PETROLEUM AND GEOTHERMAL ENERGY LEGISLATION AMENDMENT BILL 2013

Second Reading

Resumed from 12 September.

HON ROBIN CHAPPLE (Mining and Pastoral) [5.16 pm]: I rise to give the Greens' perspective on this legislation. It is legislation that will most probably never have any effect because of the economics of it and the cost it represents to the state and to industry in the long term. We will not oppose the bill because in most cases there is hardly any chance of it ever coming to effect. I want to touch on some of those issues. I have looked through the legislation and want to make comments pertaining to some of its clauses.

First, I will get to a fundamental understanding of what this is about. The bill is amending the Petroleum and Geothermal Energy Resources Act 1967. Geothermal energy has nothing to do with geosequestration; they are quite different processes. I am really quite surprised that the process of sequestering, which is putting CO_2 equivalent underground under pressure, is in a bill that is intended to bring material out of the ground in terms of energy. I think it is important to explain some of the geology around this. The Petroleum and Geothermal Energy Legislation Amendment Bill is to do with extracting from deep underground, at varying depths, geothermal energy. Geothermal energy is available in quite significant amounts in Western Australia because of the age of the craton it is based on. It is around 1 500 million years old. The area external to Perth has deep granites about 1 500 million years old. In some cases, these deep granites are fissured, and in some cases they are not. A problem with geothermal energy around the nation, which ties in to what we are dealing with here with geosequestration, is the methodology used by companies to extract geothermal energy.

Bertus de Graaf in his developments in South Australia used a process of injecting water and sand underground to about three kilometres and fissuring rock. Water would then be pumped down and extracted as super-heated steam. Those were the early proposals around geothermal energy. The problem is that the notion of injecting water underground requires some of that water to go down at about 3 000 pounds per square inch, which is extremely dangerous. Luckily for Dr de Graaf, when his plant exploded there was nobody around, because when dealing with those sorts of pressures an explosion is extremely dangerous. Many other companies—Green Rock Energy or whatever—are using modern technologies to hunt for ground that is already fissured and they use natural transmission of waters at depth to provide energy. There are also slightly lower levels of geothermal energy being produced for swimming pools and municipal buildings, which is done at levels that are quite close to the surface of the planet. One aspect of geosequestration and geothermal technology is the depths at which they work. From my understanding of the work I have seen on geosequestration, it costs around $75 to $80 a tonne to reinject CO_2, and this also depends into which geological strata they put that material because there are some hypersaline areas where methane and CO_2 is converted into a different chemical constituent. Unfortunately, it then becomes thixotropic—a rather interesting word that means it alters its consistency. When CO_2 goes into saline aquifers, we find it becomes more difficult to move and the sorts of pressures and volumes required diminish quite dramatically, depending on where that is. There was some idea proffered around the world for many years that we can go back and use old reservoirs of oil or gas fields. Anyone who has been in the gas industry will know that as the resource diminishes, it pumps extra CO_2 or water back underground anyway to bring the petroleum or fossil-based fuel—gas, petroleum distillate or whatever—to the surface. Barrow Island produces something like 70 per cent of what is called formation water at the moment, as the reserves decline, and that water is pumped back underground to keep pushing the oil or gas up to the surface. We will not have a facility available to us at the end of the petroleum or a gas process.

Members must remember that the idea of geosequestration in the Gorgon gas fields might look attractive, but we need a domed geological structure into which we will actually be able to move the geosequestered material so it can be retained by that domed cap. It does not matter how much work is done aboveground, they will never be able to identify whether there are any fissures in that material or not. When we talk about geosequestration, it has a potential life ahead of it, but the problem is we have never done it so we do not know. Some work has been done on that in the Sleipner fields off Norway, but that was a very small and deep project that was proposed and we do not know how long this material will stay down there. I will come to the bill in a minute, because it refers to the time when we can wipe our hands of this. Members have to remember that a lot of material that we are pulling out—oils and gases—are around 200 million years old in terms of their deposition and they have been held in geological structures for that time.

I will quickly turn to some questions I asked in this place a number of years ago on the geosequestration on Barrow Island. When we put CO_2 underground, we also get carbon credits for that application. The state and federal governments will pick up the insurance on those credits, should they not work; they underwrite that. What we know from the Gorgon gas fields is that no modelling of the potential for financial liability has been assessed for its geosequestration. Most probably that will not be done for at least 75 years after the project has gone ahead, and then it will require continuous monitoring over a significant amount of time. When we turn to

this bill, it says that after 15 years, if we are happy it is down there, we will absolve ourselves of responsibility. We have to remember we are dealing with geological structures that have to be sound for around 200 million years, otherwise there is no benefit whatsoever. I make the comment that the Greens (WA) will not necessarily be opposing the legislation, because we do not see in the long term that it will work.

