processing of firearm licences. There is a lot of room for improvement in the system, not only to ensure that WA Police and the other agencies involved in processing firearms licence applications operate more effectively, but also to ensure greater efficiency for consumers who apply for or renew a firearms licence, or apply for second and subsequent licences. I am sure all members of the committee look forward to those improvements being implemented in the current system.

MR P. PAPALIA (Warnbro) [10.33 am]: Mr Acting Speaker, I seek leave to make some comments on the report of the Joint Standing Committee on Delegated Legislation.

Point of Order

Mr C.J. BARNETT: It is not normal procedure for members who are not members of the committee to make comments on a committee report. The member wishes to make some comments, and he obviously has some knowledge in this area, but I would hope that he would be brief.

The ACTING SPEAKER (Mr I.M. Britza): I concur.

Mr P. PAPALIA: Thank you, Mr Acting Speaker. I appreciate the Premier's comments, and I do understand it is not normal, but also it is in accordance with the standing orders to seek leave, and I thank members for the opportunity.

Debate Resumed

Leave granted.

Mr P. PAPALIA: I want to respond briefly to the comments by the chair of the committee, the member for Southern River, about the complexity of the system, and about how onerous it can be for people who want to acquire more than one firearm. I agree entirely with the observations of both the member for Southern River and the member for Fremantle about the significant cost increases for firearms owners. The fee increases are far in excess of what would be appropriate, and I do not see any justification for that in light of the services that firearms owners receive. I do have sympathy for firearms owners, because the system is quite challenging, and there is clearly an opportunity for improvement in the delivery of services to firearms owners.

However, I would also like to respond to the observation of the member for Southern River that in relation to purchasing a second firearm and multiple firearms thereafter, the system could be streamlined. I want to draw to the attention of the house an incident that occurred in March 2012 and that received some coverage in the media. An individual in the electorate of Warnbro had his house raided by the police and was found to be in possession of 14 firearms and a significant quantity of illegal and unlicensed ammunition. Some of these weapons had been purchased legally, and the individual in question was authorised and approved for the possession of those weapons. However, a number of those weapons had not been authorised. In light of that situation, I would be very reluctant to reduce the requirement for the police to confirm that the weapons are being used in the manner in which the owner claims they are being used. I understand the concern of the member for Southern River that it is unwieldy to require the police to go to the same farm and confirm with the same farmer that a second weapon or multiple weapons are being used for the same purpose as the first weapon for which a licence was obtained. However, we need to consider the situation of the individual who appeared to be upstanding and was authorised to have one weapon, and was then authorised to have multiple weapons, but was then found, through an incidental raid on his house over another matter, to be in possession of multiple illegal weapons. That should flag a warning to us all that we should not be too rash and too hasty in reducing the restrictions that are placed upon the ownership of multiple weapons.

Although I have sympathy for weapons owners, particularly sporting shooters, and I have been lobbied by them on multiple occasions and I have expressed support for them in certain circumstances, multiple weapons ownership should be subject to the strictest regulation. We should not rush to make it too easy for people to own

multiple weapons and open up the system even further to potential rorting. We have seen that clearly in the case of the individual whom I mentioned, who has played the system quite a bit.

Mr P. Abetz: One of the issues that is of concern is that if the fee for a second weapon is too high, it acts as a disincentive for that person to follow the proper channels.

Mr P. PAPALIA: I concede that, but we would not want those sorts of people to possess weapons anyway. If the fee is too much of a threshold and they are going to break the law as a consequence of not wanting to meet the fee, we do not really want those people to be in possession of weapons. I would say that in this case the guy was playing the system. I do not know all the circumstances—they have not all been revealed—of how he came to be authorised to have multiple weapons, where he intended to use them and how he justified and stated to the police how he would use them in the future. I do not know all the circumstances, but it would appear to me that the current system, which is deemed unwieldy and difficult, failed to prevent that individual from legally getting multiple weapons when, in my view, he was clearly not an appropriate individual to be in possession of those weapons. Our system failed.

Mr J. Norberger: Did he commit a crime?

Mr P. PAPALIA: His property was raided for drug possession and dealing. It was clear that he was not an upright citizen, yet he was in possession of licensed legally obtained weapons and a significant number of illegal weapons with illegal ammunition. I agree that the system needs to be improved for appropriate people to acquire weapons in a legal fashion, but we must be careful that in doing so we do not make it easier for people already playing and manipulating the system for their own purposes and avoiding proper scrutiny. We must make sure that we do not make it easy for those people.

Mr P. Abetz: But despite the system, you've still got illegal guns.

Mr P. PAPALIA: That is the warning that I hasten to place on the record. I understand what the member for Southern River is saying and I can see an opportunity for improvement in the system. Certainly, weapon holders are not getting their money's worth in administration, but not everyone seeking to possess a weapon is the sort of person we want to own one. The benefits of the gun buyback scheme and the more strict imposition on gun ownership brought in by the Howard government should not be eroded in any way through our efforts to make it easier for sporting shooters, farmers and the like to own multiple guns. I am not absolutely disagreeing with the member for Southern River, but I felt that some of his comments suggested it should be much easier to possess multiple weapons. I am not sure about that. We should look at multiple weapon ownership as questionable. I understand sporting shooters having a number of weapons, but how many is okay? If we are to make the process easier and smoother for second weapon ownership, at what point do we make it more difficult? Should it be when someone purchases three, four or five weapons? At what point should an alarm bell ring? Should we have the police go back to the residence, if we are going to do it for only the first one? That is all I would like to place on the record.

SUNSET RESERVE TRANSFORMATION BILL 2013

Introduction and First Reading

Bill introduced, on motion by **Mr A.P. Jacob (Minister for Heritage)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR A.P. JACOB (Ocean Reef — Minister for Heritage) [10.43 am]: I move —

> That the bill be now read a second time.

The Sunset Reserve Transformation Bill 2013 supports the Liberal–National government's vision to transform Sunset over time into a unique government-owned asset for arts, cultural and community use. Sunset is a unique heritage place located on a significant headland overlooking the Swan River. It comprises 8.2 hectares of highly valuable real estate, which contains a range of hospital-type ward blocks and associated buildings that were mostly constructed between 1904 and 1906. The place is on the state Register of Heritage Places. The solution proposed by the Liberal–National government is to transform Sunset over time using funding derived from the sale of a small parcel of land in Iris Avenue. The transformed Sunset site will have a high level of heritage conservation and amenity with public access to the grounds and buildings, and engagement with the river.

I will shortly go over some of the key elements of the Sunset Reserve Transformation Bill 2013 to deliver the Liberal–National government's vision for the Sunset site to the people of Western Australia. Before doing so, I table the plan showing the site's chronology.

[See paper 1119.]

Mr A.P. JACOB: The key points are as follows: act 13 of 1904 created A-class reserve 1667 for the purpose of building the Old Men's Depot. The layout of the original Old Men's Depot can be readily seen in the bird's-eye view sketch of the Claremont Old Men's Home by Hillson Beasley, principal architect, in 1906. At this time, Brown Road bounded this reserve to the west and Success Road to the east. These roads and part of Jutland Parade were closed in later years and added to the reserve, together with other land parcels, including freehold land acquired in 1921. In 1925, 1928 and 1957, land was excised from Sunset reserve for inclusion in adjacent recreation reserves. The current Sunset site A-class reserve was not consolidated until 1977. In 2000, the reserve's purpose was amended to become retirement village, parks and recreation, community and ancillary commercial purposes. In June 2011, a management order of reserve 1667 was granted to the minister for works with the power to lease for any term.

This is not the first time in relatively recent years that the future use of Sunset has been debated in this Parliament. There have been best endeavours from both major parties over the years to provide an acceptable solution to the sustainable future use of Sunset, but past proposals have not come to fruition. Past proposals have been problematic because they were commercially driven and failed to fully capture the site's heritage significance, cultural potential and real opportunity to provide an active place for community enjoyment. In preparing this strategy, previous proposals have been analysed and the positives from each have been put together into the framing of the Sunset Reserve Transformation Bill 2013. The bill seeks to achieve several objectives. Firstly, the existing A-class reserve will be amended. Sunset is currently set aside for retirement village, parks and recreation, community and ancillary commercial purposes. The retirement village use is no longer appropriate. The bill amends the Sunset heritage precinct to be for arts, cultural, community and ancillary commercial purposes, and sets a clear vision for the future of Sunset. Secondly, the bill provides for a number of planning amendments. An amendment will be made to the metropolitan region scheme whereby the public purpose hospital reservation is replaced by the whole of the land comprising A-class reserve 1667 being set aside as a reserve for parks and recreation. In addition, the land to be excised will be zoned urban in the metropolitan region scheme and residential in the City of Nedlands town planning scheme, with a density of R12.5, which is consistent with adjacent residential land fronting the river. Thirdly, the bill deals with several minor encroachments on the site to accommodate the City of Nedlands' bicycle path, bore and pump located within the Sunset boundary. Lastly, the bill will enable a portion of the land located in Iris Avenue to be excised and sold.

All proposals since the closure of Sunset in 1995 have contemplated the sale of land in Iris Avenue in some form. When announcing plans for Sunset earlier this year, the Premier advised that a small parcel of land at the edge of the site on Iris Avenue would be sold to fund heritage conservation work of Sunset. The bill provides for the revenue from the sale of this land to be dedicated to a special-purpose account to fund conservation and management of Sunset as a continuing state-owned public asset. It is fortunate that the value of the land in Dalkeith means that a relatively small excision of 1 993 square metres, or 2.4 per cent of the site, provides a significant reinvestment to contribute to transforming Sunset into a public asset for community enjoyment over time. The land to be sold is isolated, sits below the main heritage complex and does not impact on the site's heritage value or the foreshore reserve.

The former staff accommodation on this land has not been attributed significance by the conservation management plan for the site. To ensure that development of the land is of a high standard and has no detrimental impact on the heritage significance of Sunset, design guidelines will be prepared in consultation with the Heritage Council of Western Australia, the Swan River Trust, the Department of Planning and the City of Nedlands. The City of Nedlands will determine the development application for the land based on the design guidelines after receiving advice and comments from the Heritage Council, the Swan River Trust and the Department of Planning. Revenue from the sale of the land in Iris Avenue will provide for the preservation of heritage buildings through the implementation of a holding pattern that aims to minimise ongoing deterioration of the buildings and includes major repair to roofs and replacement of gutters. Revenue will also be used to upgrade site services. The internal services are old and dilapidated. New services will be brought onto the site to support connection to specific buildings when appropriate uses for the buildings are identified.

Landscape work and associated maintenance will also be funded from the sale of land. This will include an upgrade of Padbury View overlooking the Swan River, and the parkland on the eastern side of the site will provide the community access to a children's playground, barbecues and tables. This will be a modest but positive beginning to the transformation of Sunset. The Department of Finance will continue to manage Sunset on a day-to-day basis through property managers. A tenancy management strategy will be developed by the department and overseen by a government committee to determine and attract quality, long–term public and private user groups that complement aspirations for the site.

In 1904 an act of Parliament established the Claremont Old Men's Home. One hundred and nine years later, Parliament will again consider the future of the Sunset site through the Sunset Reserve Transformation Bill 2013. After close to 20 years' planning and various failed schemes from both sides of politics, it is time to put in place arrangements whereby the full potential of the Sunset site can be realised. This bill will do that by implementing

the transformation of this historic place for arts, cultural and community uses that can evolve over time into a landmark heritage asset for the enjoyment of the local and broader community of Perth and visitors alike.

I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.

CRIMINAL INVESTIGATION (IDENTIFYING PEOPLE) AMENDMENT BILL 2013

Council's Amendments — Consideration in Detail

The following amendments made by the Council now considered —

No 1

Page 6, lines 11 to 13 — To delete the lines and insert —

face covering means an item of clothing, hat, helmet, mask or sunglasses, or any other thing worn by a person, that totally or partially covers the person's face;

No 2

Page 6, line 25 — To delete "any headwear" and insert —

or adjust any face covering

No 3

Page 6, line 27 — To delete "head" and insert —

face

No 4

Page 7, line 1 — To delete "headwear" and insert —

face covering

No 5

Page 7, line 2 — To delete "head is removed." and insert —

face is removed or adjusted.

No 6

Page 12, line 1 — To insert after "51(2)" —

and (3)

Leave granted for amendments 1 to 5 to be considered together.

Mr J.H.D. DAY: I move —

That amendments 1 to 5 made by the Council be agreed to.

The effect of these amendments to the bill is to give police the power to request a person to remove their headwear while police are requesting details under powers given to them by virtue of section 16 of the Criminal Investigation (Identifying People) Act 2002. I understand that the definition in the bill requiring people to remove all headwear caused some concerns in some communities. I am acting Minister for Police at the moment on account of an illness in the Minister for Police's family. The Minister for Police undertook consultation with the Muslim and Sikh communities after concerns were raised by them to the minister and her office. Those concerns have been taken into account and a reasonable alternative has been found that means people will be required to remove whatever is covering their face rather than removing all headwear. That is the purpose of these amendments. I am also advised that WA Police are happy with the amendments as they will not adversely affect the way in which they operate; therefore a reasonable compromise was found to ally community concerns. I think I am right in saying that concerns were also raised in debate in this house. We are about to be elucidated on that by one or two members opposite, but the Minister for Police certainly has taken into account the concerns of those particular communities and resolved to agree to this modification.

Ms J.M. FREEMAN: I rise to support these amendments. I congratulate the Minister for Police, if not belatedly, for recognising that she received false information from her department. It is really important in this place, when someone from the opposition raises a genuine concern, that they are listened to in the first instance. The minister's advisers may say, "No; these are the issues", and they say to them, "I have foreseen that this will be an issue for a particular community in Western Australia." Members of Parliament would not be doing their jobs if they did not stand to represent their communities. Advisers may say, "No; we have consulted" or "No; that's okay", but ministers must have some confidence that what they are being told is correct.

Let us get this clear: the police department put the word "headwear" instead of "face covering" into the bill to identify a person's face. That was outside what the review found. This legislation was introduced in 2002. It has since been reviewed. The review suggested that the act should be amended so that police can clearly see that a

person's face matches the photograph on the licence. The advisers should have been asked why they went a step further than the review. They may say, "That is really necessary because this is actually about helmets for motorcyclists." That is fine, but it has an adverse impact on a particular section of the community that we respect. As part of the Abrahamic faith, or Muslim belief—which is the basis of many religious faiths in the world—Muslims cover their hair but their face is shown. Their face is on a licence; it is what should be used to identify them. The member for Gosnells raised this issue during his second reading contribution, and I think he will speak about this again. The minister responded by saying, "Consultation has been undertaken." That is recorded in *Hansard*. During consideration in detail I put things quite specifically. We talked about the case being relied upon to justify this amendment bill. I said, "It actually hasn't got anything to do with this." The case related to a burqa and not to a hijab. In fact it did not relate to what we talked about because the woman pulled back her burqa to reveal her face. It was about a separate issue. The Minister for Police then stood and, despite me asking her to put it on record that this is not about removing the hijab for identification, she commented, "They might have a distinguishing mark somewhere and we have to remove their hijab." I replied, "I might have a distinguishing mark underneath my T-shirt but no-one is going to ask me to remove my T-shirt!" The minister only listened to her advisers. I pass on my best wishes to the Minister for Police at this time because I know it is a really difficult time for her; I truly do not believe she intended to mislead Parliament. She told us that the community had been consulted, but they had not been consulted. Ministers need to be really clear when they stand in this place and take their advisers' word that the community has been consulted, that it will not have an adverse impact; or, if it will, a conscious decision is made that it will have an adverse impact. In this case it was, "No; it's not having an adverse impact. It's okay because we've consulted and people are okay about that." Despite me asking the minister to put it on the record that no-one will be asked to remove their hijab—because that is an important aspect that would be evident on their licence—the minister would not do that. The minister would not go back and make changes to that provision.

Mr W.J. JOHNSTON: I am interested to hear further from the member for Mirrabooka.

The ACTING SPEAKER (Mr P. Abetz): Thank you for your interest!

Ms J.M. FREEMAN: Despite this, because ministers are in the house they think that they cannot take into account that we are raising legitimate concerns. The Leader of the House is one of the exceptions to the rule; I have raised things with him on previous occasions and he has allowed amendments that take my concerns into account. I recognise that. However, this is a salutary lesson for all of us. When we stand in this place, we are not necessarily standing up to point-score, although that might be part of the issue. However, when we raise legitimate concerns, ministers should not just brush us off by saying, "Oh, no, we're okay; we've consulted", because then it goes to the other house where, suddenly, they realise people are clearly talking to that stakeholder group that says, "No, you haven't consulted." Everyone starts saying, "Actually, this is not a good piece of legislation; it goes beyond what was required in the review." Beyond what was required! Therefore, we have a department that took it beyond what was required and a minister who did not question why. The minister basically accepted the department's view that it had talked to those stakeholders.

I think that this is a serious issue. A minister just stood in this place and blithely accepted something that would have an adverse effect on a particular community group. We all want to make sure, because it is our job as representatives of our community, that all of our community voices are heard—not just specific sections and areas. That is our job. This matter did not have to go to the other house and then come back to this place and have me rail. This job sometimes feels like we are yelling into the wind! It just comes back at us when we sit in this place thinking, "I was trying to be rational; I was trying to be reasonable. I was trying to raise something that was pertinent and I was dismissed." How does it make us feel? People might say it is a small issue, but if it is such a small issue, why are we back in this place dealing with it? If it is such a small issue, why was the Criminal Investigation (Identifying People) Amendment Bill 2013 changed in the other place? The bill was changed because it raised a serious concern for members of a particular group in our community who deserve to be listened to and who deserve that respect. They deserve to be acknowledged that they are law-abiding citizens who in no way want to undermine the law but who want their rights. They respect their responsibilities in the community, but they want their rights to be protected as well.

It is with some regret that I stand to support this bill. I have some regret that ministers cannot be ministers of the state; instead, they are political apparatchiks who say, "The amendment is from the other side; therefore, it can't be right. We must have done it right." Ministers should say, "Actually, why don't I get my ministerial office to just check what my department's telling me." If the minister had bothered to do that, this bill would not be back in this place today with changes. From the point of view of someone who often tries to put a positive slant on how we do this job, these sorts of things are completely frustrating. It was not the first time that I raised an issue about legislation in this house with a minister. The previous minister for consumer affairs and his advisers said, "No, no, no; we're right", but when the legislation got to the other house, suddenly, it was changed and the bill came back to this place.

I hope other ministers follow the Minister for Planning's lead; namely, when someone from the opposition raises a legitimate concern from their area, they return to their advisers and department with the question, "Why isn't that reasonable?" Given that there was a review and the legislation was taken beyond the review, why were my comments not reasonable? If a minister is told that the department has consulted, they should ask who was consulted. What did they say? The minister should have thought that maybe she could meet with them. It might be a really good thing for a minister of the state to do. Maybe ministers could make sure that they respect people's rights, because they know their responsibilities.

Mr W.J. JOHNSTON: I rise to make a couple of comments on the amendments to the Criminal Investigation (Identifying People) Amendment Bill 2013 as well. Firstly, it would appear that members of Parliament have not been told the truth in this respect. During the process of dealing with the debate in this chamber, members were told that the agency had consulted with representatives of the various communities impacted. But when those community representatives came to see the opposition, they said that they had had no consultation on the bill when it went through the Legislative Assembly.

Clearly, there is a major problem here that members of Parliament—not necessarily in the Parliament, but in the process of the agency talking to opposition members—were not telling the truth. I know that the amendments to the bill are under the acting minister, and I appreciate the special circumstances we have today. Perhaps at some later date, if the Leader of the House is not able to today—because I appreciate that he is only acting in his position—it would be good to get an indication of the actual dates of the consultation with the community groups that, in the end, were consulted with following the opposition's raising of these issues in the other chamber. Given that they had asked for the bill to be delayed so it could be changed, I think that is quite important. When I am dealing with a government agency, I accept that when it tells me something it is true. However, on this occasion, there appears to have been a gap between what the opposition was told—as I said, not necessarily in this chamber, but in the process of coming to a conclusion on the bill—and what took place.

When this legislation came through, sometimes it was colloquially known as the "burqa bill". The member for Mirrabooka talked about women wearing the hijab. One interesting thing to note is that this bill also affected men of the Sikh faith because they wear turbans. Hon Kate Doust, who everybody knows is my wife, was the opposition spokesperson dealing with this matter in the other chamber. Therefore, she was the one being approached by community groups. Although I did not attend any of those briefings or discussions, obviously she and I talked about this matter. She said that Sikh men were very upset by this proposed law because they do not remove their turban outside their house. They were to be required to do something that they would find very distressing.

In the Sikh community, there is a gorgeous young woman who represented the seat of Cannington in the youth Parliament last year. Members can find her speech on the internet, but she gave a very emotional account about her experience as a Sikh woman. She stated how difficult it is sometimes to cope in the more old-fashioned Australian–European style of culture. Many Sikh men shave or trim their beard, which they would not do in strict adherence to their religion, to try to fit in more with the demands of employers et cetera; however, we were passing legislation that made breaching their religion part of the law. I remember that back in the 1990s when the three waves of workplace reforms went through this chamber—years before I was here—a special provision was included in the workplace relations legislation at that time to exempt the Exclusive Brethren from having to show their employment records to a union official. We had the extraordinary situation that one very small group of people living in the far hills was exempted from commercial arrangements that everybody else had to deal with, yet nobody thought to talk to Sikh men about the impact of this legislation upon them. Therefore, we need to really think about the way these things occur.

I fully understand the minister's problems with the special circumstances he finds himself in and perhaps he will not know the answer, but at some time it would be great to have a time line of when those consultations actually took place.

Mr C.J. TALLENTIRE: I am delighted to see these amendments eventually come through. As the member for Mirrabooka said so well, the opposition spotted this issue before the introduction of this legislation into this place. We raised this issue with the minister's advisers, who were either deaf to, or dismissive of, our suggestions. The advisers said that they had done their consultation. During the extended process of this bill, I was able to speak to people whom I had thought would have been consulted but I found that they had not been approached by police officials to give their views. In this place we hear from members representing the great Abrahamic faiths on all kinds of issues. Therefore, I find it odd that in this instance one of those great Abrahamic faiths was forgotten and not properly consulted. That is disappointing. The member for Cannington raised the issue of Sikhs, who were forgotten in the process as well. This legislation is better crafted thanks to a tortuous process involving the review in the Legislative Council that changed "headwear" to "face covering".

It is important that we nurture our community groups so that they can become actively involved in issues. In this case they were. I spoke with people from the Muslim Women's Support Centre of WA during the course of this

discussion who pointed out that they do not have a base for their activities. They are constantly struggling to find a little bit of office space. That is a great shame because it would actually help with the consideration of legislation like this if organisations like this had recognised offices. Perhaps that would have made it easier for the police to seek out these people. Two representatives I spoke to from the support centre, Shamin Samani and Sabah Ibrahim, pointed out that their centre works with all sorts of challenges. Sometimes they work on very difficult issues, ranging from domestic violence to settlement program arrangements. I note that the Minister for Citizenship and Multicultural Interests is in the chamber; and I put a plea to the Parliament that we should consider providing good office space for groups such as the Muslim Women's Support Centre. This will enable them to be organised and to have a presence, which is a reminder to organisations such as the police department that they can consult with them.

I am pleased to see these amendments come forward at last. I think it will be far better legislation than that which was initially presented to us. However, I share the member for Mirrabooka's concerns about the process that we have gone through with this legislation, and the lack of accuracy in the accounts of those who advised the Minister for Police.

Mrs M.H. ROBERTS: I thank my colleagues for their comments about these amendments passed in the upper house. I think that this is indicative of very poor management by the government. It is also indicative of a Minister for Police who does not listen, and who has, on this matter, actually misled the Legislative Assembly. I look forward to her explaining those matters when she returns to Parliament.

At the time, questions were raised by my colleagues in this house about whether consultation had occurred. At the briefings on this bill, my colleagues actually raised this issue, repeatedly asking why the bill could not refer to "face covering" rather than "head covering" or "headwear". The member for Gosnells repeatedly raised that issue. The opposition was told that no concession could be made. When I was present at the briefing, we were told that consultation had occurred. The opposition was told a number of times by the Minister for Police, the member for Scarborough, that consultation had occurred with those communities. As we know from the responses from various communities, consultation plainly had not occurred. We asked for these amendments to be made in the Legislative Assembly, yet the government arrogantly used its numbers to steamroll this legislation through this house unamended. It was only when those communities made it very loud and clear—not just to Labor members; they also got in touch with Liberal members of Parliament—that they had not been consulted that the Minister for Police's misleading of members of this house was exposed and consultation belatedly occurred. What we see today is a result that should have happened when the bill was debated in this house. We should not need to deal with this amendment today; it should have been made and agreed to in this house before it ever went to the Legislative Council.

This highlights that the member for Scarborough is not up to the job of being the Minister for Police. She repeatedly misleads us and mishandles the little legislation that does come before this house. I understand from talking to people in the corridor that the member for Scarborough attempted to blame the former Minister for Police for this provision. That is quite a nonsense. This legislation was not brought forward by him; it was brought forward by the member for Scarborough, and she should take responsibility for it. The member for Scarborough should also apologise to this house for having misled members about the consultation because she was unable to demonstrate the consultation she had undertaken, and the relevant persons advised that they had not been consulted. Fortunately, because of the process and the amendments accepted in the upper house, at last, commonsense has prevailed. I indicate full support for the amendments.