Let us understand what we are talking about fiscally. As I say, it will cost about $70 to $85 a tonne, depending on the geological structure of this material that will be put into it. Currently WA's CO_2 emissions are approximately 85 million tonnes a year. If we wanted to deal with that CO_2, at around $70 a tonne, that would be around about $6 billion per annum, and that is not a one-off but per annum. If our emissions go from between 125 million tonnes and 180 million tonnes, which is anticipated if all the various projects—Wheatstone, Gorgon and others—eventually come onstream, then we are looking at about $12 billion a year to deal with that CO_2. We also know that we are trialling some deep sequestration in from the coast in the Collie region. At no stage have I been able to find out how much re-injection of that CO_2 into that aquifer near Collie would actually cost the electricity corporations, Verve Energy or Synergy, and how much that would increase electricity prices. Already the minister, Hon Mike Nahan, has indicated that electricity prices will go up about 100 per cent due to the cost of fossil fuels. He has stated that on the record. If we then start bringing in geosequestration of the CO_2 from that material, we must be looking at a 150 per cent increase in electricity prices as a direct result of geosequestration. My view is that when it actually comes down to pure economic rationalism, this process will not work. In addition, we have no guarantees. As I say, petroleum producers have been using carbon dioxide and water to push oil and gas out of their deposits. There has been a lot of comment that depleted oil and gas reservoirs would be an ideal location for geosequestration, but because we have already filled them to get the material out in the first place, it is highly unlikely they will be available, so we have to look for new geological structures. On Barrow Island, a dome system was found underneath the island into which, theoretically, they can inject CO_2. They can inject into only a quarter of the CO_2 produced on Barrow Island. That is based on the engineering, the cost associated with the injection and the complexity of pushing down CO_2 which then changes its chemical structure and becomes thixotropic, or thicker, to pass through the porous nature of the underlying sandstone, which then creates a problem. Initially, tests were done in Norway. Injection was good to start with, but it dramatically reduced because of the backup of the thixotropic chemical change in the material going down. It was always cited as the panacea, but if we are really interested in dealing with climate change, which is what I think the intent of this bill is, there are many other ways to do that than this extremely costly process. A lot of money is being put into an unproven technology which, as many people around the world believe, may have unknown disadvantages.

As I say, there are incentives to inject material underground because of the trading arrangements, but there are many other ways to deal with carbon. The long-term carbon cycle takes metal ions from rocks, mainly calcium and magnesium, and combines them with CO_2. This is the way the organisms in our marine creatures and shellfish develop. The calcium that comes from that is derived from carbon. There are many other engineering and technical ways to deal with carbon than the old-style engineering process of drilling a hole and pumping it underground. I am reminded of Synroc, which is a process to capture radioactive material in a glass-type element. The idea of Synroc was to drill a big hole again and dump the radioactive material underground where it would remain stable. Things change, chemistry changes, and it was discovered that the inert Synroc eventually was attacked internally by radon, fissured and broke down. We are also experimenting with this proposal.

The Greens will let the proposal go through, because in my and many other people around the world's evaluations, it will never come to pass, first, because of the economics and, second, because the engineering capabilities have yet to be proven. The retention of this material poses a huge fiscal risk to both the state and federal governments. When the state and federal governments signed the agreement on Gorgon, many questions were asked in this place about the fiscal responsibility of its insurance should the proposal not work. Nobody could tell us. We will not know that liability for 75 years when we discover whether it works. If it does not work, then we will know the liability to the state and nation. I have a huge problem with developing proposals on that sort of analysis.

I return quickly to geothermal energy. It is now a good avenue for energy in Western Australia because it is CO_2 free, uses natural rocks or the natural subsurface geology to provide energy, and rather than trying to take an invasive approach and create energy, new technologies use what is already there. They are quite benign, very productive, and, indeed, some of the areas where licences are being let for geosequestration are also some of the best areas for geothermal. However, the problem is that we might compromise some geothermal energy by using geosequestration energy in the same area. Five years ago in a cooperative research centre study, Shell identified 15 sites across Western Australia, one of them between Perth and the Collie basin, where geosequestration was more likely. The problem is, as I have already stated, identifying that geological structure, which in some cases is at depth, and how uniform and unfissured those structures are. Most of the unfissured structures are ones we have already depleted from oil and gas extraction, because they were in a position to retain the material. We have already pumped water and CO_2 underground to displace that basic fossil fuel.