Mr J.H.D. DAY: I thank members of the opposition for their support for these amendments. Obviously, I cannot make any comments about specific issues regarding the process on behalf of the Minister for Police, but I am sure that at an appropriate time she will consider the comments that have been made.

Question put and passed; the Council's amendments agreed to.

Mr J.H.D. DAY: I move —

> That amendment 6 made by the Council be agreed to.

The purpose of this amendment is to correct a drafting oversight. The effect of the amendment is to simply add the words "and (3)" in line 1 on page 12 of the bill. The effect of this amendment is to delete sections 51(2) and 51(3) of the existing act and replace them with a new section 51(2). The words that were omitted should have been included in the bill initially, and it is fortuitous that there is an opportunity to correct this drafting oversight.

Mrs M.H. ROBERTS: I thank the acting Minister for Police for his explanation. It does appear to have been a drafting issue and it is good that it was picked up before the bill finally went through both houses of Parliament.

Question put and passed; the Council's amendment agreed to.

The Council acquainted accordingly.

ELECTRICITY CORPORATIONS AMENDMENT BILL 2013

Second Reading

Resumed from 30 October.

MR M.P. MURRAY (Collie–Preston) [11.19 am]: I will continue my few words of yesterday with a few words of concern. I think many words of concern should be spoken about this Electricity Corporations Amendment Bill, which contains many shortcomings and a lack of detail about how it will work. We have seen the Muja AB fiasco when this government lost almost $400 million, yet a bill has been introduced and no-one can tell me whether savings or losses are in the wind. I do not think it is right for the government to introduce a very broadbrush bill that does not contain details of costings or regulations that the public, the opposition or even government members can see. There is something very smelly about it, to say the least. Its drafting is so broad and open that as far as we know, costs could even make a record and be more than $400 million. More cuts would then be imposed on the general community, which we should be looking after.

I have never seen a Liberal government turn socialist halfway through holding office, but that is what has happened with this government in this legislation. It will bring back the running of the electricity system to the government. I have never heard of a socialist Liberal government. I do not think it fits; it is like mixing a pork pie with a custard pie. It is terrible because industry does not want it, yet due to its inept handling of electricity in this state, the government thinks it is a good idea. We have no detail. How will it work? If the minister can explain to me how it will work, I will change my position, but he does not seem to be able to tell us what savings will be made, if any. I do not believe there will be any savings. We do not understand what has happened to the 3 000-megawatt cap, which was allowed for in the disaggregation. What does industry think about the re-merger? How will industry deal with it given there is no detail in the bill. The regulations that contain the detail are very important in the supply of electricity, which is very vital to our state's growth and to society generally. For the minister to say it may or may not reduce electricity prices to the general community or to industry, which relies on it, is quite bizarre, to say the least. We do not know whether electricity prices will go up or down. We have seen electricity prices skyrocket under this government, yet under this bill we do not know what will happen in the future. We are flying blind. This re-merger is occurring on the Premier's whim, and the Minister for Energy has had to act on it. As I said yesterday, I do not think the minister is convinced of the merits of his own bill. If he were, he would provide the detail in the clauses of the bill to let us know exactly what it is about.

People have said I am being blindsided by the coal industry, but it is a major part of the energy system. I would like to be able to go back to my community and my businesspeople and tell them how the re-merger will work, but the bill contains no detail. I can see no rhyme or reason for the introduction of this bill. As I said yesterday, there is room to make some changes to the present system, but let us make them for the better rather than follow someone's political idealism and thought processes. We have seen many thought bubbles burst since this government has been returned to power.

I think it is incumbent on the Minister for Energy to give us more information on the regulations so that we know how the legislation will work in the future. It is incumbent on the minister to tell us the savings and the benefits to not just certain parcels of the community but the community as a whole. People do not know what they are. We have been to briefings with several people, who have said, "I can't give you that answer; I don't know where we're going. How do you as politicians who are voting on this bill understand it?" Today I took a very broadbrush look at comments in the press, and people in the media are as confused as we are about where our electricity system is headed. The minister must do more to convince us that this bill is the way to go.

We do not want the shambles we have seen in the industry over the last couple of years. We do not want to see those cost blowouts that have caused money to be taken from schools because we have to fund deficits in other areas. We do not want to see money taken away from our health services because we have an electricity system that will potentially crumble in the future. I am very concerned about where we are headed with this legislation.

The impact on the business community is very important. It needs certainty around whether to invest. I am talking about not only electricity generating businesses, but also downstream businesses that rely on a secure and readily available electricity supply. I do not see this happening; this bill is muddying the waters and causing people to wonder whether they should invest. They are not clear about where to invest their money; they do not understand our system. Will it be all under government control or will it be under private control? I think the government is taking it away from private control—I am not completely sure. The minister could not explain to me the situation with the 3 000-megawatt cap. I would love to hear whether there is a cap. We have to remember that people have invested huge amounts of money in private enterprise and private power stations, only to have new rules apply. The mind boggles to think that this is the way we are heading. Where are we going? Sure, there must be reform, and, sure, we must be careful about what we do with the system. But this bill does not meet the mark; it is short on detail and we need the detail to be in the public arena for consideration by major investors, the community and all people in industry before the bill is passed. I understand the regulations will be developed after the bill is passed. That is unfair on not only the opposition but also the business community.

I think the minister has been blindsided. I do not know how he has managed to keep the Chamber of Commerce and Industry quiet. It was initially vocal in its opposition to the re-merger, and other members of the community have said it is the wrong way to go. It is not the Liberal Party way. In fact, if the Labor Party had sought to make this change, the Liberal Party would have called us the worst socialist rednecks ever seen, but Liberal members are making this change. It is very hard to fathom where the government is heading with this. It makes me suspicious about whether there will be any benefits from this change because the detail is not in the tail of it. I am very interested to hear the minister's answer. I know he has the numbers to push this bill through, but he should remember that once he upsets big business, the political will of those people may see the minister out of a job at the next election.

MR M. McGOWAN (Rockingham — Leader of the Opposition) [11.29 am]: I rise to contribute to this debate on the Electricity Corporations Amendment Bill 2013. This has been a contentious issue for some period. Until this point and certainly before the last election, it was my view that a consensus had been reached in Western Australia that the reforms that had been put in place and the effort to create a market and additional competition within the electricity sector was an agreed position in Western Australia. Until then, that was the information that was provided by the government on this issue; that is, there was an agreement that the reforms would continue and perhaps greater reforms would be put in place in the future. Without any warning, the government changed its position subsequent to the state election. That is a disappointing development because we now see further turmoil and uncertainty from businesses that have invested or propose to invest in the electricity sector in Western Australia. These are not small organisations and these are not small investments that these companies have made or propose to make, and their backers are not small organisations. If there is one thing that the business community hates above all else, it is uncertainty when investments worth hundreds of millions of dollars have been made. This is why this is such a disruptive piece of legislation and why this government has taken such a disruptive, sneaky and tricky approach.

I have been a member of this place for 17 years. I want to take members back to what occurred. In the lead-up to the 2001 state election, the then Labor Party opposition and the shadow Minister for Energy, Eric Ripper, put out an election policy that proposed disaggregation of our electricity system. Until then, we did not have a properly operating market and we had one giant in the electricity generation, retail and distribution space. That was known as Western Power. At the time, Eric Ripper and Geoff Gallop said—this was politically risky for them at the time—that we needed to create a properly functioning market in Western Australia so that a range of organisations will come into the marketplace to generate and retail electricity. I will go into the reasons or the philosophy behind that shortly. It was a risky strategy in the lead-up to the election. I thought it was courageous. I can honestly say that I did not fully understand it at the time but the business community liked the approach. It would be fair to say that Eric Ripper and the then opposition worked with the business community to create the policy because it was welcomed by the business community as a step forward.

The then Labor opposition was elected on that policy in 2001. It would be fair to say that there was some sympathy amongst members of the Liberal Party towards a natural evolution in the electricity market when the State Energy Commission of Western Australia was divided in 1995 to 2001 with the then disaggregation of Western Power, with one exception. The exception to that was the now Premier, the member for Cottesloe. He did not like it. There was sympathy across other elements, and certainly the business community loved it. They wanted opportunities to invest. They wanted to see downward pressure on prices. They wanted to see a diversity of investment in the electricity portfolio. What did the then opposition do? It got elected on a policy. It then went about implementing that policy, which took some years because it is a complex thing. No-one can argue that the electricity portfolio is not complex. It was based on the experience in the eastern states, including Victoria and South Australia—some good and some bad. The experience in New South Wales was pretty bad, overwhelmingly, but we learnt the lessons of what happened interstate.

The then government said that it was going to proceed down the disaggregation route, with various people engaging in that process. The process was commenced within government. It took some years to reach the outcome it finally reached. The Liberal Party, under the leadership of the then opposition leader, now Premier, was opposed, even though we knew there was significant sympathy with many Liberals towards what the government was trying to achieve. The Gallop government was re-elected at the 2005 election on its disaggregation platform. The new Liberal leader, Matt Birney, the member for Kalgoorlie, had always supported disaggregation. He is from Kalgoorlie. He appreciated the nature of competition and markets and he had various arguments about how the marketplace in Kalgoorlie had been beneficial to some industries. I think he even crossed the floor on these issues under the leadership of the member for Cottesloe during 2001–05. He became the Liberal Party leader in early 2005. He obviously then had to convince his party room to vote for disaggregation, and that is what happened. When the bills were introduced in 2005, Liberal Party leader Matt Birney led the Liberal Party and the Liberal Party voted for disaggregation. There was a condition. I remember the condition being put because I was sitting right next to the then Premier, Geoff Gallop, and Eric Ripper. Dan Sullivan, the then deputy Liberal leader, said, "We'll vote for this but you've got to put a cap on prices for the

next four years." An agreement was reached. The cap on prices that existed since the early 1990s was continued for another four years. There was only one price increase from, I think, 1993 through to 2008, and that was in 1998 when there was a five per cent price increase. That was the agreement reached. The bills were passed in 2005. The disaggregation process was formalised by law and then Western Power was divided into four entities—Synergy, Verve, Western Power and Horizon Power. We then saw significant investment in the generation and retail arms of the electricity portfolio.

What is the rationale for disaggregation? It is efficiency, market forces, competition, innovation, giving renewables a go, private sector interest and investment and allowing for those who produce the most affordable electricity to put that electricity into the marketplace without fear of a big competitor using its power to squeeze them out. What is the counter argument? The counter argument is that monopolies or virtual monopolies achieve better outcomes. The counter argument is that a big government-owned vertically integrated entity achieves a better outcome for the people of the state. It is based on some experience. Some countries have had these arrangements, particularly Eastern Europe and Spain under Franco. Various other countries have had these arrangements, and they firmly believe that that is the best model.

Mr P. Papalia interjected.

Mr M. McGOWAN: Spain under Franco did believe that; it was very Eastern European. That was the model. The argument was that a big vertically integrated entity could secure more affordable inputs using its power and drive efficiency using the fact that it controls everything from basically the time the electricity is generated to the time someone's toaster is turned on.

The other benefit of either a virtual monopoly or a monopoly is that it is a big organisation with a big balance sheet and the government can do things that it might not otherwise be able to do. It can use a huge amount of government money to invest in some project it thinks is a good idea and it will not be noticed and if it does not work out, no-one notices it because that is the benefit of that. For want of a better term—"state building" or "nation building"—using that big entity is the counterargument. We accept the argument that efficiency, competition, innovation, private sector interests, diversifying and reducing the cost to government is the right way to go. The Liberal Party is now arguing with this bill that a big government sector agency controlling a virtual monopoly is the right way to go.

Mr W.J. Johnston: Central planning.

Mr M. McGOWAN: Central planning—it is Spain under Franco! That is the difference now. I am looking forward to explaining on many occasions before business audiences that this is the difference now between the two sides.

What happened before the state election? There was no mention of this change. In fact, cabinet was always defeating the Premier whenever he had an outburst on these issues. He had an outburst during the period between late 2008 and March this year. Whenever he had an outburst saying, "We're going to bring Synergy and Verve together", cabinet would push it down and hose him down. The then energy minister, Peter Collier, would issue a press release, as he did, and would make a speech saying that re-aggregating or bringing together Verve and Synergy was not on the agenda. We have documentary evidence that states that. It was a promise. Promises were made before the election that this would not occur.

Look at the difference between then and now after the election in March this year. Instead of keeping with an election promise to continue a process involving industry and government that went on from the late 1990s through to disaggregation in 2005—it was voted on twice by the people—we now see no election promise or a promise not to keep the promise and a rushed process without any information to justify it. It is a horrible, hopeless and irresponsible way of dealing with this issue. It is irresponsible.

Who out there in the community is saying that this is a good idea? No-one. The Chamber of Commerce and Industry of Western Australia—I get on fine with it, but it is not known to be a supporter of Labor—is saying it is a bad idea. The Chamber of Minerals and Energy of Western Australia, the representative body for the mining sector in Western Australia, is saying it is a bad idea. The Sustainable Energy Association, which finally had the opportunity to get into the market, is saying it is a bad idea. The Independent Power Producers Association is saying it is a bad idea. The Economic Regulation Authority is saying it is a bad idea. The Oates report says it is a bad idea. The Liberal Party in 2005 said it was a bad idea. Who is saying it is a good idea? No-one is saying it is a good idea. The only person saying it is a good idea—someone who has somehow steamrollered this bill through a complacent and easy party room—is the Premier. I admit that the Premier knows a lot about the energy sector. He studied geology at university for a little while and he was the energy minister for eight years back in the 1990s, so he can no doubt override anyone who stands in the Liberal party room or the joint party room—however it works—and says something different. But listen to those parties outside and to those who know about these things. They are saying that this is a bad idea. There is no business case, no plan and no analysis—just assertions. That is all there is behind this bill—just assertions.

All sorts of energy models are being produced. The energy sector hates uncertainty. Now, according to the minister, the government is bringing Synergy and Verve together, amalgamating them and creating that Franco-style monopoly. Then it is going to divide them, as though that is a rational approach. The Premier says, "That is not a rational approach." For once I agree with him; it is not a rational approach to bring them together and then to divide them. But the Premier says one thing and the minister says another about the future of the energy portfolio. There is therefore mass confusion and uncertainty. Hence, what happens? There is a loss of private sector interest. Businesses in the private sector can invest their money anywhere. They can invest it around the world or they can invest it here in all sorts of projects. If there is uncertainty in government policy, what do they do? They flee; that is what has happened. Under disaggregation, power stations were built by the private sector, cogeneration plants entered the marketplace, and retailers were created and are operating. What happens now? There is a loss of interest and a loss of certainty.

The government says, "We're going to bring them together and we're going to have ring-fencing arrangements internally to ensure the market still operates, subject to all sorts of government rules and regulations." I will give the government a tip: a better way for the market to operate is to just leave it as it is, rather than create a government-regulated arrangement to try to give assurance that there is a market. Would the government not just leave it as it is and go to the next step that should be followed, which is the evolution of this process? The evolution of the process would allow greater contestability, particularly in the business area. The next logical step along this road is greater contestability in the business area rather than recreating a vertically integrated generator and retailer. What has gone on here is very strange. It is supported by no-one as far as I can see.

[Member's time extended.]

Mr M. McGOWAN: It now requires all sorts of regulatory arrangements to be put in place that were not previously required. Regulatory arrangements are being put in place that Parliament has not seen and will not see for some considerable time, and that is frightening the investment horses! That is what is going on here. If the government just left an operating market in place with a separated major retailer and a separated major generator, it would not have to go through all the ring-fencing permutations and gymnastics that it is now going through to try to create something that already exists and then regulate it through government. What is going on is bizarre!

What will happen in the future? Electricity demand, apparently, is falling. People have made efficiencies in business and in households with solar power and the like so that electricity demand has fallen. That fall in demand has apparently been going on for some time and has no doubt reduced some of the pressure for the need for additional generation. However, ageing plant still has to be replaced. That is a fact. As ageing plant gets older, it does not operate efficiently and eventually the cost of repair is greater than the cost of building new. What will happen now? Government will have to build. The government will therefore put money into building power stations rather than into other capital works, such as roads, railways, hospitals, schools, police stations and all of those things that state governments do. The government had an arrangement by which the replacement of ageing plant in those power stations could have and would have been done by the private sector, but the government has made that unlikely. Why would the private sector do that? The government should go and ask anyone in the investment community, and they will say that that is a fact. Lots of them have come in and briefed me. They will tell the government that that is a fact.

So why would the government do that? It is nonsensical. There will be less investment by businesses in retail. The big retailer is Synergy, and there is a number of small retailers out there—ERM Business Energy, Perth Energy, Alinta Energy—and of course an integrated generator retail model means they may have to buy power from that very organisation. What are they thinking? "We're going to be buying power from the organisation with which we are competing"! That is economic vandalism. Creating a proper marketplace has been, I think, the lesson of the past 60 years since World War II that has led to greater prosperity and a more effective functioning marketplace.

This is a strange, bizarre step by the Liberal Party. I think it is reflective of people in the Liberal party room not having made themselves sufficiently aware of the issues and allowing themselves to be railroaded on this. Prior to the state election there were obviously people inside cabinet who were able to listen to the mining sector, listen to business, listen to the arguments and hear the concerns and stand up to the Premier. Since the election, those people have gone. That is a sad thing, because this is a retrograde, bad step. I look forward to a single Liberal or National Party member standing and justifying it. It would be good to hear just one stand and explain the arguments, apart from the minister. Of course the minister has to respond. Just one other member would be great. Matt Birney took a stand and look what happened to him; maybe I should warn members against it!

Mr R.H. Cook interjected.

Mr M. McGOWAN: He did become the leader, true, but it was a fairly rapid demise after that.

The Liberal Party is doing the wrong thing. I have no doubt it will do it, but I do not think it understands what it is doing; it is a complex area. It is sending the electricity sector and business in this state backwards. I want to

compliment my colleagues because some extremely good speeches have been made on this issue—led by the shadow Minister for Energy, the member for Cannington—because we took the time to inform ourselves. It is a great pity that government members did not.

MR P. PAPALIA (Warnbro) [11.52 am]: I will make a very short contribution to the second reading debate on the Electricity Corporations Amendment Bill 2013, but I will participate in the consideration in detail stage because a lot of questions need to be asked and, hopefully, answered by the minister.

All manner of concerns surround this legislation and move by the government, and they have been well articulated by many other speakers, including the Leader of the Opposition. I think all matters raised are worthy of concern. But the thing that raises the greatest level of concern for me is the confirmation, by this move, that this government has established a standard operating procedure of acting on serious matters without proper process, invariably without compiling a proper business case for what amounts to large expenditure of government and taxpayer money. It has, as a matter of course, not engaged in the normal practice of due diligence associated with that sort of act. If it was in the private sector, it would have lost its business by now. If a Labor government proposed this sort of move, the Liberal Party would condemn it as being outrageously irresponsible. Yet it not only comes into this place with this bill, which is irresponsible and a flagrant misuse of parliamentary process and endangerment of taxpayers' money—all those things—but also actually calls upon the Labor Party to support it and condemns us for applying proper scrutiny to the process and demanding that it be undertaken properly and asking that it not declare this sort of legislation urgent. It is extraordinary that the government has done that, but it has done it on a number of occasions now in both terms of government, particularly the process or tendency to act in an extravagant way with taxpayers' money without a proper business case.

I can reel off some of the things it has done. The Leader of the National Party is in this place, so I will start with Ord stage 2, into which $320 million of state taxpayers' money was invested without a business case or evidence that there was ever going to be a base crop to support the project.

Mr W.J. Johnston: Where's the rice?

Mr P. PAPALIA: We had a series of them over the course of five years, starting with rice, which failed twice in two years. Then it went to sugar. We were told prior to the election that there would be sugar, and not only that, but also there would be a new sugar mill that would provide 400 local jobs. That was gone post-election. Like so many other commitments and promises made to the electorate of Western Australia, it evaporated immediately post-election. Now we are told it will be sorghum, which we have to view with an incredible amount of scepticism. But the big point is that government confirmed and conceded that there was never a business case before it made the decision to invest that money. It did it on two occasions; it started off with a $200 million investment, and then it went up by another $100 million. It was extraordinary.

It did the same thing with the stadium. The Premier was going across a bridge in his chauffeur-driven car, looked out to the left and said, "That'd be a good place for a stadium."

Mr W.J. Johnston: Right first, then left.

Mr P. PAPALIA: Sorry; right first, and then left on the way back.

The Premier completely disregarded the independent process led by John Langoulant that determined that that was not the best place to put the stadium. It was not the best option for Western Australia; it was not what the independent report of that committee recommended. The Premier —

Mr J.E. McGrath: He said it was the best site —

Mr P. PAPALIA: — completely ignored that, and, member for South Perth, he did not prepare a proper business case with which to come into this place and argue for it and demonstrate to the people of Western Australia in an appropriate fashion the benefits that could be determined and listed for perusal by the people of Western Australia before the government committed to a site which is, in all likelihood, going to cost half a billion dollars more than the recommended site would have, had it been pursued.

I turn to Oakajee. The Premier's interference and this government's choice of interfering with and changing an established process that would have seen private sector investment resulting in a port owned by the state, was never done via a proper business case. No argument was provided in a structured fashion, and no analysis was done to determine whether the Premier's proposed changes would have resulted in a better outcome for the state. It has been conceded that that was never done. I criticised the former federal Labor government for its support of that move without a proper business case, and it conceded that there was not one.

Browse was the same thing. We were told by the Premier that he was just going to scrap an established proper process that had been underway for some time that would have resulted in an outcome. The Premier decided he was going to change it. He never made a proper business case for that change, and it is a disaster.

There was never a proper business case for Muja. There was a series of large incremental expenditure changes by the government without ever analysing whether it was doing the right thing, without ever exposing it to proper parliamentary or public oversight or even giving anyone in Western Australia, other than inside the minister's office and the cabinet room, the opportunity to analyse whether that was a good move. This is an opaque process that completely ignores any normal proper practice. The government hides what it is doing and does not do due diligence. It is all being done on behalf of the Western Australian taxpayer. It is extraordinary that the government continues to do it.

A relatively small one occurred in the Corrective Services portfolio, which I shadow. The decision to shut one of only two juvenile detention centres and cram all the juveniles into one facility was, again, conducted without any due process. There was no business case. We had to extract that out of the Acting Commissioner of Corrective Services during estimates. That is how we finally found that out. That was pretty minor; that was only tens of millions of dollars that had been wasted on behalf of the taxpayers of this state.

When we add all of these things up, we have an extraordinary litany of bad decisions. The common factor to all these decisions is that the government never puts a business case. The government never justifies its decisions. The government never exposes itself to potential criticism and analysis in this place, or even in the public domain. The government does not provide the opportunity for Parliament, the media and the public to analyse whether it is doing the right thing. That is because the government does not even conduct an analysis itself. All the decisions that are made by this government are driven by one individual, the Premier; or, in the case of the Ord, one minister, the Minister for Regional Development, and the Premier has gone along with it.

The same process was applied in the case of this decision. The government just made the decision, and it attempted to justify it with political spin subsequently. A proper analysis and business case is never put into the public domain so that it can be analysed, scrutinised and criticised to ensure that it is robust. The most concerning thing about this process is that it is not a singular failure; it is a pattern of behaviour. The government has now accepted this pattern of behaviour as what it does—this is what defines the Barnett government.

Mr W.J. Johnston: Business case is bad policy.

Mr P. PAPALIA: Yes; business case is bad policy. The Premier criticised Geoff Gallop for being process driven. The Premier's response is to abandon all process. His response is to not have any process. The only process that ministers in this government have to go through is to get the Premier's approval. That appears to be the only prerequisite to getting authority from this government to spend hundreds of millions of dollars, if not billions of dollars, of taxpayers' money and put it all at risk. In the case of this decision, it is doubly wrong, because what is being put at risk is not just taxpayers' money, but also the money of private investors who are investing hundreds of millions of dollars in this state. The minister has put that all at risk by compromising the free market process. It is insane that the Minister for Energy, of all people, is the one who is advocating this policy. That has been said by just about every other member on this side, so there is no need for me to harp on about it. But, rest assured, we will look at this matter in consideration in detail. It will not be good enough for the minister to just shrug his shoulders and throw his hands around and ultimately guillotine the debate. That is not acceptable. We will expect a lot more from the minister. The more the minister does those stupid hand movements in response to criticism and demands for answers on behalf of the people of Western Australia, the more stupid and irresponsible he looks.

DR M.D. NAHAN (Riverton — Minister for Energy) [12.03 pm] — in reply: I would like to respond to the various comments made by members opposite on the Electricity Corporations Amendment Bill 2013. I would also like to straighten out some of the issues and state what our position is and why are we doing what we are doing. I was criticised for the length and depth of my second reading speech on the Electricity Corporations Amendment Bill, and it was claimed that I was being political. I did that because the origin of this bill goes back to the disaggregation debate that took place and dominated this house for nearly five years. As the Leader of the Opposition said in his speech, and properly so, these issues go way back. Therefore, the history of this issue is important, because some mistakes were made in history, and we are trying to address those mistakes.