The Greens will let the bill pass. As I have said, I am to be proven wrong, but the technology will take about 20 or 30 years to come onstream in a major way, and I do not think it is going to be in the ballpark of our future thinking.

HON COL HOLT (South West — Parliamentary Secretary) [5.36 pm]: I want to make a contribution to the Petroleum and Geothermal Energy Legislation Amendment Bill 2013. Although I appreciate Hon Robin Chapple has spoken about the technical aspects of the bill, I will concentrate on the reality and not the economics or the technical aspects of carrying out carbon capture and storage. This bill is needed. As we move into the twenty-first century, new technologies need to be investigated to see how they can be used to benefit the planet or to address climate change.

I agree with the comment of Hon Robin Chapple that there are other ways of addressing energy needs and climate change challenges. I have worked in a couple of those fields and have often talked about the importance of industries such as oil mallee and the natural sequestration of carbon industry, which promised so much in the early stages of its development 20 years ago. It probably did not have the injection of enough funds needed to drive that industry as an alternative for carbon credits and potential carbon trading.

Hon Robin Chapple: The blue gum areas were used in the south west in developing a feedstock for power stations. The problem is that we developed the trees and we got no power station to use them in. You are right; we do need long-term thinking.

Hon COL HOLT: The oil mallee industry has suffered from that as well. I know that in some agricultural regions, oil mallee was a viable option and if we had invested the money we have spent on developing other industries to drive that industry, we may well have found ourselves in a different position.

However, we are dealing with this bill now, and I would like to concentrate on the aspects of the bill. I note that the commonwealth and other states have introduced similar legislation to this bill. If Western Australia is to consider this technology, we need to ensure that our legislation and regulations are aligned. Whatever happens in the future, such as new companies coming on board to look at doing it themselves, we need regulations, guidelines and rules to do that.

As an aside, I note the new federal government will scrap the carbon tax. It has been one of the debates.

Hon Robin Chapple: Not yet.

Hon COL HOLT: It has not done it yet.

Hon Nick Goiran: We will be talking about it tomorrow at length.

Hon COL HOLT: It would be good if solutions could be come up with for how that affects potential carbon trading and crediting, and the carbon price that may be traded through processes that this might take advantage of. I honestly do not know about the technical or economic capabilities that Hon Robin Chapple talked about, but if it is $75 to $80 a tonne, carbon prices at that level might be a long way off.

Hon Robin Chapple: It will actually be cheaper for people to use the carbon price than to sequester.

Hon COL HOLT: Yes.

I will deal with the bill. I thank the Leader of the House for postponing the debate so I could be in this place, as I was away last Thursday on urgent parliamentary business. The bill will amend the Petroleum Pipelines Act 1969, which gives the ability to transport some of that CO_2 from industries like the coal-fired power stations in Collie, where it would seem we would get the greatest advantage in using this technology to address some of the CO_2 emissions needs there, notwithstanding the price. Again, that is an economic and technical argument that I will not get into. In my view, we will have coal-fired power on our agenda in this state for a bit longer yet, which may not please everybody, but I am sure at this point in time that the people of the Collie community see it as the lifeblood of their community. While we have power stations using coal, there will be some challenges with emissions and we should explore these sorts of processes. If we use these sorts of processes, we need to have some legislation adapted to their needs. Hon Robin Chapple also touched on the South West Hub carbon capture storage project. Has Hon Robin Chapple been there to have a look at it?

Hon Robin Chapple: Yes.

Hon COL HOLT: I am sure Hon Robin Chapple would have been very interested in it technically.

Hon Robin Chapple: I am interested in the technology, but I am worried about its cost.

Hon COL HOLT: Looking at some of the briefings I have had about it, it is a $52 million project, so it is not cheap. It will be a fair investment to prove up some of these technologies and we can argue all day long about where the investment should be, but that is the cost of this project. I note the question was raised about why the hub had to be in that particular area and why it is a target for this sort of technology. I will read something from a

little booklet entitled "South West Hub: Carbon Capture and Storage". Under the heading "Why here?" it reads —

> Geologists from around the world recognise that deep formations of sandstone in saline aquifers are ideal for CO_2 geosequestration.

Spot on, mate; Hon Robin Chapple must have read this as well—very good. The booklet went on to state that there was a nationwide search for suitable subsurface storage reservoirs for man-made CO_2. Approximately 19 suitable sites were found around Australia, six of which are in Western Australia. One particularly good location is around the geological structure near Harvey in the southern part of the Perth basin, where what I think is called the Lesueur sandstone formation is relatively close to the surface, and which is, importantly, away from the Yarragadee aquifer, which supplies so much fresh water to the south west. Although we may say that it will never be used, it is kind of on our doorstep, so we need some legislation to guide our thinking about it. Again, because that location is so close to Collie, there is a real ability for us to look at how we might deal with CO_2 being emitted from the Collie power stations into that area. I have some concerns about the South West Hub, but they are probably not about the technology itself and more about the community, the environment and the people in that area. Many members would know the long history around Cookernup, Yarloop and the potential expansion of the Wagerup Alcoa refinery that was talked about 10 years ago. As the local member down there, people still come to me with concerns about emissions coming from Wagerup. I do not suggest for one minute that this technology and the trial of the South West Hub will cause any of those environmental or community problems, but there is a sensitivity from the perspective of the community, landholders and individuals about the operations of extractive industries such as petroleum and gas, or even about sequestration. In my view, the communities of Cookernup and Yarloop are probably hypersensitive to some of the activities going on there and I think we need to be conscious of that. I have also had various reports about the potential of people bulldozing and bullying their way on to the land whenever they want access to it to explore potential sites for carbon sequestration. If a site has been identified as one of the six in the state that are particularly good, there are some issues we need to sort out about land access and potential compensation or purchasing of the land or whatever it might be. I will get back to that topic a bit more in a minute.

An interesting aspect of the bill, which Hon Robin Chapple also spoke about, is that it is based on petroleum extraction legislation, and I quote from the second reading speech on the bill —

> The state's petroleum legislation has been adopted as the vehicle for the bill because greenhouse gas storage uses many of the same technologies as the petroleum industry. Many of the provisions in the bill follow the existing petroleum legislative regime.

That sounds about right from a technical viewpoint and I think Hon Robin Chapple also touched on that opportunity to use almost the same infrastructure and wells. It is fine from the viewpoint of technology, but I have had some issues and concerns about the fact that when the petroleum legislation came in, petroleum and gas were recognised as priority resources for the state of Western Australia, so there was probably some need or imprimatur, and when accessing land, the rights of landholders were probably not a high priority. That was probably something that could have been lived with because gas and petroleum were such important resources. The difference with this geosequestration process, and this legislation, is that nothing is being taken out of the land; something is being put back. Does there need to be the same priority and concern for and overriding of individual property rights or compensation; and would it be correct? To my mind, there is a fundamental difference between the situations and maybe we could have some answers from the minister about that. It seems to me that there are some basic questions about extractive processes versus sequestration and why land access issues are such a priority. Taking on board the comments of Hon Robin Chapple, if this geosequestration process or industry, if you like, gathers some speed and Western Australia has some great opportunities to pursue it and it is seen as a great site for it, not only in Australia, but also potentially around the world, we really need to sort out the land access issues. We know from some of the debates about coal seam gas in the eastern states or fracking in Western Australia that there is real concern from landholders about how their land is accessed for exploration, and also for ongoing operations and the use of that land. I think we need to work on those sorts of things. In particular, I would like to talk a little about clauses 11 and 12 of the bill. Clause 11 provides the minister's officers, agents or workmen the power to enter upon and occupy any land for the purpose of looking for a potential geosequestration site. I think it also enables them to carry on with the potential geosequestration. Searching for a suitable land site for greenhouse gas disposal was therefore given equal footing with the exploration of strategic petroleum and geothermal energy assets. In essence, looking for a greenhouse gas depository is deemed to be just as important as finding petroleum geothermal energy, which I remarked on earlier.

With regard to negotiating for compensation, which I think comes under clause 12 of the bill, landowners are on an unequal footing when negotiating with a potential geosequestration proponent. They need to be on an equal footing when they negotiate with a multinational petroleum company or large Australian fracking company. The

Nationals acknowledge that there is some concern among the people we represent in the regions over how individual landholders negotiate with Big Brother, if you like, for adequate compensation or even get their issues on the table. In many instances, landholders cannot afford access to quality legal services when dealing with proponents, who often have large, highly qualified and skilled legal teams to work on their behalf, so they do not seem to be on a level playing field. If we are introducing new legislation that perpetuates an issue, except this time it is providing for depositing material rather than extracting it, now is a good time to look at how property rights and compensation can be dealt with. The bill provides no opportunity for landholders to discuss land access concerns with the appropriately qualified body. I note that in both New South Wales and Queensland, commissions have been established, in part, to provide landholders with assistance when negotiating land access agreements. New South Wales landholders have access to the Land and Water Commissioner, while in Queensland, the relevant body is the GasFields Commission.