I will explain, for the benefit of my colleagues—I do not think members on the other side care—why we are doing this. We are doing this because we have no other choice. The electricity market, and most specifically the state-owned entities, Synergy, Verve and Horizon Power—Western Power is doing well—are haemorrhaging and have been from the day we came into government in 2008. If we put together just Synergy and Verve—the government-owned retailer created in 2006, and the government-owned generator—before disaggregation, there were no losses in those two businesses. They made a profit. They made enough money to cover the losses in the regions.

The major aim of disaggregation, according to what was stated in *Hansard* at the time, was that it would put downward pressure on costs in the industry and enable prices to decrease. That was the stated objective. It was also to safeguard government expenditure. The assessment was that the four businesses that were to be created out of one, particularly Synergy and Verve, would be solid. In 2005, there was no subsidy into the industry. In

2006, the first year of disaggregation, there was a subsidy of $12.3 million. That subsidy grew steadily, and this year it is $388 million. Members might not think that is large, but it is. This is despite huge increases in the price of electricity in the franchise market. When we came into government in 2008, we had a report—I cannot remember whether it was from the Economic Regulation Authority or the Office of Energy—that indicated that prices had to increase by 72 per cent to get to cost reflectivity and do away with the subsidy.

The previous government in its campaign agreed to increase costs by 10 per cent a year for seven years to get to that stage. We increased prices in the vicinity of 70 per cent. If we had not done that and had kept prices constant at 2008 levels, according to Synergy—I have just got it to crank the numbers—we would have had to subsidise Synergy and Verve to the tune of $4.7 billion. That is equivalent to Fiona Stanley Hospital, Perth Children's Hospital and Midland hospital combined. We increased the price, and we were pilloried by the Labor Party for doing that. I, and my fellow colleagues who were then in marginal seats, remember the campaign that was run by United Voice and the now member for Bassendean, who at the time was the head of United Voice. According to its website, United Voice spent $3 million campaigning against us on the issue of privatisation. The Labor Party pilloried us for doing that. But we had to do that to safeguard the state's finances.

However, despite increasing electricity prices by 70 per cent, we are still 20 to 30 per cent down. We are still subsidising electricity consumption by $388 million. The subsidy has gone up fifteen-fold, and unless we do something about it, it will increase even further. We came into the election, and we committed not to jack up prices too far beyond the consumer price index, and we are going to try to keep to that. However, at the same time, subsidising electricity consumption to the tune of $388 million has to stop.

What can we do about that? There is a raft of problems. Those problems are widespread and systemic to the market. We will undertake a systematic review of the entire market. I am a free-marketeer. My record, as people opposite have reminded me—they do not need to remind me on that—is that I support market processes. I support private investment. I was actively involved in arguing for and advising on the process in the eastern states for the national energy market. In fact, I worked consistently with the Chamber of Commerce and Industry of Western Australia in the early 1990s arguing for market approaches in the electricity industry of Western Australia. But markets ain't markets. It depends on how we do it. These are complicated arrangements that entail billions of dollars. If we get it wrong, we can lose a lot of money. If the private sector makes an investment and loses money, as it has in some industries, okay, that is them. It has been identified that the market structure that was formed in 2006 was fundamentally flawed. Those flaws are still there. The major flaw is that the government underwrote the whole process. This was not a free market. This was not a market in which the private sector took a large amount of the risk. The market was structured so that the state would underwrite private investment. That meant that if that private investment did not pay off, the state would pay for that. That is the problem.

We could listen to members opposite, who are in a dream world, and say that we got everything right back in 2006 and do nothing, but I guarantee members that if we did that, we would be out of government in four years. That is what the opposition wants, but we will not do that. We would debenture the funds of the state. We will have a wide-ranging review of what this will do. When we look back through the issues, what were the economists saying? The Chamber of Commerce and Industry of Western Australia has argued that it wanted disaggregation, but not in the form that came about. It argued that it was a fiasco to put Synergy, a retailer, in a position to need to underwrite every private sector venture that came onto the market by promising to buy energy at a fixed price and a minimum quantity irrespective of the market demand, and to use its lower borrowing rate to underwrite its investment. That is what Synergy did. There are a couple of good examples of that, such as Bluewaters, which is a nice power station. Bluewaters 1 and 2 have a strange history. The member for Cannington said that it is strange how it won that contract back then. Labor put in a displacement schedule and said that some of Verve's existing kit and series would be subject to private sector competition. The first time it was subject to private sector competition, Verve won, but Bluewaters won the second time. That still really puzzles me. Verve had its existing plant with capacity completely written off. How could it lose that contract? Bluewaters was then supplied by Griffin Coal, which was owned by Ric Stowe. He is an interesting man with a long history in the Collie coal fields, but he is now bankrupt. How did he win that contract? That is a good question. He should not have won it, but he did, so that, basically, led to the duplication of Verve's asset and excess capacity. We have plenty of stories.

My position is that we made a mess of the disaggregation, and that was known at the time. Many people and reputable firms argued to do otherwise, including Deloitte Access Economics, Frontier Economics, Pacific Economics Group and Acil Tasman. Indeed, during the Howard government, Mr Warwick Parer undertook a very extensive review over multiple years of energy policy around the nation. He looked at Western Australia and told the government not to do this. The Howard government supported disaggregation but did not want the state government to use the structure that it chose. The federal government said that the structure was unique and flawed, and that because it was underwritten by the government, it would come back to haunt the state, which is what has happened.

What does this bill too? It does not change the market. The market has many aspects to it. The short-term energy market is regulated by the Independent Market Operator. This bill does not change the market; it takes the two state-owned entities, Synergy and Verve, and brings them together under a ring-fencing arrangement. All the private contracts that Synergy and Verve have signed will come with them. The new entity will recognise, adhere to, accept and follow the contractual arrangements it has with everyone. There are some problems that we have to look at, such as excess capacity. It depends how we measure it, but it is easily in excess of 20 per cent, costing Verve $355 million a year. Because Verve and Synergy dominate this market, all the costs come down to them.

Why are we doing this? We are looking at measures to restrict losses in the government sector. My mandate is to do what it takes to restrict the government's losses in this system without undermining the competition and the private sector. In this case, Synergy and Verve cannot talk with each other because they do not have a relationship. Synergy has signed up to $25 billion of long-term contracts in the market and Verve has a whole range of generating plant. Synergy has more electrons committed to than it has customers. It is taking the surplus, putting it in the short-term energy market and selling it at cut-price rates. Competitors are buying that and taking the market share. It is a downward spiral. We have to put together Synergy's contracts and Verve's kit and optimise them. There will be huge gains in that. I was asked how large those gains would be. Right now, Synergy cannot look at Verve's contracts and Verve cannot look at Synergy's contracts. They cannot talk to each other and see the contracts, so how will they optimise their performance? We know that there will be gains, but until we put them together and have the people with responsibility optimise them, we will not know. We know there will be gains; there is absolutely no doubt about that. Once we get them together, we will make a full report of the expected gains from this.

I now refer to overhead costs. As I mentioned before, Hon Eric Ripper—who is a good man, actually—indicated that one of the necessary problems with the disaggregation was that it would lead to a large increase in overhead administrative costs. It would go from a single agency with a board and senior management costing about $2.6 million a year, to four agencies with four boards and what not. The member for Cannington criticised me for it and said that I made it up. I took it from one of the annual reports, which are all published and tabled in Parliament. He asked me to table it. It has already been tabled. The total cost of those four agencies is $12.3 million.

Mr W.J. Johnston: That is not the same thing that you said. You claimed that was the increased cost, not the total cost.

Dr M.D. NAHAN: Yes, I did. It is a $9.6 million increase.

Mr W.J. Johnston: That is complete rubbish.

Dr M.D. NAHAN: The member for Cannington should read the second reading speech. I will go through some of the claims that the member for Cannington made in a minute. Members should not believe a word he says. He just makes it up. I will show members some examples of when he just made it up. Let us have a constructive debate. We will reduce overhead costs by re-merging Synergy and Verve. It is not overwhelming, but it is significant.

The re-merger will optimise fuel. As was seen in the papers today, we have some real risks in the coalfields. Coal is a major source of fuel for this state. There are two coal plants in Collie and both are struggling to make a quid. The problems in the coalfields arise from a number of things. In 2004, Western Power renegotiated its coal contracts and it got a damn good price. Before then prices were $50 to $70 a tonne. Western Power negotiated a price down to $30. For the first time, Western Power played off the companies against each other and Western Power gave the whole Verve contract to Premier Coal, which was the better-run supplier, I might add, and left Griffin Coal high and dry, which eventually led to the collapse of the Ric Stowe empire. It also led to very low prices in the coalfields. Wesfarmers owned Premier Coal. Premier Coal and Griffin Coal went into receivership and were bought out of receivership by two foreign-owned companies. Premier Coal was bought by a Chinese firm called Yancoal and Griffin Coal by an Indian firm called Lanco, and they are struggling to make a quid. There are real risks in the coalfields. Synergy gets substantial energy from Bluewaters, which in turn gets its coal from Yancoal, and Verve has a very large and important contract with Premier Coal. There will have to be some rationalisation in that market. I do not know exactly what will happen. Private negotiations are going on now. We may well need an asset base to back up actions in the coalfields; I do not know. It is a real risk to the whole energy market in this state. I cannot give a price for that. I cannot tell members exactly what we will do. I know that Premier Coal has had many discussions with Verve and asked for higher prices. Nothing has been decided. Lanco, by the way, has not come to the government and asked for a cent. I know members opposite have been clamouring that we should throw money at Lanco; it has not asked us for any money.

Mr C.J. Barnett: It is very interesting.

Dr M.D. NAHAN: It is very interesting.

Mr C.J. Barnett: The member for Collie–Preston said that.

Mr W.J. Johnston: That is not true.

Dr M.D. NAHAN: Yes, he did. The member for Cannington might live in a bubble of make-believe —

Several members interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Members!

Mr W.J. Johnston: That is false and you know it to be false.

Dr M.D. NAHAN: Both of them asked to put money into the port of Bunbury to help Lanco. Do members know what Lanco said? It said, "We did not ask for it; why would you do it?" But that is the Labor Party! When there is a problem in the coalfields it would get into the state's coffers and funnel money to them. That is history; it is irrefutable.

There are risks in the coalfields. We are in the process of renegotiating our long-term contracts with the North West Shelf gas fields and replacing them. As the gas price inquiry found and reported to this Parliament, there are significant risks in getting adequate gas and there are significant gains for an aggregator to buy gas under a long-term contract with minimum conditions. The gains from that are huge. Putting both of them together with the Verve asset base will mean that Synergy markets some gas to market, it enters into negotiations with the gas suppliers on behalf of Synergy, and Verve and Horizon provide huge gains. Let us be quite clear: one can have the most competitive market—this one is not that—but unless the fuel price is right, costs will blow out. Fuel costs are more important than the competitiveness of the market. That is what we are trying to do.

There is also huge risk in this market. Structural flaws were discussed ad nauseam during debate. Most of the risk in the market is borne by Synergy, the retailer. Synergy underwrites Bluewaters and NewGen Power Kwinana. Synergy underwrites most of the private sector investments in this market by signing long-term, take-or-pay contracts. When I was about a week into my job as Minister for Energy, one major investor, who I am not criticising, said, "We scour the world for markets like this, where we can come in and invest in the plant. The state entity gives us a 20-year contract and a fixed price unrelated to demand and a fixed quantity that underwrites the whole plant, with capacity credits upright. That pays for all the capital. This is a nirvana!" Members opposite might think that is competitive private enterprise; I do not. That is what is happening.

We have to work our way out of this. We also have to address where we go in the future. We will report to Parliament about the gains from this, but they are real. We could sit back and cop it; funnel taxpayers' money into the system or, as members opposite would decry, jack up prices. We are not going to do that anymore. We are going to fix the system, and part of it is bringing these two back together like they should have been in the first place, and as the Chamber of Commerce and Industry of Western Australia said they should be.

In my second reading speech I indicated the problems in the market. I will not go through those again, but I will address some issues. I am more than willing to do it because it is fundamental. Members on the other side think the existing market structure is perfect.

Mr W.J. Johnston: No, we do not. Nobody said that. That is a lie.

Dr M.D. NAHAN: It said it would review it. The Leader of the Opposition said, "Listen, it was controversial, we got it about right. Let's stay with this market. Let it evolve."

Mr P. Papalia: Everyone else can read what the Leader of the Opposition actually said.

Dr M.D. NAHAN: Yes, that is right. He can read what the member said, which is a bunch of guff.

We are not doing this to garnish a popularity contest. I know that a large number of private investors in the market do not want change, nor would I if I was in their position—why would I? If a government is willing to underwrite an investment in the market, fixed price, minimum-take contracts, why would I change that market when I can shunt the risk over to the public sector? I do not want change. I guarantee members opposite that every one of them knows there are real weaknesses in this market—I have talked with them all ad nauseam. Many of them would have liked the disaggregation; some of them did not like it. We will have a long, ongoing discussion with the private sector. We need them. We will respect the contracts. When we need additional capacity, we look forward to the private sector not only undertaking the investment but, most importantly, taking all the risk.

I now refer to the costs of the merger. Eric Ripper got it wrong, but he did a good job. He was the only person from the Labor Party who understood what was going on, but he made some mistakes. As I indicated, there was a fundamental flaw in the approach back then. The government wanted private sector competition in the generation—which is good; I support that—but the trouble was all the generating capacity was located in Western Power. That was highly competitive. Western Power had the best fuel, the best contracts, the best location, the best links to market and all the experts. So, how will we get the private sector to come in? The

Leader of the Opposition said that Eric looked at the east coast and learned lessons; but he did not because he was constrained. Eric looked but he was constrained in what he could do. As the Premier said, to do this we would have to take some of Verve's assets and put them into the private sector—that is, privatise. If we want to privatise the electricity industry, do it—sell it; make some value out of it; get some money for it. That is how to do it. The Labor Party could not say the "P" word. It wanted to privatise. In fact, according to the member for Bassendean's definition of privatising, it did! But it could not sell the asset.

Mr D.J. Kelly: You do not know what you are talking about at the best of times.

Dr M.D. NAHAN: I go through this in great detail. The member for Bassendean's views are well known from his previous life.

Several members interjected.

The ACTING SPEAKER: Members!

Ms M.M. Quirk interjected.

The ACTING SPEAKER: Member for Girrawheen, you are on one call. I am on my feet. Do not keep interjecting. Minister, if you do not want interjections, do not invite them.

Mr D.J. Kelly interjected.

The ACTING SPEAKER: Member for Bassendean, I call you for the first time.

Dr M.D. NAHAN: Eric Ripper commented that there were some challenges. To go to an aggregated system with market competition, a lot of things have to be done, including the appointment of an independent regulator. There would need to be multiple boards and management. A lot of money has to be spent getting it built up. In my second reading speech I made the point that the Labor Party spent $154 million setting up the market. How did I know that?

Mr W.J. Johnston: That is the process of reform. It is not the same thing as you said in your second reading speech.

The ACTING SPEAKER: Members!

Dr M.D. NAHAN: The member for Cannington likes to throw around the words lie, untruth and dishonest. He said in *Hansard* —

> This is just another example of the fact that this minister cannot tell the truth to save himself. I am not saying he is lying; I am saying that he is not telling the truth.

He is just trying to use weasel words to say that I am lying, without saying it. He does it all the time. He continues —

> For example, the minister says that $154 million was spent on the reform process. If that is true, he should table a document.

I will table the document, but I do not need to. Do members know why? It was tabled on 11 March 2004 by Hon Eric Ripper. I will re-table the document. The amount and the purpose have also been discussed extensively in *Hansard*. Eric Ripper referred to it. The member for Cannington said that I told an untruth and all I did was what he should have done; that is, look for the evidence.

Mr W.J. Johnston: You're wrong.

Dr M.D. NAHAN: That is what I did and I am still wrong. I will re-table the document.

Mr W.J. Johnston: Table the document and prove you're not telling the truth.

Dr M.D. NAHAN: I will re-table the document, which refers to "costs incurred in relation to the Electricity Reform Task Force" and the implementation of it. That is what I said. The cost of setting up the system was $154 million.

[See paper 1120.]

Mr W.J. Johnston interjected.

The ACTING SPEAKER: Member for Cannington!

Dr M.D. NAHAN: I will not look for this, but if he were an ethical member, he would stand up and apologise.

Withdrawal of Remark

Mr W.J. JOHNSTON: The minister said that I am not an ethical member.

Dr M.D. Nahan: I said, "If you were."

Several members interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Members! Do not interject on a point of order. Member, it is not a point of order.

Mr W.J. JOHNSTON: The same issue was raised on a comment I made recently and I was asked to withdraw. All I am asking is for the standing orders to be implemented in a fair, reasonable and consistent basis.

The ACTING SPEAKER: I will take advice from the Clerk.

Mr D.A. TEMPLEMAN: The issue the member for Cannington has raised is under the standing order relating to the impugning of someone's reputation and I think that is where the ruling should occur.

Mr C.J. BARNETT: Further to that point of order, the minister clearly said, with reference to the member for Cannington, "if he were an ethical member". That is not unparliamentary. Indeed, had he said, "You are an unethical member", that also is not unparliamentary. That is not what impugning a member is about. If he had called him a liar, clearly it would have been. Give me a break! If members opposite are so sensitive about that, they should have a look at what they call me on a regular basis.

Mr D.A. Templeman interjected.

The ACTING SPEAKER: I have received advice from the Clerk. Standing order 92, "Imputations and personal reflections", reads —

> Imputations of improper motives and personal reflections on the Sovereign, the Governor, a judicial officer or members of the Assembly or the Council are disorderly other than by substantive motion.

The comment was, "If the member was an ethical person". I think by assumption that that is an imputation and I request that the member withdraw.

Dr M.D. NAHAN: I said —

The ACTING SPEAKER: Do not argue with the Presiding Officer, member. I have asked you to withdraw.

Dr M.D. NAHAN: I withdraw and I —

The ACTING SPEAKER: No; member!

Dr M.D. NAHAN: I said I would withdraw.

The ACTING SPEAKER: Thank you.

Debate Resumed

Dr M.D. NAHAN: I also ask the member for Cannington to withdraw the statement he made, "I am saying that he is not telling the truth."

Mr W.J. Johnston: When did I say that?

Dr M.D. NAHAN: I am reading it; it is in *Hansard*. "I am saying that he is not telling the truth. For example, the minister says that $154 million was spent on the reform process."

Mr D.A. Templeman: That is repeatedly said in this place over and again.

The ACTING SPEAKER: The objection has to be made immediately. If the minister had made that objection at the time, I would have made a ruling. Thank you, can we get on with your second reading speech.

Dr M.D. NAHAN: I make this point to show the character of the member for Cannington.

Mr P.T. Miles: Say no more.

Dr M.D. NAHAN: Say no more. It reminds me of the character in the movie *Liar Liar*. Let us get back to the issues at hand. All I did was clarify that the member for Cannington was saying that I was not telling the truth about the cost. The cost of setting up the system was $154 million.

Several members interjected.

The ACTING SPEAKER: Members!

Dr M.D. NAHAN: I would like to go back to what we have done so far. When we came to power in 2008, it was clear that the market system was not working. It was clear that there were high costs in the system and that the subsidies were blowing out unsustainably. The then Labor government addressed that and promised to increase prices by 10 per cent. That government forgot about that when it went into opposition. This Liberal–National government did a number of things besides increase prices. We commissioned the Oates inquiry. I might add that the disaggregated market was only two years old at the time. Mr Oates looked at the merger of Synergy and Verve and made some recommendations. He recommended some changes to the contract between Synergy and Verve, which was largely in favour of Synergy and imposing all the losses in the market onto Verve. I might add that at the time, in 2008, Verve was losing in the vicinity of $200 million, with an asset base of $400 million, and

in two years it would have been technically insolvent but, of course, the state would have bailed it out. Mr Oates changed the contracts and made some changes to the displacement contract. He looked at the market and said, "Listen, it's too premature to make many changes, let's watch and see." In retrospect, we should have made changes, but we did not. He also considered a Synergy and Verve merger and said, "At this time it's best not to go ahead with it; allow the market to look after it." In subsequent years there was a great deal of debate and no doubt Peter Collier said a number of times that he did not favour the merger.

Mr C.J. Barnett: Yes.

Dr M.D. NAHAN: During the election, we did not have a policy on this. We do not have a policy on everything under the sun. We looked at this when we came into government. It is absolutely necessary.

Several members interjected.

The ACTING SPEAKER: Members! The minister is on his feet; this is not the time for an across-chamber discussion.

Dr M.D. NAHAN: This is one bill, and, as I said before, other major changes will be made in this market, and I am sure the people on the other side will complain about each one.

Mr P. Papalia: Is there just a slight oversight on policy development?

The ACTING SPEAKER: Members!

Dr M.D. NAHAN: This bill will re-merge Synergy and Verve. One of the objectives of the disaggregation was to decrease the market share of Synergy and Verve. To some extent it has done that. There has been a lot of private sector investment but, as I indicated, the vast bulk of that is underwritten by Synergy and, to some extent, Verve. When we add the combined generation of Synergy, Verve and Western Power, and the private generation it underwrites, the market share of those three entities goes from 91 per cent to a little over 80 per cent. The market share hardly changes. In other words, one of the worries about this merger is that Verve and Synergy will dominate. They do. If someone wants to put a large electricity generator in this market, there will be one off-take; namely, Synergy.

Mr M. McGowan: In five years private activity has doubled.

Dr M.D. NAHAN: The member is not listening. It has all been underwritten by Synergy. It would not exist without Synergy's long-term contract.

Mr P.B. Watson interjected.

Mr C.J. Barnett: Easy to build a private power station when you have a government guarantee.

Dr M.D. NAHAN: The real question is: is that a private sector operation? This is a different issue; Labor does not understand markets. This is how it was in the 1980s when Labor got into government and had all these nice joint ventures with the private sector.

Mr P.T. Miles: Yes; WA Inc.

Dr M.D. NAHAN: It is the same thing. The government underwriting the private sector is not free enterprise; it is not a competitive market. Yes, certain organisations that have most of their capacity underwritten and sold to Synergy, have some surplus and can enter the market and compete with Synergy. It is a top-up; it is just cream and profit. The whole thing is underwritten. In this market, we have to fix this system so that when we need additional capacity, which we do not need now, the private sector can come in, invest and take the risk; otherwise, the state will continue to underwrite it and we might as well do it ourselves.

One of the problems with this market is that when Synergy goes out and enters into long-term contracts, if the market goes against its contract, it has no flexibility. Synergy has to buy the energy no matter what; it has no flexibility. If Synergy representatives were to approach the private sector saying, "Build the plant in public–private partnership and we will operate it", there would be more flexibility. This is what happened before disaggregation. But the structures put in by disaggregation gave the state higher risk and less flexibility and more cost onto the market. It was a failure; we have to fix it. I ask members opposite to recognise the issue and go with us; but they will not.

Putting these two entities together will give them some expansion of market power. We proposed a series of actions that will increase the competitive pressures on Synergy and Verve more than what exists now. First is the ring-fencing. We will have the organisation split up into the generators, and the Labor Party has been briefed on this matter. That generation side will include all Verve's generation, all Synergy's contracting generation and all third party contracts it holds. Therefore, all the generators will be operated and optimised. A wholesale market stands between that and the retailer. The retailer will go out and service the franchise market and the competitive side of the market. The contracts and prices will be done by the wholesaler. We will ring-fence the generation and the retailing in those two organisations so that the retail people will not have access to the generation

contracts and the generation people will not have access to the retail information. That existed in Western Power; it is not an oddity.

We will also have a transfer price that the wholesale section determines and gives to the retailer and they can go out to sell in the market. It will be cost reflective. We will also take that same transfer price and offer it to the private sector; in other words, the private sector will be able to buy the price we offer to our retail section at the same price. Therefore, we will take that transfer price, which will be transparent, offer it to the retailer that will then market it and at the same time we will offer it to the private sector. This provision addresses one of the weaknesses that were identified earlier in the disaggregation; that is, how do we get Verve's low-price kit into private sector hands? That was the big challenge. It offered three scenarios; namely, privatise it—that was ruled out; lease it like they did in South Australia, that was ruled out; or offer long-term fixed-priced contracts with the private sector, which was not done. I am not sure why. I think it had something to do with problems in New South Wales at the time. This time it is taking Verve's low-price kit, optimised across all the contracts, and offering it to the private sector. That is giving the private sector the same price that Verve–Synergy retail gets. That is opening that whole system up to competition. This will be hard for that government entity to cope with; there is no doubt about that.

Addressing a couple of things raised by members about the Auditor General, he or she will, as is done now, audit not only the books of this combined entity but also its processes. We do that because that is the skill base of the Auditor General. We will also get the Economic Regulation Authority to carry out an annual review of the market. Part of that review will be an assessment of the competitive structures within the Verve–Synergy merged entity. In other words, for members opposite, the ERA has a role. The ERA has a role that it is skilled in—that is, assessing the competitiveness of the anti-market power positions put in and the policy. That is what it is doing, and we have had numerous discussions with the ERA. Of course, as with the Auditor General who audits the books, we are adding to what the ERA already does. The ERA looks at the competitiveness of the market and we will ask them to look specifically at the conditions within the merged entity—as we should. I should add that both the Auditor General and ERA do not have all their expertise in-house; both of them contract out the audits or the competitive reviews to the private sector. I am sure that they will continue to do so in the future.

I turn to penalties. We have put in policies that will impose penalties on entities if they fail to meet the regulatory requirements for anti-market power issues. These are not odd. Fines and penalties are now levied against Western Power. If Western Power did do something—I am not saying it did or has—it would pay that to the government. Through environmental regulations, industrial regulations, WorkSafe safety regulations—all sorts of government regulations that apply to the public sector—penalties will be imposed on the private sector as they are in the public sector. If penalties are paid, they go to the government. The reason we do this is not to collect money—that is ridiculous—but to give the entities an incentive to not act improperly and to treat the private and public sector equally. It is logical.

A number of members discussed the issue of renewables. Most of the renewables in this state have been purchased or supported by either Synergy or Verve. Synergy is, by far, the largest offtaker of renewables, which has grown quite dramatically, both large and small scale. In fact, Synergy is the only retailer that has a renewable energy buyback in place. I think Perth Energy is discussing one for small business, but its buyback price is very small. The reason for that is large-scale renewable energy is driven by the commonwealth's renewable energy target. The way that works is that the retailers have to buy the renewable energy target and the amount they have to buy is proportionate to their market share. Synergy dominates the market and therefore dominates the need to buy renewables. There will be no change under this arrangement; Synergy's market share will remain more or less as it is. Of course, we will continue the renewable energy buyback. Furthermore, just to remind members, the uptake of renewables is not 2 000 a month as it was earlier; in the last few months it has been running at almost 4 000 a month. That is eight per cent growth per month—phenomenal!

The bill adds some flexibility into the geographic arrangements of Horizon Power, Verve and Synergy. Right now, Horizon Power's CEO has to be located in its head office, which has to be outside the south west interconnected system. That has not been applied for quite a while. The current CEO of Horizon Power lives in Perth, operates out of Bentley and is paid, I think, $30 000 to fly to Karratha. We are not saying that that person will not live there; it is just not a necessity. Also, there is a regulation that the majority of Horizon Power's board be located outside the SWIS. The reality is that a large number of people who know a good deal about regional Western Australia periodically live here and commute to the regions. All we are saying is that we have no intention of changing the recruitment of board members by giving preference to those located outside the region, but we will get some flexibility. Technically, Synergy and Verve cannot trade gas outside of the SWIS. They actually do it with Horizon; they have a gas swap. We will allow both those organisations to buy gas from and sell gas to each other and Horizon outside of the region.

Debate interrupted, pursuant to standing orders.

[Continued on page 5818.]

GRANT EDWARDS — BALLAJURA COMMUNITY

Statement by Member for West Swan

MS R. SAFFIOTI (West Swan) [12.50 pm]: I rise to recognise the life of Grant Edwards. Firstly, I acknowledge Grant's family who are here in the Speaker's gallery—his lovely wife, Kim; and his children, Alyssa and Lindsey; his mother and father, Pam and Don Edwards; his sisters, Tammie, Michelle and Kylie; his niece, Nikolena; and his nephew, Harry.

Grant died at the age of 43, on 18 September, only a few days after he was admitted to hospital. Grant was a very active and valuable member of the Western Australian community and the Ballajura community. As president and an active member of the Ballajura Little Athletics Club, Grant was an enthusiastic volunteer and a true community member. He spent hours upon hours volunteering for the community and his children. I acknowledge the significant contribution Grant made to the community. I acknowledge the significant loss to his family and his friends in Ballajura and elsewhere. I will acknowledge, again, what a wonderful person Grant was and say that we all miss him.

PREGNANCY PROBLEM HOUSE — NOLLAMARA

Statement by Member for Morley

MR I.M. BRITZA (Morley) [12.51 pm]: I share with members some comments about an organisation in my electorate that I feel is worthy of honourable mention in this place today. I commend the work of the Pregnancy Problem House in Nollamara. This service gives assistance to women who have found themselves pregnant and do not want an abortion or who have felt threatened, vulnerable or intimidated by abortion operators. This service specialises in crisis pregnancy solutions and does all it can to take the stress and confusion away from those who sometimes feel trapped as a result of being pregnant. There is no judgement, there are no politics and no money is made from the choices these women make. All services are free, caring and confidential. There are free medical-quality pregnancy tests. Above all, each person is given an explanation of every option available to them. This house provides a place for women to process everything, think through their alternatives, feel safe and share what is on their mind. Their goal is to provide a safe environment to assist and educate women during and after their pregnancy. There is advice and support for the fathers, too! Pregnancy Problem House exists to provide hope for the future, encouragement and practical support during this difficult time. It is staffed partly by volunteers, and I think that this organisation needs to be commended. I am honoured to have this service in my electorate.

SOCIAL WORKERS — POLICE YOUTH LIAISON — MIRRABOOKA

Statement by Member for Mirrabooka

MS J.M. FREEMAN (Mirrabooka) [12.53 pm]: In the Mirrabooka area, the engagement of three social workers since October 2012 to work with the west metropolitan police youth liaison officer has seen a significant reduction in offending behaviour by young prolific and priority offenders. The social workers were employed by the police and community youth centre community care unit, and are funded through the strategic crime prevention division for 12 months. This funding will cease at the end of October 2013—that is, today.

This service is vital to the area to deliver a safer community. In the first eight months of the program, 29 young prolific and priority offenders were referred to one-on-one role modelling and support from the social workers, who have succeeded in having 18 of these offenders either cease offending or significantly reduce their offending behaviour. In eight months of the program, offences dropped from 232 to 15, which has made suburbs in the west metropolitan area, in particular, Mirrabooka, Balga and Westminster, safer. It has also enabled these young people to live better lives.

The minister and police have acknowledged the success of this program through the establishment of a mirror project in the south east metropolitan corridor. It is the youth engagement service and will be funded through national crime prevention funding. Why has the minister announced that this successful program will be established in the south east metropolitan corridor, while shutting it in the west metropolitan area, thereby leaving the youth liaison officer with no support and putting our community back at risk? These kids need intensive work. Currently, there are four police youth liaison officers and three PCYCs in the south east metro area, while the areas of the west metro area with the greatest need have no PCYC and only one police youth liaison officer.

NORTH PERTH BOWLING CLUB

Statement by Member for Perth

MS E. EVANGEL (Perth) [12.55 pm]: On Sunday, 13 October I attended the North Perth Bowling Club season opening. The North Perth Bowling Club is a little boutique bowling club in North Perth; in fact, its members often refer to it as the best boutique bowling club in the state due to all the hard work and effort they put into

making this club the best. The North Perth Bowling Club is also the only bowling club in the City of Vincent and it is the oldest bowling club in Western Australia as it was established in 1907, so this makes it 106 years old, which is not a bad effort indeed.

It was great to see outgoing club president Barry Dey, the acting president, Mr Adam Wright, and the new president to be, Mr Mick Judd, all at the club. It was very sad to see Barry Dey leave as he has been such an outstanding and dedicated president for three years now. However, I am sure that under the presidency of Mick Judd, the club will continue to thrive and flourish.

We all know the success of any sporting club is reliant on the hard work of its committee. The North Perth Bowling Club has many hard-working and dedicated members who all contribute to its success. I would also like to acknowledge Mr Richard Moorland, who was treasurer at the club for about seven years and did a tremendous amount of work for the club, and the new treasurer, who is the current acting president, Mr Adam Wright. Additionally, I give a special thank you to Mr Darryl Moran, captain of the bowls, who has been working steadily for the club for around 10 years.

At the season opening I was also pleased to see the former mayor of Vincent, Mr Nick Catania, who is now the chairman of the North Perth Community Bank. In the 11 years since its inception, the North Perth Community Bank has contributed over $1.2 million to worthwhile organisations in the Perth electorate. It was wonderful to see that the North Perth Bowling Club was the recipient of a donation presented to it by the former mayor.

Finally, I wish the North Perth Bowling Club a successful bowling season and look forward to my next bowl at the club.

DR ERN MANEA

Statement by Member for Collie–Preston

MR M.P. MURRAY (Collie–Preston) [12.56 pm]: I rise today to pay tribute to the late Dr Ern Manea, who passed away in Bunbury on 16 October 2013. Dr Manea was born in Albany in 1926 and moved to Bunbury in 1952 where he worked as a general practitioner. He delivered 3 581 babies during this time and retired from his medical career in 2010. He was a loved and respected family doctor to generations of south west families.

Dr Manea served as the mayor of Bunbury for two terms—from 1966 to 1972 and then from 1988 to 1997. He was involved in many organisations like the Western Australian Trotting Association, the International Trotting Association, the South Bunbury Football Club, the South West Development Commission and the Australian Medical Association. Dr Manea was a true champion of the south west and a driving force behind a number of big ticket projects in and around the Bunbury area. These include the Hay Park sporting grounds; the Lord Forrest Hotel and Bunbury tower; the redevelopment of Marlston Hill from industrial wasteland to residential and tourism precinct; Manea Senior College; the South West Institute of Technology; Edith Cowan University; and the St John of God Hospital Bunbury.

Dr Manea, or Ern as he was fondly known, was always acutely aware of all the issues in the south west and never missed the opportunity to discuss or be briefed on the latest projects. Dr Ern Manea leaves behind his legacy of achievement. He was considered a community hero and, although we are sad at his loss, his achievements and contributions have made the south west a richer place.

Dr Manea was married to Snookie for 60 years. I extend my deepest sympathy to his wife Snookie, his sons Mark and Denis Manea, Sydney Jackson and his five grandchildren. Rest in peace, Ern.

CITYHIVE, GERALDTON

Statement by Member for Moore

MR R.S. LOVE (Moore) [12.58 pm]: Pollinators Inc, a midwest-based social enterprise, has celebrated the opening of the CityHive co-working and meeting space in Geraldton. Occupying two floors of an iconic, heritage-listed building on Marine Terrace, CityHive provides affordable and flexible space and support for community groups, entrepreneurs and innovation. CityHive is the first of its kind in regional Australia, showing how co-location of organisations can grow better enterprises while also delivering better social outcomes. Co-working is where different individuals and organisations share the same open workspace, benefitting from the support and networking of peers while also saving money through shared infrastructure. Users share the use of offices, meeting or workshop space and can choose the level of commitment or cost to suit their situation.

CityHive is just one initiative that has been championed by the staff, board and more than 100 members of Pollinators Inc. The members are from across the midwest, from Wiluna to Dongara, and include leaders of non-profit organisations, ethical investment advisers, app developers, designers, government staff, renewable energy entrepreneurs and local business owners. Since forming in 2011, this group of “social entrepreneurs” have used their combined talents and local resources to run more than 50 training events; use degraded buildings as pop-up shops; organise a large Goodness Festival; and graduate 15 participants from a “catalyst” enterprise development

program. The development of CityHive has been supported by a range of local organisations and individuals as well as several sponsors, including Lotterywest and the state government's Social Enterprise Fund.

Pollinators is a great example of regional people taking the lead on training, networking, advocacy and leadership in their own communities, for their own communities.

Sitting suspended from 1.00 to 2.00 pm

QUESTIONS WITHOUT NOTICE

EXPLOSIVES DISCOVERY — AUSTRALIND

713. Mr M. McGOWAN to the Premier:

I refer to the TATP explosives found at Australind, which were exploded by police yesterday, and reports of further explosives found today.

(1) When did the Premier become aware of the discovery of these dangerous explosives?

(2) When were federal authorities informed?

(3) Why has a full statement not been provided to Parliament on the public safety and security issues surrounding these discoveries?

Mr C.J. BARNETT replied:

(1)–(3) I am surprised by that question, for a very good reason. This is a serious issue and should be treated as such. I was advised yesterday of the material discovered in Leschenault Inlet and I was briefed accordingly. The operation has been conducted by Western Australia Police, and federal agencies, including the Australian Federal Police, are involved. Today another object, unknown at this stage, was discovered in the Leschenault Inlet area and exactly what it is has yet to be identified. I stress that this is an extremely serious situation. There is a police operation on right now involving federal agencies, and the last thing we need is a political debate on a matter that police operations and federal agencies are dealing with.

Mrs M.H. Roberts: We need some accountability, though.

Mr C.J. BARNETT: I am disappointed that the Leader of the Opposition —

Ms M.M. Quirk: Get over it!

The SPEAKER: Member for Girrawheen, I call you to order for the second time.

Mr C.J. BARNETT: It is clear that some—not all—members of the opposition do not take this seriously and seek to gain some sort of political commentary about it. Indeed, as I understand it, the Leader of the Opposition described my comments as flippant, or words to that effect, to the media today. He put out a press release asking a whole series of questions and tried to make a political issue about a very large, very serious and very sensitive police and federal operation taking place today. I assume I can trust the Leader of the Opposition. If he wishes to have a one-on-one private briefing on this matter, I will arrange for that to happen. However, the matter is confidential and the Leader of the Opposition is not to use it politically and he is not to interfere in the operations, as I will not. I am willing, and if the Leader of the Opposition wishes to have that briefing, it will be arranged and available for him this afternoon.

EXPLOSIVES DISCOVERY — AUSTRALIND

714. Mr M. McGOWAN to the Premier:

I thank the Premier for his offer and I accept it, but I have a supplementary question. I am not asking about operational issues; I am asking about public safety and security issues. Does the public not have a right to know what precautions are being put in place and to have all of that information made public so there can be some reassurance that these matters are being managed properly?

Mr C.J. BARNETT replied:

I do not know the full details of the investigation, and nor should I. I can assure the Leader of the Opposition that public safety has been paramount in this matter and I have absolute confidence in our police to handle the situation. There is the obvious threat to public safety that I am aware of. The opposition needs to take these issues seriously, as I do, as this government does, as the federal government does and as the federal authorities do.

Mrs M.H. Roberts interjected.

Mr C.J. BARNETT: Does the opposition think it helps improve the situation for the public by politically speculating and seeking, as it does, to gain some sort of political notoriety out of a serious issue? Again, understand that this is a very serious issue with a major investigation underway right now. I will not speculate on

or air publicly what is taking place, given that my knowledge is far from full and that it does not need to be. I have confidence in both our state and federal agencies and authorities to deal with the matter and, as I say, I am very prepared to provide a confidential briefing to the Leader of the Opposition.

MINERAL EXPLORATION PROGRAMS — PILBARA

715. Mr I.C. BLAYNEY to the Minister for Mines and Petroleum:

Can the minister please update the house on mineral exploration programs in the Pilbara?

Mr W.R. MARMION replied:

Before I answer this question, I will just make a brief announcement about a seismic incident that occurred at the BHP Billiton Leinster nickel operations underground mine. No-one was injured, but nine fitters remain in a refuge chamber. An unmanned cage was successfully run through the shaft to confirm its stability and investigations are now being commenced into the shaft and access route. The nine fitters are estimated to be hoisted to the surface at about four o'clock this afternoon.

I return to the question by the member for Geraldton. Everyone thinks of the Pilbara as being a great destination and a place for iron ore. Indeed, mining in the Pilbara started on finds at Mt Whaleback and Mt Tom Price, which I guess were an iron ore "goldmine"—the Golden Mile of iron ore has been the Pilbara. Exploration continues to be undertaken for other minerals in the Pilbara. Indeed, there is activity in relation to gold, nickel, copper and zinc, and also metal alloys such as tantalum, chromium and titanium. The exploration incentive scheme funds drilling operations through the co-funding drilling program and we have funded a number of operators in the Pilbara region. Total mineral expenditure in Western Australia last year was $1.76 billion. The interesting thing is that the Pilbara has never been known as an area where coal can be found. Northern Star Resources is a goldmining company with a very successful goldmine at Paulsens. I will hold up a map so members can see where it is, because it can be very difficult to listen to someone talking about goldmines without knowing where they are. It is not very far from the Nanutarra roadhouse, on the Nanutarra to Wittenoom road, about 50 or 60 kilometres away. Halfway between a line from Paulsens goldmine to Paraburdoo, Northern Star Resources has found a large deposit of coal. There are eight drill holes over a seven-kilometre length and the drill holes are very prospective for coal. Who would have believed that we could find coal in the Pilbara? The holes were not funded through our exploration incentive scheme, but Northern Star Resources has received funding from our co-funded drilling program for areas around Paulsens goldmine.

This shows how the exploration incentive scheme is working. This coal deposit has now been discovered. It is early days, but the coal does not seem to be to quite the same standard as Collie coal; the calorific value of the coal is a bit below that, but it is not too far below. To give some idea of the drill intercepts, of the eight holes, the overburden ranges between only 35 metres and 79 metres. Between 35 metres and 79 metres below the surface, the coal seam has been intersected and it ranges between 12 metres and 65 metres of thickness. Indeed, in four of the eight holes the thickness of the coal has not bottomed out, so the seam that is 65 metres thick could be thicker.

This is a very exciting prospect for the state. It demonstrates that we are open for business in Western Australia. Although we are a vast expanse and it appears we have discovered a lot of minerals, there are still a lot of opportunities in Western Australia to discover more minerals. We do not know where coal in the Pilbara could lead, but I look forward to further exploration and the proving up of the deposit.

EXPLOSIVES DISCOVERY — AUSTRALIND

716. Mrs M.H. ROBERTS to the acting Minister for Police:

I refer to the discovery yesterday of three kilograms of explosives commonly used by terrorists.

(1) Has the minister been advised that the preliminary drug-test kits used by Western Australia Police have actually been known to trigger explosions when used with triacetone triperoxide?

(2) Was there a serious danger to officers who used an acid-based test kit with TATP?

(3) Was there a serious danger to the officers who transported the explosives yesterday and also to the officers who were based at Curtin House?

Mr J.H.D. DAY replied:

(1)–(3) As the Premier mentioned a short while ago, a major investigation is underway at the moment. I am aware that the police will make a further statement at 2.30 this afternoon about the current investigation and whatever further has been found in the Leschenault Inlet today.

In relation to the specific details of the question that the member for Midland has just asked me, it is reasonable to assume that there was a serious danger to people in the vicinity of the material that was found. Once the material was identified yesterday, a major operation was put in place for the material to

be safely, but very carefully, transported to Gloucester Park and then exploded. I think it is reasonable to assume that there was a real danger, and that is why the police acted in the very careful and thorough way that they did.

I am not aware of specific details about the drug-test kits that the member referred to. It appears that she has been provided with some information on that issue. I will await any further advice that might be appropriately provided by WA Police.

EXPLOSIVES DISCOVERY — AUSTRALIND

717. Mrs M.H. ROBERTS to the acting Minister for Police:

I have a supplementary question. Is the minister prepared to order a full-scale occupational health and safety review to ensure the safety of police officers in incidents such as this?

Mr J.H.D. DAY replied:

I am sure that after this operation is completed, whenever that may be, as is normally the case there will be an appropriate review of the whole operation and the procedures that have been used and consideration about whether any changes should be made for the future, if indeed that is appropriate. It is not appropriate to speculate about those issues at this point while a major operation is underway and is yet to be concluded.

FIRE AND EMERGENCY SERVICES — FIRE CREW PROTECTION

718. MR N.W. MORTON to the Minister for Emergency Services:

In light of alarmist media headlines and claims of government delays in providing crew protection systems to our firefighting appliances, can the minister advise the house on how the Department of Fire and Emergency Services is acting on the government's election commitments in this regard?

Mr J.M. FRANCIS replied:

I thank the member for Forrestfield for the brilliant question. We are getting on with the job of increasing protection to volunteer firefighters and career firefighters across Western Australia. There are almost 1 000 firefighting vehicles in the fleet, of which 667 are in medium to high-risk areas. We will prioritise those areas first, including areas in the electorates of the member for Forrestfield and the member for Albany. This is a complicated task. It is a very detailed undertaking to provide retrospective custom-fitted mechanical equipment to over 25 different types of vehicles. For example, it is not only the internal radiant heat shields that are being rolled out, but also the heat lagging that will protect critical components, such as transmission lines, fuel tanks, communication lines and external audio systems to the crew outside the fire trucks so that if they are standing at the back of the truck and a pump is running and a red-flag alert is broadcast over the radio, they will be able to hear it. All these things need to be done. There are over 25 different types of trucks. We are getting on with doing that job. In a perfect world, we would magically wave a wand and do them all at once, but it just cannot be done.

It is worth noting that this does not mean that our fire trucks are unsafe. We are just doing that little extra over and above to make sure that our firefighters are even more protected. I cannot talk about the safety of fire trucks without talking about the age of the fire trucks. Fire trucks, like anything else, have a use-by date. For the information of members, a tanker has an expected use-by date of about 16 years and a light tanker has an expected use-by date of about 10 years. I think it is worth looking at the history of fire trucks and those that are past their use-by date. In 2007–08, 15 per cent of the entire fleet was past its use-by date. As members can see, now not a single fire truck in the fleet is older than its use-by date. Something magical happened here. With all due respect, I will give credit where it is deserved. When the member for Hillarys was the minister, he did a brilliant job.

Several members interjected.

The SPEAKER: Thank you!

Mr J.M. FRANCIS: When the member for Hillarys was the minister, he made sure that we got on with that. When the member for Vasse was the minister, he made sure that we got on with updating the fleet. Of course, I do not need to provide statistics. I can just look at one of the local brigades in my electorate. The truck in this picture was retired from the fleet only three years ago. It was the Jandakot nine-tonne tanker. It was over 25 years old. It spent 16 years with the brigade. It was a former rubbish truck, disposed of by the City of Cockburn, that had a water tank put on the back. It was converted to a fire truck in 1994. It was replaced in 2010 with the almost $300 000 appliance in this picture. It is a prototype design, custom-built for firefighting, not as a rubbish truck. Four of these appliances are now in service in the metropolitan area, with more being rolled out. The truck in this picture carries more than 12 tonnes of water, with a seven-tonne collar tank for aerial firefighting. If the truck in the second picture is a potential deathtrap, what does the member for Girrawheen call the truck in the first picture? It would not have even passed a roadworthy test. The truck in this picture will be our legacy. The truck in the other picture will be her legacy. She should be ashamed of her comments.

NEW CHILDREN'S HOSPITAL — CAPACITY

719. Mr M. McGOWAN to the Premier:

I refer to the overwhelming community demand for an additional floor on the new Perth Children's Hospital.

Several members interjected.

Mr M. McGOWAN: I refer to the overwhelming community demand for an additional floor on the new Perth Children's Hospital.

Mr T.R. Buswell: Gaga.

The SPEAKER: Treasurer!

Mr M. McGOWAN: I ask —

(1) Has the Premier had discussions with the business community or federal government to secure funding on a shared basis for such a floor?

(2) If yes to (1), what was the nature of those discussions?

(3) If no to (1), why not?

Mr C.J. BARNETT replied:

(1)–(3) The issue of the additional floor on the new Perth Children's Hospital has been asked and answered several times in this chamber. I again say that we have added a further 48 beds. The central core can have a further four levels attached to it, adding 48 plus 48 plus 48 plus 48 beds. As the Minister for Health has said, eventually, when the women's hospital is alongside the children's hospital, 24 early-birth children will effectively go to the women's hospital instead of the children's hospital. That decision was taken after re-examining all the facts and forecasts and also after recognising that additional paediatric beds and wards will go into metropolitan hospitals. That is the reason we made the decision. I am confident that it is the right decision. The hospital has been designed for growth. Other hospitals that are being built now are also designed for more child health care.

I have not discussed an extra floor with the federal government. I am not sure whether the Minister for Health has, but he tells me that he has not. There has been no discussion between the state and the commonwealth relating to an additional floor that I am aware of. That is something that I certainly have not raised and I do not intend to.

NEW CHILDREN'S HOSPITAL — CAPACITY

720. Mr M. McGOWAN to the Premier:

I have a supplementary question. Has the Premier had any offers of assistance or any discussions with members of the business community about there being contributions to such an important additional floor to meet future demand at the Perth Children's Hospital; and, if he has, what were the nature of those discussions?

Mr C.J. BARNETT replied:

I can say that Kerry Stokes raised it with me when I was at Telethon. That is the only discussion of any significance that I can recall. We discussed it, and I made it clear to Kerry that the decision has been made and that is it. He is the only person I can think of right now who has ever raised the issue of the additional floor.

GRIFFIN COAL — FINANCIAL DIFFICULTIES

721. Mr D.C. NALDER to the Minister for Energy:

I note the financial difficulties being experienced by Griffin Coal.

Several members interjected.

The SPEAKER: Just hold it there, member for Alfred Cove.

Mr R.H. Cook interjected.

The SPEAKER: Thank you very much, member for Kwinana. I was going to just ask members to stop talking across the chamber. Member for Kwinana, I call you to order for the first time.

Mr D.C. NALDER: My question is —

(1) Has Griffin Coal asked the state to build or augment port infrastructure at Bunbury port or anywhere else, an approach proposed by the member for Cannington on 6PR yesterday morning?

(2) Has Griffin Coal requested that the government pay more for electricity generated in the south west interconnected system?

Dr M.D. NAHAN replied:

(1)–(2) I thank the member for the question; it is a very good one.

Mr W.J. Johnston: It doesn't sell electricity.

The SPEAKER: Member for Cannington, you are not answering the question. Minister.

Dr M.D. NAHAN: Lanco Infratech Ltd and Griffin Coal are having some difficulties, and have been for a long time. The history of this is that Griffin Coal was owned by Ric Stowe and the boys for many years. There has been a long, sorry history in terms of government involvement. In the past, governments kind of shovelled money into it and made Ric Stowe a very wealthy man for a long time.

Mr M.P. Murray: You'll be shovelling the coal soon because nobody will be pulling it out. You'll be the only one there!

The SPEAKER: Member for Collie–Preston!

Dr M.D. NAHAN: After renegotiating the coal contracts in 2004–05, Griffin Coal lost its contract with Verve Energy.

Mr M.P. Murray: They asked you to support it.

The SPEAKER: Member for Collie–Preston, I call you to order for the first time.

Dr M.D. NAHAN: It went into receivership and Lanco Infratech Ltd, an Indian firm, bought it. Lanco is a big firm; it came in and paid premium money for Griffin Coal—I heard it was $700 million. It knew what the price was, what the contracts were, that it was a difficult task and that the mine was not in the best shape, and it struggled. The company has had discussions with us. Its plan is to build a quite large port in two stages to export, I think, about five million tonnes going towards 10 million to 20 million tonnes.

I go back to the member's question. On Tuesday this week the member for Collie–Preston demanded that the Premier do what Labor did in the past; that is, bail it out—give it some money. He referred to $15 million of royalty relief provided to Gindalbie Metals Ltd and said that the same should be provided to Griffin Coal. On 6PR, the member for Cannington said that the government is not doing anything to help the company in terms of export. He stated —

> You know if the Government really wanted to do something here they'd be doing … you know getting involved, getting their hands dirty and finding solutions instead of just being commentators on the energy sector.

It is trying to bail out the industry.

Mr R.H. Cook: That is a good quote. Well said, member!

The SPEAKER: Members!

Dr M.D. NAHAN: In today's *The West Australian*, Mr Trench of Griffin Coal is reported to have said —

> "We have not nor intend to burden the West Australian people with any pricing issues relating to coal …

Griffin Coal does not sell any coal to Verve. There is no pressure on prices. We have no contract with it. We have not been asked to help with the port upgrades. It has not come to us to ask for a bailout. We are having discussions with PT Kaltim Prima Coal. Lanco is having problems, but it is a commercial issue and it has to get on with it. We are not going to do what Labor did in the 1980s; that is, every time an owner of a coalfield squawked and could not make a return on their heavy investment, it bailed them out.

Mr M.P. Murray: Keep it up and I will run again at the next election.

The SPEAKER: Member for Collie–Preston!

VERVE ENERGY AND SYNERGY — CORRESPONDENCE WITH PREMIER

722. Mr W.J. JOHNSTON to the Premier:

I refer to the Premier's comments in the house yesterday that he has a letter from the chairmen of Verve Energy and Synergy requesting that he merge the two companies.

(1) Will the Premier table this letter or letters, as he has said that they are not a secret?

(2) On what date did the Premier receive this letter or these letters?

(3) Can the Premier confirm that one of the people who signed the letter is Mr David Eiszele, the chairman of Verve, who shares responsibility for the $330 million Muja AB disaster?

Mr C.J. BARNETT replied:

(1)–(3) The opposition cannot resist attacking public servants and former government employees; it does it repeatedly. It is improper and inappropriate.

Mrs M.H. Roberts: You used to do it when you were in opposition. You would do it all the time. You made an art form of it.

The SPEAKER: Member for Midland!

Mr C.J. BARNETT: Perhaps what I said yesterday might have been a slight overstatement. I have the letter and I will quote from it.

Mr M. McGowan: You said "letters".

Mr C.J. BARNETT: No; I have a letter. The letter does not actually call for an amalgamation but certainly makes comments along those lines.

Mr P.B. Watson: You make it up as you go along.

Mr C.J. BARNETT: There is no point; it is a joke.

The SPEAKER: Member for Albany, I call you to order for the first time.

Ms M.M. Quirk interjected.

The SPEAKER: Member for Girrawheen, I call you to order for the third time.

Mr C.J. BARNETT: I am very happy to not answer the question, but I believe the member asked a genuine question.

The letter was sent to me. It was unsolicited. It came freely from the two organisations, Verve and Synergy. It is dated 30 March 2012—we need to bear in mind that this was 18 months ago and that a lot has happened since then. The letter refers to the implications of a possible merger of the two corporations, Verve and Synergy. It refers to that having been discussed by the respective boards. The letter confirms that the boards are willing to cooperate with the government. It makes it clear by implication that it is a government decision. I will quote some sections of it. The letter states in part —

> … the changes made to the electricity industry in the past ten years have not been well managed and have not been a success.

That is a very clear statement from the two corporations: it has not been well managed and it has not been a success. The letter goes on to refer to some of the issues. Indeed, they are very similar to the issues about which the Minister for Energy has been talking: market operations, interests of private suppliers and contestability—the sorts of issues that would come up if we were considering a merger of the two. Indeed, the letter has with it an attachment of identified issues. I do not think anyone would argue with some of the issues they say would need to be addressed if a merger were to happen. The letter also makes the point that a merger would reduce conflicts, achieve economies of scale, lead to more effective advice to government, reduce the reporting mechanisms that are in place, reduce overheads, create a substantial corporation, and allow the optimisation of Verve's energy portfolio. The letter made it clear that any existing contracts between Synergy and private producers would need to be honoured. Towards the end of the letter it states —

> It was noted that the private sector has had its opportunity to participate in the market with the result that of the market participants —

Bear in mind that this was 18 months ago —

> Alinta is struggling financially, Griffin is in Administration, Perth Energy is on the market, Wesfarmers is no longer active and ERM has withdrawn as a result of their inability to absorb capacity refunds. This has led to instability in the market and significant collateral damage to both Verve Energy and Synergy.

It also went on to say —

> The ongoing viability of the IMO —

The Independent Market Operator —

> is also an issue, bearing in mind that 93% of the market is based on bilateral contracts with only about 7% actively traded.

That is the letter. As I said, it was an unsolicited letter. It was provided 18 months ago.

Mr F.M. Logan: Signed by Chairman Mao.

Mr C.J. BARNETT: What a foolish, foolish comment.

The SPEAKER: Thank you, member for Cockburn!

Mr F.M. Logan: It is an example of a justification for a merger.

The SPEAKER: Member for Cockburn, I call you for the first time for shouting out, and I call you for a second time for speaking when I am on my feet—you are called twice.

Point of Order

Mrs M.H. ROBERTS: Is the Premier going to table the letter?

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

Questions without Notice Resumed

Mr C.J. BARNETT: The letter was signed by David Eiszele, then chairman of Verve Energy, and Michael Smith, chairman of Synergy—two very respected people. I will repeat the quote that I think matters —

> … changes made to the electricity industry in the past ten years have not been well managed and have not been a success.

The letter was signed by the chairmen of the two major corporations. It was unsolicited. It was sent to me. I have notes on this copy of the letter, so I will table a clean copy.

[See paper 1121.]

VERVE ENERGY AND SYNERGY — CORRESPONDENCE WITH PREMIER

723. Mr W.J. JOHNSTON to the Premier:

I have a supplementary question. Will the Premier correct the record on his statement to the house last night that this letter asked for Verve and Synergy to be merged?

Mr C.J. BARNETT replied:

I do not recall ever saying "asked" for it; I might have said "called" for it. The letter was written at a time when there was debate. As the member for Cannington acknowledged, at least my view on this has been consistent for many years. The letter did not specifically ask for it. The way the letter is written makes it clear that it is a government decision but that it was clearly something under consideration. It was a matter of public debate during the time. No, the letter does not specifically ask the government to do it; but it is a persuasive argument in favour of amalgamation. That is the way I interpret it. Indeed, I have to say I was surprised at the time to receive this unsolicited letter on the issue from Verve and Synergy.

GOVERNMENT REGIONAL OFFICERS' HOUSING

724. Ms M.J. DAVIES to the Minister for Regional Development:

Would the Minister for Regional Development update the house on the progress of the Liberal–National government's commitment to build 400 new houses for Government Regional Officers' Housing across the state?

Mr B.J. GRYLLS replied:

I am happy to update the house. The job is done. There are 400 new houses for government regional officers across the length and breadth of regional Western Australia. It was a huge undertaking. It was an issue that was constantly raised when the Liberal and National Parties where in opposition. We came to government. We said that there is no point talking about it; it is time to get on with it. Now the project has been completed.

Member for Central Wheatbelt, there are 62 government officer houses in the wheatbelt. It was a $200 million project from royalties for regions. It was one of the first major decisions the government took in 2009. The Treasurer, as the Minister for Housing at the time, agreed that it would be a major challenge to attract and retain government employees in regional areas because of the low quality and standard of housing and that something had to be done.

The 400th house completed is one of 18 units in a complex in Halls Creek. Members would remember that Halls Creek was infamous during the time the Labor Party was in office. Underinvestment had led to terrible outcomes for both the Indigenous community and government departments that were trying to respond to challenges in the Indigenous community. There were 25 people living in houses in Mardiwah Loop and there were no houses for government employees to provide services for them. I am happy to say that the government has completely rebuilt Mardiwah Loop. There are 21 new houses in Mardiwah Loop, which will help to reduce the high incidence of overcrowding there.

Mr F.M. Logan: Because it is all federal government funding.

Mr B.J. GRYLLS: No, it is not.

Mr F.M. Logan: Yes, it is!

Mr B.J. GRYLLS: No, it is not.

Mr F.M. Logan: Yes, it is.

Mr B.J. GRYLLS: There has been $200 million of royalties for regions into —

The SPEAKER: Member for Cockburn!

Mr B.J. GRYLLS: The member for Cockburn is suggesting that the 400 houses for government regional officers were funded by the federal government. That is just not true.

Mr F.M. Logan: You said that you rebuilt Halls Creek.

Mr B.J. GRYLLS: It is high farce for the member for Cockburn to claim credit for his disgraced federal counterparts on a project they did not do.

In Halls Creek, 14 two-bedroom and four three-bedroom units will house employees from the Department for Child Protection and Family Support, the Department of Education and the Department of Corrective Services. I imagine that the Department of Corrective Services employees are from the justice reinvestment program, which is looking to intervene in families under pressure to keep our young kids out of the justice system. That is preventive work to try to support those families.

In the Kimberley, there are 110 new GROH houses; Pilbara, 105; wheatbelt, 62; great southern, 33; goldfields–Esperance, 28; Gascoyne, 25; midwest, 19; south west, 16; and Peel, two.

Mr D.A. Templeman: Just two!

Mr B.J. GRYLLS: Two houses in Peel.

Mr D.A. Templeman: Every time, we get the least amount.

Mr B.J. GRYLLS: That must be poor advocacy by the local member, I think. The current member for Kimberley has done a great job.

Several members interjected.

Mr B.J. GRYLLS: The member for Kimberley has done a great job; she has done a better job than any members on the government side.

Mr D.A. Templeman interjected.

The SPEAKER: I call the member for Mandurah to order for the first time.

Mr B.J. GRYLLS: Both the former and current members for Kimberley have done great jobs in advocacy, with 110 houses addressing that shortage. I do not think the member for Mandurah would —

Mr D.A. Templeman: Why don't you give us some crisis houses? That's what we need down there. You won't give us any of those either!

The SPEAKER: I call the member for Mandurah to order for the second time. I think he has made his point.

Mr B.J. GRYLLS: I do not think the member for Mandurah could honestly tell the Parliament that he thinks that the housing crisis in Peel is as serious as the housing crisis in the Kimberley or the Pilbara.

Mr D.A. Templeman: Come and have a look!

Mr B.J. GRYLLS: This has been a major project that has been completed.

Mr D.A. Templeman: He's been goading me, Mr Speaker.

The SPEAKER: He is goading you? You have made your point, member for Mandurah.

Mr B.J. GRYLLS: We have completed the project. Government employees have 400 new houses that will help attract and retain vital government employees across regional Western Australia. Again, I am very happy to announce that the project to build 400 new government officer houses has been completed.

MONITORING STANDARDS IN EDUCATION TESTS

725. Mr R.H. COOK to the Minister for Science:

I refer the Minister for Science to the revelation that the government has abolished the Western Australian monitoring standards in education tests in science and society and environment.

(1) How does the minister justify denying parents and schools important information about their children's performances, particularly in science?

(2) Is this not just another sneaky cost-cutting attack on education?

Mr C.J. BARNETT replied:

(1)–(2) No, it is not. The monitoring standards in education system operated in this state with a fair bit of intellectual integrity in the design, collection and presentation of data and analysis. In a sense, it has been overwhelmed by the National Assessment Program — Literacy and Numeracy, which has been misused by successive governments. I happen to have been an education minister at the time when David Kemp, the then federal education minister, introduced NAPLAN. There was a lot of contention about that and I helped to get it in place.

Mr M. McGowan: No, you got it wrong.

Mr C.J. BARNETT: NAPLAN testing was originally proposed for year 3 and year 5 initially and it was designed to monitor the progress of a child through their primary school years. It was made very clear by the then federal minister and state ministers around the table that it would not be used in an aggregate sense or to try to make comparisons between schools and education systems. It was agreed that this was about information for schools and parents on individual children. I make that point because it was not designed to ever, in a statistical survey technique, provide comparative statistics. It was not designed for that, but it has been misused by successive governments and has led to all sorts of interpretations.

Mr M. McGowan: You got it wrong. If you're talking about the Western Australian literacy and numeracy assessment, that sounds right.

Mr C.J. BARNETT: I give up, Mr Speaker. It is a waste of time.

MONITORING STANDARDS IN EDUCATION TESTS

726. Mr R.H. COOK to the Minister for Science:

I have a supplementary question. Given that the results of this year, or the most recent results, show a substantial decline in the results of year 7s achieving the test standard in science, and the Minister for Science's promise to make science a priority, should we not be doing more to monitor and lift science in our schools, and not less?

Mr C.J. BARNETT replied:

I do not have that report in front of me, but the member for Kwinana says "a substantial decline". I do not know what period he is talking about.

Mr R.H. Cook: Between 2011 and 2012, the drop was from 48.2 per cent in 2011 down to 42.3 per cent; so it is a substantial decline.

Mr C.J. BARNETT: For the member for Kwinana to make that claim would imply that those statistics are a true reflection.

Mr R.H. Cook: It's your testing and monitoring program.

Mr C.J. BARNETT: I am answering it. I do not believe that there would really be a six per cent decline, or change, in science performance or education from one academic year to another. That is simply not statistically valid. I do know a bit about the validity of statistics. There may be a trend. There has been a trend of decline in science and maths in education in Australia and in this state, and this is a concern. One of the reasons I have taken on the science portfolio is that I want science and maths elevated in the school system. The point I make —

Mr P. Papalia: You don't know what you're talking about.

Mr C.J. BARNETT: Opposition members keep on saying I do not know what I am talking about. I can tell them right now that it would take something dramatic in our school system —

Mr M. McGowan: Why get rid of the testing?

Mr C.J. BARNETT: Mr Speaker, there is no point talking to them.

MOSQUITO MANAGEMENT PROGRAMS — SWAN RIVER SUBURBS

727. Mrs G.J. GODFREY to the Minister for Health:

I understand that Western Australia is in for a severe mosquito season in the coming months, which poses a threat as both a nuisance and a public health risk in areas at risk of high mosquito populations. Could the minister update the house on what strategies the state government has taken to control mosquito populations, particularly in residential areas, such as my area, that border the Swan River?

Dr K.D. HAMES replied:

I thank the member for the question. Mosquitoes are a critical issue for this state, particularly for some electorates such as the member's and in the Peel region because of the total number of mosquitoes, the difficulties in treating them and the extra work required by the state government to treat them. As all members

know, at the last election we committed, and have provided, an extra $1 million a year to assist in that treatment program for mosquitoes. Hence, I was very interested to see a release by the member for Mandurah, the shadow Minister for Local Government, about mosquitoes. He made the following comments in the release —

> "Dr Hames needs to stop hiding behind local government, stand up and actually address this serious threat."
>
> Mr Templeman said $1 million a year was a pitiful response to a public health risk that could leave Western Australians exposed to the debilitating Ross River Virus.

I thought that maybe the member has a point. What have we done in the treatment of mosquitoes in this state? Since we have been in government, how hard have we worked? I will talk about some of the dollar changes. In the last four years, we have gone from $585 000 in 2010–11 to $1.88 million in 2013–14. Not to be outdone by the Treasurer with laminated graphs, I have with me two graphs. The first one shows the period from 2010–11 to 2013–14—that is, the last four years of our government. We can see on that graph the increase in funding that this state government has put into mosquito management. But I thought to myself that in the former Labor cabinet the member for Mandurah used to be the Minister for the Environment. He lived down in Mandurah. Mosquitoes were a problem back then. When I bought my house down there in 2004–05 —

Mr D.A. Templeman: How long have you lived down there?

The SPEAKER: Member for Mandurah!

Dr K.D. HAMES: The member should not start about that!

Several members interjected.

The SPEAKER: Members! That is the last time that I am going to countenance any shouting in this chamber.

Dr K.D. HAMES: I thought to myself that the member had been down there all that time. When I bought my house there in about 2004, mosquitoes were certainly a problem. What happened with funding for mosquito problems in the Labor years? What happened when it was in office? I have in my hand a graph, and it does not include the massive increase in funding this year. The massive increase in funding this year would be off the top of the graph. I would need another graph to fit in our funding for this year. But this shows the funding under the Labor Party going back to 2002–03. In the last years of the Labor government, we can see the column for funding in 2007–08, compared with our funding last year, which is right at the top of the graph. There has been a massive increase in funding by this government to assist in the management of mosquitoes.

Two areas are funded for mosquito management. Some of the funds go directly through a process called CLAG—the Contiguous Local Authorities Group scheme. That funding goes to assist local government, and we fund that in conjunction with local governments. However, in addition to that, we provide a massive amount of money that goes directly to fund the total cost—100 per cent of the cost—of helicopters for the application of larvicide. The graph shows the Peel region funding alone, and once again there has been a massive increase. As I said before, if we go back to 2002–03, there was about $80 000; in 2012–13, there was about $450 000. There has been a massive increase in funding by this government for the management of mosquitoes in the Peel region. The member for Mandurah should give some credit to the government for that huge increase in expenditure by the government.

MOSQUITO MANAGEMENT PROGRAMS — MAYLANDS

728. Ms L.L. BAKER to the Minister for Health:

The minister has just described $1 million a year going into the treatment program for mosquitoes. Can the minister please tell me how much of that is going specifically to Maylands and how much is going to other electorates as well?

Dr K.D. HAMES replied:

I can tell the member that a lot more is going into the Peel region than is going into Maylands; I am sorry to tell her that. This additional $1 million has two components. There is an —

Mr P.T. Miles interjected.

The SPEAKER: Member for Wanneroo —

Ms L.L. BAKER: Supplementary —

The SPEAKER: — I call you to order for the first time. There is a buzzing noise.

Dr K.D. HAMES: Mr Speaker, it was somewhat amusing because the member was standing, asking her supplementary, when she had not even heard the answer to the first part of the question.

There are two components to that funding of $1 million a year. An amount of $800 000 will go towards increasing the spraying through the Contiguous Local Authorities Group program, and there are some additional staff as part of that, and $200 000 will go into research. The research money is yet to be allocated, but we are in the process of getting ready for expressions of interest. The $800 000 is not going to a specific council area or region; it will go where it is needed, including to Maylands. It will not go to local governments; it will be part of the CLAG system that already funds, through councils, the management of mosquitoes.

I have had a meeting with the mayor and the staff from the City of Bayswater, who manage Maylands. They put forward a request for specific funds, and I said that would not be forthcoming, but there would be funds for Maylands as part of the CLAG program. One particular area of concern that they had was the inability to spray some areas of Maylands from the air. They fund people on the ground to do the spraying. They cannot get into some specific areas with aerial sprays—for example, where the police depot is, around the boat launch ramp, where there is excellent bream fishing just down from the edge. Currently, the City of South Perth has an aerial spraying program. Our suggestion is that part of that funding should provide additional funds for that helicopter, so that it can work with the councils of South Perth, Bayswater, Belmont—covering all that area on the other side of Ascot—and Bassendean, and we can cover that whole stretch of the river with increased aerial spraying, using helicopters.

The short answer, after a long answer, is that the funding goes where it is needed. So, wherever there are increased mosquito problems throughout the year, the funding will go to that location, and it will vary region by region and council by council every year, depending on the severity of the problem in that area.

MOSQUITO MANAGEMENT PROGRAMS — MAYLANDS

729. Ms L.L. BAKER to the Minister for Health:

I have a supplementary question. Given that the minister has already admitted that Maylands is one area where the mosquito problem is a lot worse than in other areas, he has just described a program that does not target Maylands, and he promised $1 million a year over four years to eradicate mosquitoes in Maylands. Is this just another broken promise?

Dr K.D. HAMES replied:

Clearly, from the member's previous efforts in standing and asking a supplementary before I had answered the question, it was a pre-prepared question that took no account whatever of the answer that was given—no account whatever. Contrary to what the member said —

Mr P.C. Tinley: Why did you promise it in Maylands for a million bucks?

The SPEAKER: Member for Willagee, I call you to order for the first time.

Dr K.D. HAMES: The member said that my answer suggested that Maylands would not get special attention and extra funding. That is clearly not correct from the answer I gave. The answer I gave was that that additional $800 000—I have shown the member the graph; let me wave it at her again —

Several members interjected.

Dr K.D. HAMES: It is inevitable that because Maylands is an area —

Several members interjected.

The SPEAKER: Members!

Dr K.D. HAMES: You need to listen to the answer. It is —

Mr P.C. Tinley interjected.

The SPEAKER: Member for Willagee, I call you to order for the second time. Minister, can you just wind this up, please.

Dr K.D. HAMES: I am trying, Mr Speaker, but it is proving very difficult. As Maylands is an area in which the problem is more severe than in many others, it will inevitably get additional funding to treat mosquitoes in that area. The member for Maylands talked about the press release; we have had discussions about that press release before, recognising that it could be interpreted in different ways—that is true. I have accepted that that press release could have been far better. I have given those opposite an explanation about the $800 000 on numerous occasions, and they can rest assured that Maylands will be a significant beneficiary of extra funding through that program.

ELECTRICITY CORPORATIONS AMENDMENT BILL 2013

Second Reading

Resumed from an earlier stage of the sitting.

DR M.D. NAHAN (Riverton — Minister for Energy) [2.50 pm] — in reply: Before the lunch suspension, I was coming to the end of my response to the various comments on this bill. In the two minutes I have left, I will deal with some of the outstanding issues raised. The member for Cannington asked for an explanation of the role of Peter Oates, who is the chairman of the Merger Implementation Group. The implementation group comprises Peter Oates; Ray Challin, the director general of the Department of Finance; and David Hunt, who is an independent electricity market expert. Under the implementation group project, Peter Oates is engaged under a government contract and is paid through the Public Utilities Office. He sits in my ministerial office. It is organised very much similarly to the energy taskforce, and he has done a great job. An issue raised repeatedly by various commentators was the extent to which regulations were following the bill. I add that this is not an unusual event, and we expect to get the regulations to Parliament in early December. To give an example, when the Electricity Industry Act was formed in the early part of the last decade, it was under 13 different sets of legislation, all of which were presented after the bill was passed. The most important one, the Independent Market Operator, or IMO, which basically shifted the regulation away from government to an independently funded body, over which the government had very little control, had a delay of 160 days—in the vicinity of five months—between the act's assent and the regulations being put to Parliament. Items such as the electricity code of conduct were very important.

Division

Question put and a division taken with the following result —

Ayes (32)

Mr P. Abetz	Ms M.J. Davies	Mr C.D. Hatton	Dr M.D. Nahan
Mr F.A. Alban	Mr J.H.D. Day	Mr A.P. Jacob	Mr D.C. Nalder
Mr C.J. Barnett	Ms W.M. Duncan	Dr G.G. Jacobs	Mr J. Norberger
Mr I.C. Blayney	Ms E. Evangel	Mr R.F. Johnson	Mr D.T. Redman
Mr I.M. Britza	Mr J.M. Francis	Mr R.S. Love	Mr A.J. Simpson
Mr T.R. Buswell	Mrs G.J. Godfrey	Mr W.R. Marmion	Mr M.H. Taylor
Mr G.M. Castrilli	Mr B.J. Grylls	Mr P.T. Miles	Mr T.K. Waldron
Mr M.J. Cowper	Dr K.D. Hames	Mr N.W. Morton	Mr J.E. McGrath *(Teller)*

Noes (17)

Ms L.L. Baker	Mr D.J. Kelly	Mr J.R. Quigley	Mr P.B. Watson
Mr R.H. Cook	Mr F.M. Logan	Ms M.M. Quirk	Mr D.A. Templeman *(Teller)*
Ms J. Farrer	Mr M. McGowan	Mrs M.H. Roberts	
Ms J.M. Freeman	Mr M.P. Murray	Mr C.J. Tallentire	
Mr W.J. Johnston	Mr P. Papalia	Mr P.C. Tinley	

Pairs

Ms A.R. Mitchell	Mr B.S. Wyatt
Mrs L.M. Harvey	Dr A.D. Buti
Mr S.K. L'Estrange	Ms S.F. McGurk
Mr A. Krsticevic	Ms R. Saffioti

Question thus passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Discharge of Order and Referral to Economics and Industry Standing Committee — Motion

MR W.J. JOHNSTON (Cannington) [3.00 pm] — without notice: I move —

> That the Electricity Corporations Amendment Bill 2013 be referred to the Economics and Industry Standing Committee for consideration and report to the house by 5 December 2013.

Yesterday in this chamber we moved a very unusual motion to have a second reading amendment. I understand it is many, many years in the Assembly since such an amendment was moved. That second reading amendment requested that the government table the business case, including all the costs and the savings expected from this bill. It is ridiculous that a government would put together a billion dollars' worth of government assets and not have a plan about the effect of that decision.

We heard in the minister's response to the second reading debate earlier today that we will not know what the benefits of this proposal will be until after the bill is passed by the Parliament. We also heard an outlandish allegation by the minister, who said he would table a document that proved his claim that $154 million had been spent on the previous market reforms arising in 2006. This is an example of why we need an inquiry.

It is interesting to look at the document that was tabled by minister, which reads, in part —

- actual and committed expenditure as at 29 February 2004 is $5.2 million.

That is what it said. In fact, the number "154" does not appear in this document on any piece of paper. It also says —

- an implementation budget of $22.3 million. This portion was allocated through a direct budget appropriation to the Office of Energy (Electricity Reform Implementation Unit);

We are still in the dark about so many of the claims the minister makes about his decision to move to a merger. That is why we need to have an investigation.

Today in question time, the Premier tabled a letter. Last night—again we do not have the final *Hansard* so we cannot quote from the uncorrected copy, so this is according to my own note—the Premier said, "You need to put the two entities back together." That is what the Premier said was contained in a letter from Verve Energy and Synergy.

I will again look at why we need an inquiry. This letter also states —

> We have also taken the opportunity to brief both Boards on this discussion, and confirm that the Boards are willing to co-operate with the Government and would welcome the opportunity to research, design and implement a merged entity, should the Government choose to proceed with the merger.
>
> At this stage however, the Government's key objectives for the proposed merger are not entirely clear to us. In this regard, the Government will appreciate that the changes made to the electricity industry in the past ten years have not been well managed and have not been a success.

The Premier quoted from a very small piece of that letter. The letter continues—

> Consequently, the Corporations are keen to avoid being involved in what might turn out to be a less than satisfactory process or outcome, and to this end we suggest that the Corporations undertake a conventional due diligence exercise before a decision is made to proceed.

We now find, in fact, that the government is doing exactly what it was told not to do. No wonder the Premier has taken 18 months to table this letter. He would have died of embarrassment if it had been tabled before the second reading debate, because it would have shown up the total hypocrisy that we are being asked to deal with here. This letter asks for the business case to be prepared in advance of a merger proposal. This letter does not say, "Do it and work it out afterwards!" The Premier has kept this letter secret from the people of Western Australia because it makes clear that his approach to the electricity system is rejected by Verve and Synergy. We also know, which is why we should give the committee the opportunity to investigate, that no-one in Verve or Synergy knew about the announcement when it was made in April this year. We know that because we have made a freedom of information application and we have received the response back. Do members know how many documents were in Verve regarding the merger up to 10 April? There were none! Not a single document existed at Verve regarding the merger before or after the announcement. At Synergy, the only documents we discovered were the documents reacting to the Premier's announcement. That is the planning that went on! It was a complete repudiation of the request from the two chairmen of those companies. The two chairmen said not to do what the government has now done. The Electricity Corporations Amendment Bill 2013 that we are debating in this chamber today is a repudiation of the letter sent to the Premier 18 months ago. The Premier did exactly what he was told not to do by these two chairmen, who said "Do not do this!" This letter was a red-light moment for the Premier. What did the Premier do? He went the wrong way. It is not as though this letter was written in some isolated room in a bunker and the two chairs of these boards were not aware of what was occurring at the time. For years the Premier had been speculating on the need for a merger of the two entities. It would be interesting to take this further, and it is one of the issues that could be investigated by the Economics and Industry Standing Committee, which has a fine chairman, I must say. One of the things that committee could investigate is what was happening at the time the letter was sent. The idea that this is somehow an unsolicited letter does not appear to be correct. It would appear that this is actually a letter in response to the speculation that had been going on in the media at the time. Clearly, there should be an opportunity for us to have a look at that.

The attachments to this letter are extraordinary. Under paragraph 1, "Objectives", the attachment reads —

> However, it was agreed that it would be helpful for the Government to articulate its objectives.

That would be nice! Everybody in Western Australia would like to know what the government is trying to achieve. We have had a 14-page second reading speech by the minister and 45 minutes in reply to the second reading debate, and we still do not know what the failure standards are. What is the government's objective here? The government likes to throw around great comments, but it will not say what it is it is trying to achieve.

The attachment to this letter also confirms why we need to have an inquiry before there is such a major change to the market. I note that on 17 March 2012, *The West Australian* carried a front-page story about the proposal to merge Verve and Synergy. That was 13 days before this letter. The letter was not written in a vacuum nor, as the Premier said, was it unsolicited. I am not saying that the Premier wrote to the two chairmen and asked them to reply to him. I am saying that it is not a surprise that these two chairmen, particularly Mr Eiszele, who had had

long-term opposition to market reform, would over a couple of weeks put together a proposal to send back to the government about holding an inquiry and setting up procedures to build an outcome. But that is not what the government did.

Mr C.J. Barnett: We made decisions.

Mr W.J. JOHNSTON: The Premier interjects, "We made decisions"—yes, another bad decision. This is a Premier with a litany of failures when he was the Minister for State Development and now as Premier—failure after failure after failure. We will get to that when we get to the Gorgon bill, in which his failures as the leader of this state are so clearly demonstrated.

I will quote quite extensively from an opinion piece by Gareth Parker in today's *The West Australian*. Gareth Parker seems to be the principal journalist interested in the future of a $1 billion government investment. Peter Kerr, when he worked at *The West Australian* and *The Australian Financial Review*, was another. Gareth Parker wrote —

> The Electricity Corporations Amendment Bill will pass the Legislative Assembly in coming days, and it will pass the Legislative Council in the weeks to come.
>
> It really should not. At least, it shouldn't based on the scant evidence in support of the Bill so far provided to the Parliament.

The article continues —

> The path to disaggregation was long and complex. The public debate and stakeholder consultations took five years and the degree of published analysis and modelling of the changes was unprecedented. The process was transparent; the outcome was far from perfect.

Far from perfect—nobody is stupid enough to think that microeconomic reform is not a journey. I cannot imagine that there is a person in the world who would think —

Dr M.D. Nahan interjected.

Point of Order

Mr W.J. JOHNSTON: The minister is not in his chair, he cannot speak.

The ACTING SPEAKER (Mr I.C. Blayney): I just checked and the minister can speak.

Debate Resumed

Mr W.J. JOHNSTON: Gareth Parker refers to the criticism of the process and states —

> Some of these were undeniably consequences of mistakes Labor made in designing the split of Western Power. Others were completely unrelated to this and would have occurred whatever the corporate structure of the State's electricity assets.

Again, this is something that the committee should look at. Later in the article, in reference to the Oates review, Gareth Parker states —

> Those findings were complicated—like everything in this industry sector—but the essence was this. Keeping Verve and Synergy separate would—with appropriate improvements to the market rules—support the emergence of competition in the retail and wholesale energy markets and reduce the taxpayers' exposure to the expensive exercise of building new power plants.

That is what the Oates review said in 2009. It was paid for by this government. There is not a single piece of paper in Western Australia that supports what the government is doing, and that is what needs to be inquired into. It is a disgrace that this government would put the people of this state through all this expense without a plan or a business case. The Premier likes to boast, "I make decisions." The Premier makes bad decision after bad decision. That is why we lost the AAA credit rating, why we are in the mess that we in are today and why the government is cutting expenditure in education. All these things could be investigated by the Economics and Industry Standing Committee.

I am criticised by the government, and I welcome it, because it is part of the democratic process. I have never once objected to it. On 18 February 2013, *The West Australian* quoted me as having said —

> "Verve will not be in the business of building new power stations and if you want to see why the Labor Party doesn't want to do that you don't have to look any further than Muja A and B," he said. It would also commission the Public Utilities Office to investigate a pathway for further energy market reform.

That is the proper approach. It is not surprising that in his second reading reply, the minister said that he intends to commission a further review of the market by the Public Utilities Office. The minister has adopted the Labor Party's position on preventing Verve building new power stations—he said that on the record in this chamber—and now he has also adopted the Labor Party position on a further review of the market.

What I do not understand, and this could be investigated by the Economics and Industry Standing Committee, is this very simple issue: the minister says that the market is a mess. The Premier has talked a number of times in this chamber about the problems with the Independent Market Operator and problems with capacity credits and demand-side management, yet not one word of this bill deals with the market.

Dr M.D. Nahan: It is not meant to.

Mr W.J. JOHNSTON: If it is not meant to, minister, why raise it in the debate on this legislation? If the minister is saying that this has nothing to do with the market, why does he come in here every day—11 out of the 14 pages in the second reading speech dealt with the market—and use the market as the justification for what we are doing today? This does not make sense. The Economics and Industry Standing Committee is ideally placed to dig down and get to the bottom of these things. The minister cannot go ahead and simply put together legislation like this with no process to do it. I am not the only one who says that. I am also the shadow minister responsible for the Barrow Island Amendment Bill 2013. I have been looking at it recently, and it is interesting. I will quote *Hansard* from 16 October 2003 when the Premier in his capacity as Leader of the Opposition said —

> The minister claims it is an open and transparent process. Lots of reports have been prepared, and there will be a lot more reports about Gorgon before any construction takes place. I remind the minister that in this House he is just one of 57 members. While he is in this House, he is no more important than any other member. The Bill has now come before the Parliament, which is where the minister is subjected to scrutiny on this legislation. That scrutiny does not occur earlier. It does not happen through public consultation, letters to the editor or questions without notice. The minister is accountable when the Bill comes to this place.

I agree with the Premier's statement. I am not a hypocrite. I support the referral of this bill to the Economics and Industry Standing Committee because we know that there has been no proper process to lead us to this place.

The opposition criticised the government's proposal to have most of the effects of this legislation included in subsidiary regulations. The Minister for Energy quoted, I think it was, 160 days for the IMO's regulations arising from market reforms in 2006. I make the point that—this is fundamental—when that legislation passed, it proposed the process by which the regulations would be created. The idea that the government just went away and wrote the regulations without input from others is wrong. The government has had plenty of opportunities to explain to us how these regulations will be put together, but has deliberately refused to do so. Again, the Economics and Industry Standing Committee is the ideal vehicle to do that investigation so that the people of Western Australia, for the first time in this process, can have some confidence that the legislation will be properly looked at and that their interests and the broader interests of the Western Australian economy will be protected. Until now that has not happened. We know that it has not happened because the chairmen of Verve and Synergy wrote to the Premier and said, "Don't do this. Don't introduce legislation without having a proper process to look at it first." That is what they asked for. They did not ask to come together. They said that if the government is going to staple us together, only do it at the end of a proper process.

The Premier ignored that written advice of the requests of those two companies, and rejected what they wanted because he does not care about what anybody else wants. We have made this point a number of times in this debate. This is not about the Minister for Energy; this is not about the Public Utilities Office; this is not even about Verve and Synergy; and this is not about the Chamber of Commerce and Industry of Western Australia or anybody else. This is just about the Premier. He is the only one who wants to proceed this way. In his reply to the second reading debate, the minister wanted to make light of the involvement of Eric Ripper. He wanted to make light of him by saying that Eric Ripper would have supported the legislation that the minister has brought to this place. I just make the point that Eric Ripper said —

> The basic flaw is to ascribe everything negative that's happened in the electricity system and all the cost increases to the market reform and indeed to one aspect only of that reform—the split of Synergy and Verve.
>
> Here are some other things have happened:
>
> five years of poor management of the energy portfolio by the Barnett government …

I agree with Hon Eric Ripper. He got it right. The biggest problem we have here and the reason we are in this mess is that the government cannot manage the electricity system. The minister said—this is again a matter that could be investigated by the Economics and Industry Standing Committee—that there is a $388 million subsidy and that subsidy will increase. What will the minister do? How will that subsidy be reduced? Will that subsidy just be allowed to increase forever? What is the government's plan? It cannot tell us what the problems are and then not tell us what the solutions are. This is the government; it is not a commentator. It is not writing opinion pieces; it is running the state of Western Australia. As I said, I welcome the minister's announcement of a systemic review, but it is a pity that the systemic review was not included in the strategic energy initiative, which

we thought would have looked at some of the systemic issues in the energy system in Western Australia. The government spent three years working on the strategic energy initiative and not a single word of that energy initiative has been referred to by the minister in supporting legislation before us today. What was that all about? What was all that money for? There were flights to Esperance and consultations were held around the whole state. It was a great process and I welcomed it, but, unfortunately, it did not result in anything. Why should we trust the government, it having failed to do its job in the energy sector for all that time, to now bring this bill into the house, which does not deal with any of the issues raised by the minister's second reading speech? That is one of the things we need to get to the bottom of.

I also come back to this: the minister says that the market is so bad that he will keep it; the market is such a failure that he will not change it; and the market is so broken that he will do nothing about it. The minister is effectively saying that the Electricity Corporations Amendment Bill 2013 is not about fixing the problems of the energy system, because he said that it was never intended to fix the market problems. What was it intended to do? It does not respond to the demands of Verve; it does not respond to the demands of Synergy; it does not respond to the needs of the community; and it does not respond to problems that the minister says exist in the market. What does the bill respond to? We know what it responds to: the Premier's fixation. Mr Parker from *The West Australian* gets it right: we will all be derelict in our duty if we let this legislation go through without a proper process. The government wants to continue down this path of saying not to worry and that it will fix it all up later. It does not want to be judged for saying in advance what the bill will achieve before it is passed, because that would be called accountability and the government does not like that. The government will just plough on and do whatever it wants because it has the numbers and it won a big election victory, which means that even though it did not tell people it would introduce this legislation, it will do so anyway. This is appalling and everybody in this chamber knows it. No wonder the Premier was so embarrassed that he held this letter back for 18 months and hid it.

This letter is a damning indictment. He hid it in his back pocket for 18 months and he quoted selectively from it. An example is the figure of seven per cent for the Independent Market Operator. He kept the letter secret because it rejects his opinion. This document shows that the Premier was wrong from the start. There are two issues. Firstly, this document is not a request to amalgamate Verve and Synergy, which is exactly what the Premier said it was to the member for Willagee last night by interjection. That is what he said last night and that is not true. I cannot remember his weasel words at question time today. He said they were not the exact words or that it was not the exact meaning of the letter.

Mr C.J. Barnett: A letter from 12 months ago; goodness!

Mr W.J. JOHNSTON: Why did the Premier refer to it last night in debate?

Mr C.J. Barnett: Because you were saying no-one supported this and there is a letter from Verve and Synergy saying the big advantages in it.

Mr W.J. JOHNSTON: It does not say that at all. I have read the letter; it does not say that at all. What a load of rubbish. That is the problem with the Premier: there is always this question about what he says and the truth. I am pointing out the difference. The first thing is that this letter does not ask to amalgamate Verve and Synergy. The second thing is that it does not say that the government should proceed down the path it has taken. This letter says, "Hold an inquiry. Do the work. Don't just be lazy; get off your backsides and do the hard yards." This is what this motion proposes to do. It asks the Economics and Industry Standing Committee to do the work the government has failed to do. We can go back to the period from 2003 to 2006, and we can even go back to 2001. I remember what our election commitment in 2001 was. It was not to disaggregate Western Power. We said that we thought the disaggregation of Western Power was a good idea because that is what the business community said to us, but we would set up a process to come up with a solution. As I said recently, I do not think it is a weakness to listen to others. I am not the font of all knowledge. I do not come into this place and say, "Don't worry about every single other person involved in the energy sector. Do what I have asked you to do because I have asked you to do it." I never do that; only one person does that, and that is the Premier. That is not good enough and that is why the Economics and Industry Standing Committee has a duty to investigate this before we vote on this bill in a final way.

Question to be Put

MR C.J. BARNETT (Cottesloe — Premier) [3.27 pm]: I move —

> That the question be now put.

Division

Question put and a division taken, the Acting Speaker (Mr I.C. Blayney) casting his vote with the ayes, with the following result —

Ayes (32)

Mr P. Abetz	Ms M.J. Davies	Mr C.D. Hatton	Mr N.W. Morton
Mr F.A. Alban	Mr J.H.D. Day	Mr A.P. Jacob	Dr M.D. Nahan
Mr C.J. Barnett	Ms W.M. Duncan	Dr G.G. Jacobs	Mr D.C. Nalder
Mr I.C. Blayney	Ms E. Evangel	Mr R.F. Johnson	Mr J. Norberger
Mr I.M. Britza	Mr J.M. Francis	Mr S.K. L'Estrange	Mr A.J. Simpson
Mr T.R. Buswell	Mrs G.J. Godfrey	Mr R.S. Love	Mr M.H. Taylor
Mr G.M. Castrilli	Mr B.J. Grylls	Mr W.R. Marmion	Mr T.K. Waldron
Mr M.J. Cowper	Dr K.D. Hames	Mr P.T. Miles	Mr J.E. McGrath *(Teller)*

Noes (15)

Ms L.L. Baker	Mr W.J. Johnston	Mr M.P. Murray	Mr C.J. Tallentire
Mr R.H. Cook	Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley
Ms J. Farrer	Mr F.M. Logan	Mr J.R. Quigley	Mr D.A. Templeman *(Teller)*
Ms J.M. Freeman	Mr M. McGowan	Mrs M.H. Roberts	

Pairs

Ms A.R. Mitchell	Mr B.S. Wyatt
Mrs L.M. Harvey	Dr A.D. Buti
Mr A. Krsticevic	Ms R. Saffioti
Mr D.T. Redman	Ms S.F. McGurk

Question thus passed.

Motion Resumed

The ACTING SPEAKER (Mr I.C. Blayney): The question now is that the motion of the member for Cannington be agreed to.

Division

Question put and a division taken, the Acting Speaker (Mr I.C. Blayney) casting his vote with the noes, with the following result —

Ayes (16)

Ms L.L. Baker	Mr W.J. Johnston	Mr M.P. Murray	Mrs M.H. Roberts
Mr R.H. Cook	Mr D.J. Kelly	Mr P. Papalia	Mr C.J. Tallentire
Ms J. Farrer	Mr F.M. Logan	Mr J.R. Quigley	Mr P.C. Tinley
Ms J.M. Freeman	Mr M. McGowan	Ms M.M. Quirk	Mr D.A. Templeman *(Teller)*

Noes (32)

Mr P. Abetz	Ms M.J. Davies	Mr C.D. Hatton	Mr N.W. Morton
Mr F.A. Alban	Mr J.H.D. Day	Mr A.P. Jacob	Dr M.D. Nahan
Mr C.J. Barnett	Ms W.M. Duncan	Dr G.G. Jacobs	Mr D.C. Nalder
Mr I.C. Blayney	Ms E. Evangel	Mr R.F. Johnson	Mr J. Norberger
Mr I.M. Britza	Mr J.M. Francis	Mr S.K. L'Estrange	Mr A.J. Simpson
Mr T.R. Buswell	Mrs G.J. Godfrey	Mr R.S. Love	Mr M.H. Taylor
Mr G.M. Castrilli	Mr B.J. Grylls	Mr W.R. Marmion	Mr T.K. Waldron
Mr M.J. Cowper	Dr K.D. Hames	Mr P.T. Miles	Mr J.E. McGrath *(Teller)*

Pairs

Mr B.S. Wyatt	Ms A.R. Mitchell
Dr A.D. Buti	Mrs L.M. Harvey
Ms R. Saffioti	Mr A. Krsticevic
Ms S.F. McGurk	Mr D.T. Redman

Question thus negatived.

Consideration in Detail

Clauses 1 to 5 put and passed.

Clause 6: Section 4 amended —

Mr W.J. JOHNSTON: I am just wondering why proposed subsection (2A) will be inserted. Is this a standard drafting arrangement? I am working from three documents. Given that this is an action to establish the body corporate following the introduction of the action, should it be listed as a proposed paragraph of section 4(1) of the act, not as an independent proposed subsection? Why is it not part of subsection (1)? Proposed subsection (2A) reads —

> From the time at which the *Electricity Corporations Amendment Act 2013* section 6 comes into operation, the corporate name of the body established by subsection (1)(a) is the Electricity Generation and Retail Corporation.

Why not just delete the current wording of subsection (1)(a) and insert "Electricity Generation and Retail Corporation"? Why have this reference? Why not amend it directly, rather than by inserting another subsection?

Dr M.D. NAHAN: It is a timing issue. Clause 6 will come into effect on proclamation rather than on royal assent.

Mr W.J. JOHNSTON: Yes, but there could be provision for that. There is a detailed arrangement under clause 2. That fact could be included in clause 2 so that it came into operation at the appropriate moment. There does not seem to be any reason that a new subsection is needed under section 4; the words could simply have been inserted in a new paragraph in clause 2 that section 6 will come into effect on this date. It would then all just line up.

Dr M.D. NAHAN: The act will come into effect upon royal assent in a month or so and the merger will take place on 1 January on proclamation. It has been done in this way because the act will receive assent in December, let us say, but the merger will only take place on 1 January.

Mr W.J. Johnston: That could be specified in the commencement clause; if it were, proposed subsection (2A) would not be needed.

Dr M.D. NAHAN: It is just in case it takes longer.

Clause put and passed.

Clause 7: Section 5 amended —

Mr W.J. JOHNSTON: I have read the explanatory memorandum and I understand the purpose of this amendment, which is so that the corporation is to be regarded as an agent of the state in respect of commonwealth laws, but not in respect of state laws. I will get to that issue, which is the principal issue, but I will first raise a question of drafting. Section 5 currently states —

> A corporation is not an agent of the State …

With the passage of this bill, the words will be —

> … a corporation is to be regarded as not being …

Why is it that, at the moment, it is not an agent of the state, but after the passage of this bill it is to be regarded as not being an agent of the state? It is an unusual decision to change it from not being an agent of the state to being regarded as not. It is not the same thing. That means that it will still be an agent of the state but it is not to be regarded as such.

Dr M.D. NAHAN: This was the advice of the State Solicitor's Office to ensure that this was not treated as a merger under the commonwealth. This is the methodology that the SSO told us to use.

Mr W.J. JOHNSTON: I will talk about that question in a second, but that is not the question I am raising. Under this amendment, this is to be regarded as not being that. Why not just say that this is not that, which is what it says at the moment? Section 5 states —

> A corporation is not an agent of the State …

It could say that, for the purposes of any law of the state, a corporation is not an agent of the state—that would achieve what the government is trying to do, which is the Australian Competition and Consumer Commission thing that I will talk about in a second. I am referring to the notion of using plain English; this is not plain English. Part of what we are supposed to do is to make things simple. This is saying that a corporation is an agent of the state, but notwithstanding that it is an agent of the state, it is not to be regarded as one. The act currently says that it is not an agent of the state. Surely that is a much easier construction of the language. Why not go to the simple construction of the language rather than adding in this complexity?

Dr M.D. NAHAN: My experience is that lawyers often do not use plain English. The member said, as I understand it, that this clause will delete the words "A corporation is not" and will insert "a corporation is to be regarded as not being". I think it is trying to send a message that it is not and should not be regarded as such.

Mr F.M. LOGAN: That may well be the minister's view, but I will just take him back to what he said earlier. The minister indicated to the house that he or the drafters had received SSO advice that the act was to be reworded, as proposed in clause 7, because of its relationship to commonwealth legislation. What was that relationship? Why would that relationship require the minister to take out a provision written in plain English, which makes it absolutely clear that the corporation is not an agent of the state, and change it to "be regarded as not being" an agent of the state?

Dr M.D. NAHAN: The purpose of this amendment is to ensure that the corporation comes under state statute rather than commonwealth.

Mr F.M. LOGAN: I do not yet understand the minister's answer. Clearly, the fact that this bill is before this house and we are discussing it today identifies it as a state statute. It cannot be identified as anything other than a state statute on the basis that it is an existing state statute. The question I asked was: what was the SSO advice to the minister or the drafters about the relationship between the need to reword this section and commonwealth legislation? We obviously know that it is a state statute—it is before the Legislative Assembly of Western Australia. That was not the question I asked. I asked what advice the minister received from the SSO about its relationship to commonwealth legislation.

Dr M.D. NAHAN: The advice given to us was that it deals with the merger transaction, that the bringing together of Synergy and Verve is under state statute rather than commonwealth. That is the way the State Solicitor has said it is met. The wording is derived from the recommendation of the State Solicitor. That is the best way to put that into effect.

Mr F.M. LOGAN: I certainly accept what the minister has put forward, but this act could not be amended in the commonwealth Parliament. That is obvious. The merger of Verve and Synergy can only be done through state statute. It cannot be done through commonwealth legislation nor can any commonwealth legislation have an impact on that merger unless the minister specifically says it can. I cannot believe that the State Solicitor's Office advice, as the minister says, requires the rewording of this clause simply to identify this piece of legislation as state and not commonwealth legislation, or that the obligation to merge the two entities into the one corporation can be done only by state legislation, rather than commonwealth legislation, because it is plainly obvious that it cannot be done by commonwealth legislation. Can the minister dig down with his advisers and provide more detail on why the SSO provided this advice? I would also like to know whether there is a possible impact on the recognition of the new corporation as an entity because it is now only "regarded" as not being an agent of the state, as opposed to not being an agent of the state.

Dr M.D. NAHAN: My advice is that the commonwealth, particularly the Australian Competition and Consumer Commission, has wide-ranging powers over mergers from a range of agencies, and this legislation is all about the action of bringing together the two businesses and clarifying that under state laws; therefore, they will not be under the ACCC jurisdiction.

Mr W.J. JOHNSTON: Mr Oates and I had a quick conversation about this the other day and it is my understanding that the Australian Competition and Consumer Commission cannot be involved because the ownership is not changing even though the two entities are merging. It is well known in commercial case law, as well as others, that if the ownership is not changing, then the merger provisions do not count. I have two questions. Firstly, Mr Oates was good enough to tell me that the minister or the Public Utilities Office had recently received a letter from the ACCC. Can the minister tell us what that was all about? Secondly, is the use of the words "law of the state" rather than "state law" intended to exclude the common law or is that not the intention?

Dr M.D. NAHAN: Firstly, we have had a number of communications from the ACCC from the start. We had meetings with them, both Mr Oates and others. We had a communication with them in July, met with them, and put forward a proposal on what we intended to do. We have not heard from them for a number of months. We have written to them and had a response two weeks ago. We have responded to that request.

Mr W.J. JOHNSTON: There was a second question, but we can come back to that. What was in the letter from the ACCC? Will the minister table the letter? It should be available under freedom of information provisions, but would the minister make it available to us or tell us what it concerned?

Dr M.D. NAHAN: We received a letter from Rod Simms, who is chairman of the ACCC. He said that he was going to make a comment on it. We have had correspondence with him on the merger and provided him more than he requested. On receipt of that information he decided not to make comment. He had not received a briefing on this and was going to wait to comment until we had received the information. That was two weeks ago. We have not heard back from him since.

Mr W.J. Johnston: The other question is about excluding the common law.

Dr M.D. NAHAN: No, that is included. As the member for Cannington knows, state law also incorporates common law.

Mr W.J. JOHNSTON: This is the last time I will rise. I am not sure whether my colleague has another question on this clause. I make the point that these words could be easier if they stated something like "for the purposes of any state law, a corporation is not an agent of the state and does not have the status, immunities and privileges of the state." That would be plain English, and plain English is what we are supposed to be doing. I understand what the minister says about advice from lawyers; I got my advice from a soon-to-be lawyer. But it is the duty of the Parliament to use common language, and that would make it clear. It must say that X is not to be thought to be Y, which is what we are saying: that this is not the way it should be, but that this is what it is or this is what it is not. I understand why the government seeks to remove any doubt that the ACCC does not have power in this

regard. People have told me that it is arguable that it would not matter, it still would not be subject to the ACCC, but I understand why the government is trying to put that beyond doubt. I know what the government is trying to do. The reason the government is doing this is the very reason that there should be an inquiry, because if the ACCC looked at this, it would reject it. The fact that the ACCC would reject it, because it is going to allow a 500 pound gorilla—which is what the ACCC is trying to prevent—leads one to think that the government knows that it is doing something it should not be doing. With those comments, I will not rise again on this clause.

Clause put and passed.

Clause 8: Section 8 amended —

Mr W.J. JOHNSTON: The first issue I will raise with the minister is the decision to increase the number of directors from six to eight. As I understand it, one of the big criticisms that has been made over and over again by the Premier is that when we split up Western Power, we created four boards with four sets of directors, and it was a terrible decision because all those people were paid as board members. The way I look at it, it goes like this: on my maths—I can be corrected—four times six is 24; and now, with what we are doing, three times eight is 24. It appears that we will have exactly the same number of directors of the three companies as we used to have of the four companies. When we peer through the fog to try to find a reason to do what the government is proposing to do, one would think that the number of board directors would remain the same. I just wonder what the purpose of going from six directors to eight directors is.

Dr M.D. NAHAN: It is an option. Just to clarify at least my position on this, I am not so critical of the fact that when the former government went from one agency with one board to four that it necessarily led to an increase in the number of directors. That was logical. That was a necessary administrative cost of the disaggregation. If there were other gains offsetting it, there is no problem. That is my view. What we are doing here is creating an option, not a necessity. Right now I have no intention to increase the boards of Western Power or Horizon Power, but we will consider doing it for the combined entity, Synergy and Verve Energy.

Mr W.J. JOHNSTON: As the minister knows, I am a former union official, and union officials are practical people because they have to be because they get elected; and when people get elected, they always look to their constituency. I was taught when I was negotiating enterprise bargaining agreements that if an employer asks for something and says, "We want this in the agreement but we're not going to use it", we knew to say, "But if you're not going to use it, don't put it in, because if you don't want it, you can't have it."

Dr M.D. Nahan: But we want it for one and not for the rest.

Mr W.J. JOHNSTON: Why does the bill not say that? That is the problem, minister. What the minister is doing here is asking for something that he says he does not want. Just like the situation with the employers, I will bet that it will be used. If the minister does not pass the amendment, it will not happen; so if he does not want it to happen, he should not propose the amendment. If he says that he wants it only for the merged Synergy, he should say that in the bill, because that is not what the bill says. Rule number one: "Don't ask for what you don't want."

Mr F.M. LOGAN: The minister has indicated that this simple change to section 8(1) of the act provides the minister with an option. An option is there at the moment. The option was between four and six people. All he is doing is changing the option to increase the number of directors who are appointed. He certainly has not introduced an option; he has just increased the number of nominations that can be made under the existing option. Will the fees for both the chair and the directors of the new merged entity be higher, lower or the same as they are under the current entities?

Dr M.D. NAHAN: As the member knows, we had two boards—Synergy and Verve. They now cooperate. When they came together, there was no change in fees, and we have no intention of changing the fees once they become a common board on 1 January.

Mr F.M. LOGAN: Is the minister providing a guarantee to this house that the directors' fees and the chairperson's fees of the new merged entity will not change?

Dr M.D. Nahan: Upon 1 January?

Mr F.M. LOGAN: Upon 1 January. And for how long will that be? I can assure the minister that within a very short time, given that the new merged entity will be a much larger entity in terms of capital, resources and employees than the previous two separate entities, obviously, the chair of the new merged entity will approach the minister, seeking market remuneration for the directors of the new merged entity and for his fee structure as well. For the rest of the term of this government, if the minister is approached by the chairperson for an increase in the directors' fees, what will be the minister's response? Will he agree or disagree?

The ACTING SPEAKER (Mr I.C. Blayney): Minister, before you answer, could I ask people to speak a little more loudly. We are having trouble picking up the sound.

Dr M.D. NAHAN: The point the member makes is a good one in that the workload of the directors of the combined entity will be larger. It will be a bigger organisation with more staff, and there will be more

complications to it. They are not highly paid. A director gets $50 000, plus superannuation. There has not been an increase in the directors' fees since the government has come to power. But the member's point is right. I am sure the chairman, Mike Smith, will come to me and say that it is a bigger workload—there is no doubt about that—and we have to get the best people for these boards with the relevant skills. I can tell the member that upon merger, on 1 January 2014, the existing board will move over into a combined board with the same salaries and fees that they get right now. We have not made any decision about what will transpire over the next three years. I am not going to rule out any increase. We do not plan to increase the fees significantly, but I am not going to rule out marginal increases.

Mr P.C. TINLEY: If I can follow through on that one, minister, just in case I am confused—I had to be out of the chamber for the start of this debate—as at 1 January, the board will be established, and when that board is established, the remuneration will be exactly the same as it is currently, or is the minister saying that he will look at it and set it as at 1 January?

Dr M.D. NAHAN: On 1 January, the two current boards will come together as a common board. There will be no change in remuneration of the individual directors or chairmen at that time. We do have the provision for adding another one. They will be remunerated at the current level. When the boards come together on 1 January, there is no expectation to change the directors' fees. I might add that as they work on separate boards, they are doing a lot of work right now and have been intimately involved in the issues of the implementation, so their workload has been immense and a lot greater than it was when they were two separate corporations. But on 1 January they will come together as a senior board, and they will get the current remuneration levels. There will not be a change. The member for Cockburn asked me whether I guarantee that over the next three years, or the term of government, there will be no increases in remuneration to these boards. I am not going to say that. There might be some marginal change, but I will not rule that out altogether. But on 1 January the boards will come together under the current terms of the directors' fees.

Mr P.C. TINLEY: Has the minister received any indication from the two boards that they have all volunteered to go into the new entity? Has the minister locked in the directors?

Dr M.D. NAHAN: As the member knows, when we set up the two boards, there were major changes: three people came from Synergy, including the deputy chair and chair; one person came from Verve Energy; and two were new. They were brought in with the expectation there were two separate boards and they would go forward into the new board. Are they locked in? They can leave at any time, but that was their expectation when they came on board.

Mr P.C. Tinley: As far as the minister is concerned, and as far as they are able, they are committed.

Dr M.D. NAHAN: Yes; that was the condition coming in.

Mr P. PAPALIA: In the short time we have had to assess this bill, the minister has consistently claimed there are savings to be had as a consequence of the merger, simply by virtue of bringing the administrations together; is that correct? I am talking about the minister's comments across the chamber when he suggested there were savings to be had. I assumed that part of those savings would come from within the management and administration of the entities being merged, with some sort of contraction in the number of people involved. Is that not the case?

Dr M.D. NAHAN: I am not sure how that relates to clause 8. We are in consideration in detail.

Mr P. Papalia: We are talking about the board.

Dr M.D. NAHAN: I am responding to the member's question. We are in consideration in detail. The member asked me a question and I am trying to find out how it relates to clause 8.

Mr P. PAPALIA: I am referring to the number of directors. The minister has so far suggested that the number of board members will not be reduced and their remuneration will remain unchanged. Beyond this area of potential savings, are there any savings from merging the boards? I wonder where the savings are. We do not have the benefit of detailed documentation or analysis. The minister has confirmed there is no business case, so we cannot assess whether there are savings. We have to take the minister at his word that there will be savings, and already he has indicated he cannot guarantee that beyond 1 July there will not be increases in remuneration to the board of directors. That is already one area that could blow out and result in increased costs. I wonder how sure the minister is of his other claims and where the savings lie.

Dr M.D. NAHAN: To reiterate for the member, the two boards are sitting there now. The Synergy board is the same; it is the same group. The same chairman and deputy chairman are on the Synergy and Verve boards and they will come together. They will receive, on 1 January, the same remuneration they receive now. Basically, there was a new formation of the board on 1 July and that was the expectation they came in on. Will there be a reduction in costs of the board? No. However, the boards are not a great cost; it is in the management that the gains will be procured. We have not started any changes. There are still two operating units right now. There is a

great deal of work underway on the structure and how it works, but we expect significant efficiencies in the upper to mid-management of the organisation.

Mr W.J. JOHNSTON: I would like to go on to a fresh issue; that is, the change to the appointment procedure. Why does the government not want the majority of Horizon Power's directors living outside the south west interconnected system? It would seem very strange that there is not sufficient talent living in regional Western Australia. Given that we have sufficient talent in regional Western Australia to run Horizon, why is it the government does not trust the people of the regions and is proposing to appoint board members who are resident in Perth, and does that not defeat the idea of having a separate entity with a board that recognises the peculiar issues that exist in far distant Western Australia?

Dr M.D. NAHAN: The regulations were put in there so that the majority of Horizon's board had to live outside the south west interconnected system region. They do now, and they will undoubtedly in the future. People put to me that a large number of people who know quite a bit about regional Western Australia happen to have a house or live and reside in Western Australia and may commute. We want the best talent for these boards, and precluding a good number of the board members from being able to do that did not seem wise. We need the best people—people who know the regions and the businesses of Horizon. That restriction was put in by some of my Liberal and National Party colleagues in the debate, and we decided it would be better to give some flexibility to the government and the board to choose the best people who understand regional Western Australia and the demands of Horizon Power, and that might mean that a good number of them might not actually reside at all times in the region. There is some debate about where people live, too. Some people spend their time, for example, between Broome and Perth or Karratha and Perth, and some of the better people do not necessarily reside all the time in the region, but have significant businesses and activities there. Some of the major asset holders have businesses, let us say, in Esperance and Karratha and actually spend a lot of time in Perth or they live in Perth but they commute widely. We need to get the best people. The geographic location of where they reside is important, but it is not the overriding factor.

Mr W.J. JOHNSTON: I did not get the minister's exact words, but this idea that to get the best people with an understanding of the regions means the minister has to have people who live in Perth is a bit odd. The opposition is proud to support regional businesses. It is proud to support people who make the decision to live in the remote parts of Western Australia. The opposition recognises their talents and ability. The idea that someone has to have a house in Cottesloe to be a person of talent is a bit odd. It is actually a bit insulting. I will go back and read exactly what the minister said in *Hansard*, and it might end up in an ad in the Karratha and Port Hedland newspapers, and some other places. Minister, good and talented people live in the regions of Western Australia. The idea that the minister needs to come to Perth to find talented people to run Horizon is insulting. There is no other way to take what the minister has suggested. It is an insult to the people of the regions for the minister to stand and say he needs the most talented people and that means getting people who live in Cottesloe. That is ridiculous! It is interesting that the National Party is not represented in the chamber at present, and perhaps one of them is listening in their office. I am sure they are all very busy with parliamentary duties. I hope that one of them will run in here straightaway to put on the record the National Party's position on this issue. I cannot believe—sadly I can, because they talk the talk but they never walk the walk—that the National Party would think it is acceptable for the minister's position to be supported; that is, to get the best people for the Horizon board, he can only go to the CBD of Perth. That is ridiculous. The best people for Horizon live in their region.

We have always had the flexibility to allow for a particular governance gap or an issue of speciality or technical knowledge required; that is why flexibility was built into the original legislation to allow some board members not to live in the region. But, clearly, the best people to run Horizon Power live in the regions. That is why Horizon is focused on the regions. We will come to issues around the lack of focus that the government is proposing for Horizon later when we get to those provisions. Here we are talking only about the board and I am happy, on behalf of the Labor Party and with the full endorsement of caucus, to stand and say that we believe that the best people to run Horizon live in the area that the company services—that is, the far regions of Western Australia. If the National Party supports this provision, the contempt it shows will be extraordinary. I do not have the exact words of the minister; I did not take a note and I look forward to reading *Hansard*, but the idea that to get talented people to run Horizon Power, we have to come into the Perth central business district is, quite frankly, insulting.

Dr M.D. NAHAN: I make clear what we said. We are giving the option to the majority of the people on the board of Synergy to live outside the regions serviced by Horizon. It does not mean that they have to, and it does not in any way construe that we can only get good people in, to use the member's word, Cottesloe. It is not implied by that and it is not the intent. I expect that the majority of people who sit on the Horizon board will continue to be in the regions. It just provides flexibility for this government and future ones. It does not impinge at all on the statement about people living in the regions. I note that there are a large number of people who spend most of their time travelling around Western Australia who live in Perth but travel all around the place and know the regions very well.

Mr F.M. LOGAN: This provision was put into the original act not so we could look for board people only from the regions; it was to ensure that people appointed to the board understood issues in the regions. It was not that they actually lived in the regions. The chief executive officer was required to live in the regions, but the board members were not.

Dr M.D. Nahan: The majority of them were required to live in the regions.

Mr F.M. LOGAN: Yes, the majority of them, but not all of them—and they were required to live in the regions so that they could feed back to the board what it was like to be a customer of that organisation in the regions and a member of the community living in the regions. By getting rid of this requirement, the minister can, with consultation with the board, put anybody he likes in there. He can appoint directors from interstate. We had directors from interstate on Western Power, Verve and Synergy because of the type of skills they brought to the board. The minister can do the same with the new Horizon board as a result of this change.

Dr M.D. Nahan: I could anyway.

Mr F.M. LOGAN: The minister possibly could.

Dr M.D. Nahan: The majority had to live in the regions.

Mr F.M. LOGAN: That is right. The minister may have been able to appoint one or two people from interstate to that board, but now he can appoint people from interstate and from Perth and have nobody from the regions on the board. That can certainly be an outcome, and that is inappropriate.

Dr M.D. Nahan: It is.

Mr F.M. LOGAN: Then why is there not a continuation of the existing provision that requires, if not the majority, a proportion of the number of the directors on the board to live in the regions? Otherwise, a future minister, possibly the current minister or another, could change the whole composition of the board to have nobody on it with any relationship with regional Western Australia. He could have people from interstate and possibly overseas as directors.

Dr M.D. NAHAN: All board members of both Synergy and Verve are residents of Western Australia. I understand that in the past board members of Western Power, Synergy and Verve lived interstate. That could apply to Horizon now. Indeed, we might want someone who knows something about the regional power industry in Queensland—I have forgotten the name—because that is very similar to ours. That does not exist, though, and there is no plan to do that. The member is right: if a government or a minister appointed people to the board of Horizon Power who did not understand the regions and the customers, it would undermine the operation of that business. We have no intention of doing that. But we need to get the best people. Sometimes people do not understand that. For example, Horizon in various areas such as Karratha serves a lot of businesses, and the owners of some of the biggest businesses are residents of Perth. They know Horizon's demands and activities exceedingly well. This will just allow a little bit of flexibility. Again, we will ensure that the Horizon Power board knows the business of Horizon Power.

Mr F.M. LOGAN: Apart from the minister's assurance to this house, I cannot see anywhere in the bill where he has the capacity as the minister to ensure that people who are directors of the Horizon board have an understanding of power matters in the regions or even have a connection with issues in the regions. Apart from the minister's assurance to this house, there is nothing to ensure that that will take place. There is assurance now, in the wording, but the minister, as part of the removal of this subclause, is taking away that assurance. He is taking away the assurance that there will be people who have a full understanding of regional electricity issues on the board of Horizon. I will give an example. Some of Horizon's biggest customers are Aboriginal people. Peter Yu was a member of the Horizon board and a very good and active member.

Dr M.D. Nahan: He lives down here now.

Mr F.M. LOGAN: He may well do, but that is irrelevant. In his role as a member of the board of Horizon, he brought about significant changes to the way the electricity corporation related to Aboriginal communities, which had not been done by Western Power's regional operations in the past. Apart from connecting them, Western Power effectively ignored Aboriginal communities. There was a far better relationship between Horizon and Aboriginal communities—one that is still remembered quite fondly today by Aboriginal communities—because of the input of an Aboriginal director like Peter Yu. When Peter Yu was appointed, he was living in Broome. He has moved down here because of his children's schooling, but that is not the point—my point is that that was a clear example of the benefit of having a requirement that regional people sit on the board of an electricity corporation such as Horizon. It is a clear benefit.

As part of this change to the act the minister is removing the assurance that had been given to the people of regional Western Australia that they could and would be included in the decision making of their own regional electricity organisation.

Dr M.D. NAHAN: I have been told that Peter Yu was on the board; I was filled in on that. I do not know why Mr Yu has moved on to Perth, but he was a prime example. He has exceedingly great knowledge of his community and the Kimberley, as well as of a whole range of wider regions serviced by Horizon. He has lived in Broome for most of his life, but he travelled around a bit, I tell members. I heard he that was a great board member. Even if he was, I am not sure why he left; the member might know. He could still probably provide a great service to us living in Perth. We are just looking for a wide range of flexibility. I might add that there are sometimes difficulties with limited quotas of people from the regions. Just because someone lives in a region does not necessarily make them the best applicant for the board of Horizon. It helps, but I might add that Horizon's catchment area service is huge, and it is hard to get a person who knows that whole diverse area, from Aboriginal services in the Kimberley and Karratha down to Esperance, the wheatbelt and further over. Nonetheless, if we want people who really know the diversity of the regions and the local services, we have to have someone from each one of the areas serviced by Horizon Power, and they are very different.

Mr F.M. Logan: That was the make-up of the previous board; it was from all over Western Australia.

Dr M.D. NAHAN: I have not changed the board of Horizon. This provision just seeks to get some flexibility; it does not say anything adverse about the people who live in the region making a contribution to Horizon Power. I set the argument that it is almost imperative that whoever is on the board of Horizon knows the regions serviced. Of course, we also want a diversity of not just local knowledge, but skill bases across Horizon Power—engineering, business and accounting.

Mr P. PAPALIA: The minister is tying himself in knots in an attempt to say that there is nothing wrong with the current structure of the board and that there is nothing wrong with the majority of board members being residents of the regions covered by Horizon. The minister has said there is a sufficient skill set and talent pool within the regions to fulfil the requirements and the number of board members. The minister has also said that there may be a need for someone living in the metropolitan area or the area covered by the south west interconnected system to serve on the board, and that is why he wants this provision. That is already the case in the current legislation—there is already that opportunity. I have not once heard the minister give an example of what is wrong with the legislation to justify a change from the requirement of the majority of board members being residents of regions in the Horizon supply area. Is there an example that the minister can provide to the Parliament and the people of Western Australia, particularly those serviced by Horizon, that justifies removing the requirement for a majority of board members to come from within that supply area? The minister has not given one yet. All he has done is try to avoid offending people, who I think should rightfully be offended, because there does not appear to be any justification for this change. There is no reason that a talented individual residing in the metropolitan area who can bring something to the board cannot be appointed. There is every reason that a majority of board members should reside within the regions serviced by Horizon because they are the ones with the most interest in the activities and outcomes of Horizon. They are the ones directly impacted and who have the greatest interest. That is a further reason for the legislation being structured in this way in the first place. In the absence of any business case justifying why the minister is doing what he is doing, other than because the Premier wants to do it, and in the absence of any justification for this clause, we have to recommend that the previous wording be reverted to, unless the minister has something to explain. I urge the minister to do so, with evidence, at the risk of offending people in the regions. If the minister suggests there are people on the board who are not up to the task because of where they reside, he should let us know. That does not appear to be the case; there does not appear to be any justification. The minister is asking us to undertake a change without any reason.

Mr P.C. TINLEY: I do not want to dwell on this too much longer. I refer to clause 8(1). I note the maximum number of members allowed on the board has gone from six to eight. Is that simply to provide the flexibility to add the other two members? That is the way I understand it.

Dr M.D. Nahan: Yes.

Mr P.C. TINLEY: I note the minister's affirmation on that. What would be the circumstances in which the minister required the addition of those extra two members to the board? Would it be the scope of the activity of the merged entity? Why would the number of board members not start at eight? Why has the minister now come to the conclusion that he needs to have those two board members up his sleeve?

Dr M.D. NAHAN: It was a request from the proposed chairman of the merged entity, Mike Smith. He suggested that occur after the merger. That is not the case now, because in the current situation Synergy and Verve are two separate organisations that share the same board, which, under the current act, is restricted to six members. They are both served by the same board. Mike Smith suggested the possibility of having up to eight board members if there were specific workloads. This may particularly be the case after the merger, as there will be a whole range of things that the board will have to set up, such as ring-fencing, overseeing the transfer pricing or overseeing the allocation of the generation. Those things will significantly increase the workload of the directors. He also suggested—although he has not given me anything tight—that we bring certain specific skill bases onto the board, for instance, someone who is an expert on ring-fencing and other things. It is not envisaged that if work is

steady, the board will go beyond six members, but this clause gives flexibility to the government, and therefore the board, during certain periods to bring on two extra members—that is, to increase it from six to eight members. As I indicated before, who knows what will happen? Western Power might go through a major change, although none is envisaged at this time, or Horizon Power might go through a period of change and we might have to bring on a couple of extra board members to cover the load. The governance of these organisations is exceedingly important. We need the best people and we need a diversity of skills. This clause just gives that flexibility. To get back to the member's question, the idea originated from Mike Smith, the proposed chairman.

Mr P.C. TINLEY: I thank the minister. He might be perplexed about why we are spending so long on this particular clause, but the issue is about leadership, governance and oversight. If we cannot get this right, we will all agree that there will be all sorts of knock-on effects, issues and problems. We all know that governance of these government trading enterprises, for want of a better description, is sometimes fraught with difficulty, because the director of a GTE is unique. A GTE is not a fully commercialised publicly listed company with a whole bunch of stakeholders. Big institutions in the corporate sector provide those sorts of inputs and they obviously get to shape the board. We know the big institutions get to shape a board by using their rights under the constitution of those particular entities to nominate their own director. Clearly, that is vested with the minister, on advice from the board, as the relevant minister of the Crown. I understand that the approval process for any further directorships will be vested to the minister upon advice. However, the briefing highlighted a range of issues. Of course, we can only go on what we know, which was the brief kindly provided by the minister's office. I am operating in the absence of information here, but the minister said in answer to my previous question that the nature and circumstances under which he might contemplate new directors was based on different workloads and different scopes. My concern is that the minister has been working on this matter for—how long?

Dr M.D. Nahan: The board has been working on it since 1 July.

Mr P.C. TINLEY: It has been worked on by the relevant professional bodies since the middle of last year.

Dr M.D. Nahan: Yes, this year.

Mr P.C. TINLEY: Sorry, I beg your pardon, this year. Thank you. What concerns me is the pace at which this legislation has been drafted. In virtually six months we are contemplating a piece of legislation that will confer a whole bunch of resources as we staple these two organisations together. Yet, the minister is saying there are still unknowns. I am suggesting the minister is hedging his bets here. He is saying, "Look, we really don't know what we're getting into." We are sailing down an unknown path. I completely understand that in general circumstances nobody can actually know what all the pitfalls will be. I would have thought the make-up of the governance structure of this organisation would take into account all the different known skill sets . I make particular reference to the term "ring fencing" and the Chinese walls that will have to be built. Surely, all these things have been considered in nearly six months of contemplation. What else do we not know that has caused the minister to agree to the idea that we should have this fudge—this capacity?

I have two questions; firstly, what do we not know? Why have we not worked it out? Is it because we do not have a business case? Is it because we do not have a substantive body of knowledge about what the operation might or might not be like? Secondly, why does it have to be here in the body of the bill? Why could not the minister, by regulation, or even by amendment to the act, increase the size of the board? Why does the minister want that provision in the bill, because to me this smacks of uncertainty?

Dr M.D. NAHAN: We are dealing with this provision because there is a restriction in the current act; namely, six. If we want the option to change, we have to amend the act. That is why. The aim is 1 July. The board has been working hard; there is no doubt about that. The arrangements that will come into place under this act on 1 January have been worked on by a team of people, including the implementation team, and the people from Synergy, Verve and other places. Because the act is not in place, the board has not had to govern under this act yet. Mike Smith, Synergy's chairman, recommended that the government have the option; it might or might not be needed. No decision has been made. I thought it was a good idea and put it in the bill. The provision is there and if we want to change it, we cannot do so by regulation, given it is in the act.

Mr P.C. Tinley: But why not excise it?

Dr M.D. NAHAN: The act provides for a limit of six.

Mr P.C. Tinley: Correct. But why not excise the directors altogether and say, "The minister may appoint directors as he sees fit."

Dr M.D. NAHAN: We decided to limit it to just eight. Eight is more than enough. We do not want to have a conga team!

Mr W.J. JOHNSTON: The minister probably does not want policy zombies either! Our intention was always to deal with the next clause as well, but having been involved in the debate I will move an amendment. I move —

Page 4, line 15 to line 20 — To delete the words.

That amendment would keep the existing words in the act. The best people for the job are the best people for the job. The best people and board to run Horizon include the majority of people who live in Horizon's area of responsibility. That is why they would be the best people for the job. I do not understand this idea that there are not talented people in the regions.

Several members interjected.

Mr W.J. JOHNSTON: Yes, I live in Cannington; that is why I would not be appointed to the board. I am not asking to be appointed to the board; that is my point. I am asking for a majority of the people on Horizon's board to live in their area of responsibility as they currently do.

Mr A.P. Jacob interjected.

Mr W.J. JOHNSTON: Every time the Minister for Environment makes a contribution to the public policy debate, he disappoints me more and more. The best way to avoid that is not to make any contribution. Let us face it: the minister's next contribution to the public policy debate in Western Australia will be his first contribution! Let us get back to what we are talking about. I think that the best people to run Horizon includes a majority of people who live in the area that is to be serviced by Horizon. It is pretty simple. We are giving nominees the opportunity, if they meet the requirements of this provision, to be appointed only after consultation by the minister with the board. I refer to the act. Again, if a nominee passes the provision, the following existing words will remain —

> In making nominations for appointment to the board of a corporation the Minister is to ensure that —
>
> (a) each nomination is made only after consultation with the board; and
>
> (b) in the case of an appointment to the board of the Regional Power Corporation, a nominee is a person ordinarily resident in a part of the State that is not served by the South West interconnected system so far as is necessary for the majority of the directors of the corporation, at the time of the appointment, to be persons so resident.

I reckon that means that the board of Horizon will be the best people for the job. I am happy for the minister to get up again and do whatever he wants. But if the minister wants to appoint the best people for the job, he will support this amendment. This amendment will ensure the best people for the job are appointed to the board of Horizon.

Question to be Put

Dr M.D. NAHAN: I move —

That the question be now put.

Division

Question put and a division taken, the Acting Speaker (Ms L.L. Baker) casting her vote with the noes, with the following result —

Ayes (29)

Mr P. Abetz	Mr J.H.D. Day	Dr G.G. Jacobs	Mr J. Norberger
Mr F.A. Alban	Ms W.M. Duncan	Mr S.K. L'Estrange	Mr A.J. Simpson
Mr I.C. Blayney	Mr J.M. Francis	Mr R.S. Love	Mr M.H. Taylor
Mr I.M. Britza	Mrs G.J. Godfrey	Mr W.R. Marmion	Mr T.K. Waldron
Mr T.R. Buswell	Mr B.J. Grylls	Mr P.T. Miles	Mr J.E. McGrath *(Teller)*
Mr G.M. Castrilli	Dr K.D. Hames	Mr N.W. Morton	
Mr M.J. Cowper	Mr C.D. Hatton	Dr M.D. Nahan	
Ms M.J. Davies	Mr A.P. Jacob	Mr D.C. Nalder	

Noes (16)

Ms L.L. Baker	Mr W.J. Johnston	Mr M.P. Murray	Mr C.J. Tallentire
Mr R.H. Cook	Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley
Ms J. Farrer	Mr F.M. Logan	Mr J.R. Quigley	Mr P.B. Watson
Ms J.M. Freeman	Mr M. McGowan	Mrs M.H. Roberts	Ms M.M. Quirk *(Teller)*

Pairs

Ms A.R. Mitchell	Mr B.S. Wyatt
Mrs L.M. Harvey	Dr A.D. Buti
Mr A. Krsticevic	Ms R. Saffioti
Mr D.T. Redman	Ms S.F. McGurk
Mr C.J. Barnett	Mr D.A. Templeman

Question thus passed.

Consideration in Detail Resumed

Division

Amendment put and a division taken, the Acting Speaker (Ms L.L. Baker) casting her vote with the ayes, with the following result —

Ayes (16)

Ms L.L. Baker	Mr W.J. Johnston	Mr M.P. Murray	Mr C.J. Tallentire
Mr R.H. Cook	Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley
Ms J. Farrer	Mr F.M. Logan	Mr J.R. Quigley	Mr P.B. Watson
Ms J.M. Freeman	Mr M. McGowan	Mrs M.H. Roberts	Ms M.M. Quirk *(Teller)*

Noes (29)

Mr P. Abetz	Mr J.H.D. Day	Dr G.G. Jacobs	Mr J. Norberger
Mr F.A. Alban	Ms W.M. Duncan	Mr S.K. L'Estrange	Mr A.J. Simpson
Mr I.C. Blayney	Mr J.M. Francis	Mr R.S. Love	Mr M.H. Taylor
Mr I.M. Britza	Mrs G.J. Godfrey	Mr W.R. Marmion	Mr T.K. Waldron
Mr T.R. Buswell	Mr B.J. Grylls	Mr P.T. Miles	Mr J.E. McGrath *(Teller)*
Mr G.M. Castrilli	Dr K.D. Hames	Mr N.W. Morton	
Mr M.J. Cowper	Mr C.D. Hatton	Dr M.D. Nahan	
Ms M.J. Davies	Mr A.P. Jacob	Mr D.C. Nalder	

Pairs

Mr B.S. Wyatt	Ms A.R. Mitchell
Dr A.D. Buti	Mrs L.M. Harvey
Ms R. Saffioti	Mr A. Krsticevic
Ms S.F. McGurk	Mr D.T. Redman
Mr D.A. Templeman	Mr C.J. Barnett

Amendment thus negatived.

Clause put and passed.

Clause 9: Section 14 amended —

Mr W.J. JOHNSTON: Clause 9 seeks to amend section 14. In the minister's second reading speech he did not mention the changes to Horizon that we just dealt with in the debate on clause 8. He also did not deal with this change. I do not know why the minister is not proud of this decision. He is deleting the requirement that the chief executive officer of Horizon live in Karratha. All that there is in the bill is —

> **9. Section 14 amended**
>
> Delete section 14(4).

The minister never mentioned in his second reading speech the effect of this clause. It is covered in the explanatory memorandum. I will read section 14(4) of the Electricity Corporations Act 2005 for the benefit of the chamber. It states —

> It is a condition of service of the chief executive officer of the Regional Power Corporation that, while he or she holds office, his or her ordinary place of residence is to be in or near the town where the head office of that corporation is located.

Horizon's head office is in Karratha. The minister made comments in his reply to the second reading that it cost $30 000 for travel backwards and forwards to Karratha. But really it should be $30 000 for backwards and forwards travel from Karratha. The problem is that if the chief executive of Horizon Power is moved to Perth to be based at Bentley, the inevitable result is that executives will end up being based at Bentley, because if a senior executive needs to talk to the CEO, they have to be next door and that means that they will have to be at Bentley. That is the reason that this is such an important provision. The weight of the organisation needs to be in Karratha, not in Bentley. For many years, Horizon's weight was in Karratha. Technically, the head office is still in Karratha; it is just that all the executives are at Bentley. That is the problem. We have to rebalance this. That has happened under the watch of the Liberal government, with the support of the National Party. That is not good enough. We will oppose this clause. It is appropriate that the CEO of Horizon live in Karratha.

I am sure that the government will say, "But don't you know how hard it is to get an executive to live in Karratha?" That is the whole point; that is why someone needs to live in Karratha. Members such as the member for Kimberley can tell us about the struggles that people have living in regional Western Australia. That is the point. That is why we do not want to delete this section of the act. We want the people running Horizon to have an understanding of the problems that the consumers who benefit from the work of Horizon are suffering with. It is not just another organisation. Later we will explain why expanding the operations of Horizon is a bad idea, but at the moment we are just talking about the focus, and the focus should be on the regions. One of the ways to keep the focus on the regions is to have the best people on the board, and that means a majority of the people

need to live in the region. Another way to keep Horizon's focus on the needs of consumers in regional areas is for the CEO to be a regional person. Of course, this section of the act does not state that the most talented person cannot be hired. From memory, I understand that the original CEO of Horizon was from Queensland; he was hired from one of the Queensland power companies. The obligation to base themselves in Karratha is very important. That is why we oppose this clause.

Dr M.D. NAHAN: Horizon Power covers a large area throughout the regions from Esperance to Geraldton, Karratha and the Kimberley. Its clientele are extremely diverse. If the CEO is located in Karratha, it does not mean that they know what is going on in Esperance or the Kimberley. Also, often when the CEO travels around Horizon's catchment area, they have to go from Karratha down to Perth, over to Esperance, back to Perth and all around the place. Whether the manager of this business is located in Broome, Karratha or Esperance, they will have to know the activity of the business. Of course, Karratha has not been a cheap place to locate people. It has cost a lot, but the costs are coming down a bit now. It has been difficult to find accommodation in Karratha. It is difficult to compete with the fly in, fly out workforce in terms of travel costs. The head office in Karratha has imposed a significant cost on Horizon Power. If the CEO lives in Karratha, they will probably know what is going on in Karratha, but being domiciled in Karratha does not necessarily help them to know what is going on in the vast areas serviced by Horizon Power, whether it be Aboriginal communities, some of the outer mines, Kununurra, Derby, Broome or Esperance. If the act provides that the CEO has to be located in one area, it not only increases the costs, but also makes it more difficult to find the best person for the job. It also does not seem to fit the objective, as the member for Cannington said, of getting to know the region. Why could the person not be located in Esperance or Broome? We are trying to reduce some of the costs of Horizon Power, to provide flexibility in where the CEO will live and also to make sure that they are centrally located so that they can understand and address the vast areas serviced by Horizon, not just the Pilbara.

Mr F.M. LOGAN: This provision was put in the Electricity Corporations Act in the first place because of the experience that people who received electricity outside the south west interconnected system in Western Australia had with Western Power at the time. It was disgraceful. The relationship between the Western Power regional operations and their customers, whether they were corporate customers or residential customers, was nothing short of appalling. The lack of investment and the lack of investment in maintenance were an absolute disgrace. If the minister does not believe me, he can ask the people who live in Karratha, Broome and Esperance what it was like to be a customer in the bush outside the SWIS under Western Power, because they will be very clear with him about what it was like. It was a shocking relationship. Things did not get done; they got left. Why? It was because everybody in Western Power lived in Perth and did not understand their problems. The delivery of electricity to customers outside the SWIS was organised from Perth. As a result, the further away that people lived from Perth, the less attention they got. That was fact. That is the reason why the majority of directors had to live in regional Western Australia, so that they understood what it was like to be customers and could listen to the customers in the areas of Western Australia outside the SWIS. That is why we put in the act a provision to require the CEO to live as close as possible to the head office. The head office has been located in Karratha. Of course, Horizon also wanted a base in Perth in order to attract a larger number of people to its operations; hence, it has the base at Bentley. Nevertheless, the head office and the CEO were located in Karratha. In that way, the CEO and the majority of the executives could be as close as possible to their customers.

The major capital investments made by Horizon over the last few years have included upgrading the interconnected system between Karratha and Port Hedland; installing turbines right next to the head office in Karratha for peaking plant; constructing the liquefied natural gas facility in Karratha; and renewing the Broome power station, because the old power station was run down and the new unit will run on the LNG that is transferred from Karratha to Broome. The reason that has occurred is that the CEO and the board understood that that investment needed to occur. I can tell the minister that it would not have occurred under the Western Power structure as it was previously. That is the reason that provision was put in the act. If the minister takes this provision out of the act by way of this bill, we will go back to the old days of Western Power when people who lived in the bush outside the SWIS were ignored. They will be second-class citizens, even though it will be a regional power operator, because all the executives, board members and employees, except for those people who have to be in the bush, will be located in Perth.

Dr M.D. NAHAN: Going back to the issue of Horizon Power, it has a very diverse catchment area. Being in Karratha does help the chief executive officer to address some of the issues in the Pilbara. Horizon Power has had a focus on the Pilbara, obviously because the Pilbara has been the fastest-growing industrial zone in Australia. It has also done work in Kununurra and Broome. Energy Developments Ltd, the firm that built the plant in Karratha, has five other plants around the area. Other major areas are Onslow and Carnarvon. There were issues particularly with the investment in poles in Esperance, which has probably been one of Horizon Power's largest capital investments in recent times. In order to service Horizon, the CEO has to know a very vast and diverse customer. As the member mentioned earlier, Horizon Power put an immense amount of work into linking with and upgrading the facilities for Aboriginal communities. Being in Karratha does not necessarily

make the CEO more attuned; it helps in Karratha but not necessarily across the other, diverse areas. The CEO must travel constantly across the various areas that that person has to deal with.

Mr F.M. Logan: That has to happen whether they are in Perth or Karratha.

Dr M.D. NAHAN: Coming in and out of Karratha is very difficult. Flights are difficult; they are limited and costly. They have to travel a long way. If they are going to Esperance, they have to come down to Perth and then go over to Esperance. It is not the hub that Perth is. That is why the CEO of Woodside does not live in Karratha. The president of iron ore for BHP and the CEO of Rio Tinto do not live in Port Hedland or Karratha.

Mr W.J. Johnston: He lives in London.

Dr M.D. NAHAN: The president of iron ore lives here. The local head of Chevron does not live there. The area they have to serve is large. I accept the critique that in the past Western Power did not put very much effort outside the south west interconnected system; that is the feedback I get. If we just rely on something as crude as saying that the CEO must live in Karratha, that is not going to help much given the diversity of the areas covered by Horizon Power. Indeed, given the cost and everything else, it is better to have a flexible arrangement. The main thing the Labor government did that changed that culture was to take Horizon Power out of the integrated unit of Western Power and make it a standalone unit. That is going to remain. The problem that passed through Western Power was that the regional area was just a subset of a bigger entity and was thought to be a lower-quality or lower–pecking order entity. That changed with disaggregation. The Pilbara is a special place. It is very different from the rest of Horizon Power's catchment area. It is a big industrial zone. Other areas, such as Aboriginal communities and Broome, are very different. The CEO has to get across a vast area and vast differences in that area. I do not think that saying that the CEO has to be locked into Karratha helps at all in meeting the stated objectives.

Mr W.J. JOHNSTON: I will not labour this point much longer. I do not know what my colleagues are going to do, but I do not intend to speak much longer. I just want to make a point. The minister said that the person living in Karratha does not know what is happening in Esperance. Maybe that is true, but that is where the headquarters of Horizon Power are. The problem is that if the CEO is living in Perth, all the executives of Horizon will live in Perth because they have to talk to him. If that is where he is, that is what is going to happen. That is why we want them in Karratha. This is not analogous to Woodside, BHP or Rio; they are mining and resource companies. Their focus is to take as much of the resources out of the region as they can to sell to their customers for the biggest profit they can make. For them, fly in, fly out is the cheapest option. But that is not what Horizon does. Horizon was not created to exploit the resources of the regions; it was created to service the needs of the regions. That is why the CEO needs to be a regional person. If the minister says that Esperance is a better place than Karratha for the head office of Horizon, that is cool by me, because this provision would allow that to happen. This provision will allow Horizon to choose where the headquarters are going to be located and to have the CEO at that location. There is going to be this funny situation in which the head office of Horizon will be in Karratha but the only people working there will be a cleaner and a receptionist.

Mr F.M. Logan: And power operators.

Mr W.J. JOHNSTON: No; I am talking about the head office functions. Of course there will be power operators, but at head office there will only be somebody answering the phone and somebody coming in and emptying the receptionist's bin. There will not be anyone else doing a head office activity in Karratha. That is what we are complaining about. I must say that I respect the fact that the minister is a metropolitan Liberal with a long history of supporting the economic case. The economic case says that we should base the person in Bentley, but that is not what this is about. I cannot believe that the National Party is backing this. I also have a problem with the Liberal Party having changed its position. On 21 November 2007, the Liberal Party issued a media release accusing the Carpenter government of doing exactly what will be done by the minister today. The breakout on the side of the document states —

> **"...the ordinary place of residence of the CEO be in or near the town where the Head Office is located"**
>
> **"Fly in fly out is not an option when it comes to the provision of electricity in regional Western Australia"**

The media release goes on to say —

> Shadow Minister for Regional Development Nigel Hallett said the proposed amendment makes an absolute mockery of the Office of Energy's stated commitment to improve service levels and infrastructure delivery to regional areas not serviced by the South West Interconnected System.

Later on the document quotes Mr Hallett, saying —

> "This was an excellent initiative, however, as seen many times in the past, this Government is now once again breaking promises made to regional Western Australia … to remove a key part of this commitment.

> "The reasons being given to support the removal of this requirement are that the CEO is having a lot of difficulty getting to other towns in the region serviced by Horizon Power because there are not enough flights from Karratha," Mr Hallett said
>
> "The excuse is that because the CEO cannot fly to these areas, travelling by car is more time consuming, costly and difficult to schedule, which could have a negative impact on the service …
>
> "Welcome to the realities of life in regional Western Australia. The tyranny of distance and its impact on those living and working in regional WA is just a fact of life.

The hypocrisy of the Liberal Party! It criticised the Labor Party when the minister rejected a proposal put to him by the Office of Energy, but it now comes to the Parliament to do exactly what it said should not be done by a Labor government. There is a word for that and that word is hypocrisy. That is what is happening today. That is another reason we are opposing this clause. The National Party is condemned for its inaction on this issue.

Mr F.M. LOGAN: I will make a final statement on this clause. It will be very interesting, member for Cannington, to see what Hon Nigel Hallett says about this clause when this bill gets to the upper house.

Mr W.J. Johnston: Hon Kate Doust is looking forward to it.

Mr F.M. LOGAN: I hope that the word "hypocrisy", which has been used by the member for Cannington, does not come into Hon Nigel Hallett's discussion of this clause when it is in the upper house. I hope he stands by his press release from 2007 and condemns the minister and the government for removing this provision from the legislation.

One other reason the CEO should be up there is that the largest contribution of electrical power to Horizon's suite is from the industrial players in the Pilbara; they play a major role in governing and controlling the power and its delivery through the north west interconnected system. It gave the chief executive officer of Horizon the ability to liaise with people on the ground over investment decisions, maintenance upgrades, outages and other technical issues, and they had to be on the ground to deal with the general managers of the various industrial organisations, primarily mining companies. It also gave them the opportunity to be on the ground to talk to future potential customers; for example, CITIC Pacific Mining. That is one of the reasons Karratha was chosen: they wanted to be there and they had to be there to understand the potential for future growth for Horizon in the industrial areas in the north west.

Interesting, in the division on the previous clause, the member for Pilbara, in his normal smart way, said to me as an aside, "Ah, you couldn't get the CEOs to live in Karratha when you were in government because of the state of Karratha!" Let us take that argument forward. What the member for Pilbara is saying is that the amount of money that he and his party have thrown into Karratha through royalties for regions has made Karratha a very nice place to live—not for him, I might add; he lives in Nedlands. Karratha is an attractive place to live, it is the city of the north, remember, so why does the CEO of Horizon power not continue to live in the north?

Mr B.J. Grylls: The same reason I live in Nedlands, because it is where the work is.

Mr F.M. LOGAN: It is the same reason the member for Pilbara lives in Nedlands. He does not want to live in the north. That is the reason. The member for Pilbara puts forward an argument that he has transformed Karratha into this highly liveable place. Logically, it follows that the arguments put forward by the minister as to why the CEO should live in Perth or somewhere other than Karratha, for example, or near the head office in Karratha, are not true. According to the member for Pilbara there are very good reasons for living in Karratha because all that money from royalties for regions that has been poured into the place has been used to upgrade Karratha and make it a far better destination for the CEO of Horizon to live, yet the member for Pilbara supports the removal of the requirement that the CEO of Horizon live in the area where its major customers are.

Dr M.D. NAHAN: I recognise the Pilbara is a concentrator of heavy activity for Horizon Power. It has been over recent times and will be in the future. There is no doubt about that. That does not mean that there are not other important areas, such as Broome, Kununurra and Esperance, and Onslow, which is pretty important right now and there are some difficulties there. The chief executive officer has to be across all of those places. Yes, senior people would have to be in Karratha to deal with the issues that the member raises—clients, repair and maintenance, and expansion—but that does not mean the CEO has to do that; other people have to participate in that. The CEO of Horizon has to be across the breadth and difference of the catchment area of Horizon Power, located in one of the regional areas. Living in Karratha does not really help. It increases costs and travel time, and, given the congestion in recent time, it has been difficult.

The Liberal–National government has invested a lot of money into Karratha. Rental prices are easing. I understand it is easier to get flights to Karratha, but that does not make it the hub. We need to give Horizon Power the flexibility and CEO to best service and comprehend its very vast areas, and forcing a CEO to live in Karratha does not help that.

Clause put and a division taken, the Acting Speaker (Ms L.L. Baker) casting her vote with the noes, with the following result —

Ayes (27)

Mr F.A. Alban	Ms W.M. Duncan	Dr G.G. Jacobs	Mr D.C. Nalder
Mr I.C. Blayney	Mr J.M. Francis	Mr S.K. L'Estrange	Mr J. Norberger
Mr I.M. Britza	Mrs G.J. Godfrey	Mr R.S. Love	Mr A.J. Simpson
Mr T.R. Buswell	Mr B.J. Grylls	Mr W.R. Marmion	Mr M.H. Taylor
Mr G.M. Castrilli	Dr K.D. Hames	Mr P.T. Miles	Mr T.K. Waldron
Ms M.J. Davies	Mr C.D. Hatton	Mr N.W. Morton	Mr J.E. McGrath *(Teller)*
Mr J.H.D. Day	Mr A.P. Jacob	Dr M.D. Nahan	

Noes (14)

Ms L.L. Baker	Mr D.J. Kelly	Mr P. Papalia	Mr P.C. Tinley
Mr R.H. Cook	Mr F.M. Logan	Mr J.R. Quigley	Ms M.M. Quirk *(Teller)*
Ms J. Farrer	Mr M. McGowan	Mrs M.H. Roberts	
Mr W.J. Johnston	Mr M.P. Murray	Mr C.J. Tallentire	

Pairs

Ms A.R. Mitchell	Mr B.S. Wyatt
Mrs L.M. Harvey	Dr A.D. Buti
Mr A. Krsticevic	Ms R. Saffioti
Mr C.J. Barnett	Mr D.A. Templeman
Mr D.T. Redman	Ms S.F. McGurk

Clause thus passed.

Debate adjourned, on motion by **Mr J.H.D. Day (Leader of the House).**

ADJOURNMENT OF THE HOUSE

Special

On motion without notice by **Mr J.H.D. Day (Leader of the House)**, resolved —

That the house at its rising adjourn until Tuesday, 12 November 2013, at 2.00 pm.

House adjourned at 5.29 pm

QUESTIONS ON NOTICE

Questions and answers are as supplied to Hansard.

MILLBRIDGE–TREENDALE TRAFFIC BRIDGE

1266. Mr M.P. Murray to the Minister for Transport:

I refer to your fully costed and fully funded election promise in February 2013 to put $18 million towards building a traffic bridge connecting Millbridge to Treendale, and ask:

(a) in the 2013–2014 budget, including forward estimates to 2017, how much funding has been allocated to this project;

(b) of the allocated funding, what is this money being used for;

(c) what is the proposed project time frame;

(d) how much Federal Government funding is required for this project to reach completion; and

(e) has Federal Government funding been secured for this project:

  (i) if so, how much funding is being provided by the Federal Government; and

  (ii) if not, why not?

Mr T.R. Buswell replied:

Mains Road WA advises:

(a) $2m.

(b) Final design and pre-construction works.

(c) 2016 to 2017.

(d) Nil

(e) No

  (i) Not applicable

  (ii) The Shires of Dardanup and Harvey are contributing some additional funding.

METRO AREA EXPRESS LIGHT RAIL

1267. Mr M. McGowan to the Minister for Transport:

I refer to Question on Notice 1064 and the report prepared based on the results of Max Light Rail Market Research Wave 1 conducted between October and December 2012, and I ask:

(a) on what date did the Minister's Office receive a copy of the report;

(b) on what date did the Minister see a copy of the report;

(c) what was the distribution list for the report;

(d) were results from the market research or the report itself conveyed to any person or organisation outside the public sector; and

(e) if yes to (d), what is the name of the person or organisation the market research results or the report were sent to?

Mr T.R. Buswell replied:

(a)–(b) Not applicable

(c) MAX Project Team

(d) No

(e) Not applicable

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