The Nationals would like to move a motion without notice. To give members some background, the Nationals have concerns about land access rights. We believe that the introduction of this bill provides an opportune time to look at that issue. This referral may flow on to some other land access issues related to some of those priority resources, although they may have been priorities 20 years ago but are not now. That may be another debate.

Discharge of Order and Referral to Standing Committee on Legislation — Motion

HON COL HOLT (South West — Parliamentary Secretary) [5.53 pm] — without notice: I move —

> That the Petroleum and Geothermal Energy Legislation Amendment Bill 2013 be discharged and referred to the Standing Committee on Legislation for the committee to consider clauses 11 and 12 of the bill and report to the Council by 19 November 2013.

I am sure every member here, especially regional members—maybe not those in the South Metropolitan Region—have had representation from constituents concerned that people have come uninvited onto their landholding seeking to explore for petroleum or minerals and have said, "We can do this and we're coming to do the exploration." I do not think landholders' rights have always been clear. Let us use this bill to examine that aspect and how we should treat compensation. We want to provide for adequate compensation that does not mean that the poor old landholder, who might be a sole trader or a small business owner, goes broke getting legal advice. Those clauses in this bill give us an opportunity to review that now.

HON KEN BASTON (Mining and Pastoral — Minister for Agriculture and Food) [5.56 pm]: I rise to support the referral of this bill to the Standing Committee on Legislation, and I reserve my right to respond to the second reading contributions. In supporting this motion, two things came to my mind. Firstly, depositing material is the opposite of extracting. This is the line of the oil and gas industry against the Mining Act. I am sure the Standing Committee on Legislation will come to the conclusion that the property rights are already in the bill. However, let me not pre-empt what the legislation committee will come up with.

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [5.57 pm]: It is indeed a very interesting day when a member of the government benches seeks to refer its own bill to a committee. In my brief comments last week I —

Hon Helen Morton interjected.

Hon KATE DOUST: Yes, but they were articulate and to the point. I made my comments very succinctly and in those very succinct comments, I alerted the government that we had concerns about some aspects of the bill but we would deal with them at a later stage.

Several members interjected.

The DEPUTY PRESIDENT (Hon Adele Farina): Order, members!

Hon KATE DOUST: We have tried on a number of occasions in this place to refer quite contentious legislation to parliamentary committees and have been rejected. In fact, the Standing Committee on Legislation will not know what to do with this.

Hon Peter Collier: I told you to come and discuss it with me and I would listen to you.

Hon KATE DOUST: It is a shame that the National Party could not have afforded the same courtesy to its colleagues in this chamber with the heads-up that it wanted to refer the bill to a committee.

Hon Peter Collier: Did you let us know that you wanted to refer it?

Hon KATE DOUST: We have approached the minister in the past and talked about these things.

Hon Peter Collier: You have never approached me.

Hon KATE DOUST: Minister, I am on my feet and I would like to have a say about this. The minister will have an opportunity.

Several members interjected.

Hon KATE DOUST: I am disappointed, Hon Col Holt —

Several members interjected.

The DEPUTY PRESIDENT: Order, members! The Deputy Leader of the Opposition has the call.

Hon KATE DOUST: I am disappointed that rather than focus on those two clauses, the member has not given the broader community an opportunity to have a much broader inquiry into other details in this bill. Although I note the member's concerns and I understand that in the other house some very agitated government backbenchers were concerned about land access and use, I am sure Hon Robin Chapple will agree with me that some other areas of this bill could be looked at during the same inquiry. I do not know whether the member is open to an amendment to his motion to refer the bill, on the basis he has government support and the motion will be passed. If Hon Col Holt considered deleting the specific clauses and wording the motion so that it asks the committee to inquire into the bill generally, some other matters could be resolved by the committee rather than having to deal with them when the bill comes back into this place. It might be a better use of the committee's time. I do not know whether the government is open to doing that. The inquiry could still be conducted within the same period. I am sure the legislation committee is prepared to meet day and night to get a report finished!

Hon Robin Chapple: They would be excited.

Hon KATE DOUST: They would be extremely excited. It is a very exciting piece of legislation.

Hon Peter Collier: Why did you talk for two minutes on it?

Hon KATE DOUST: I am talking now. I am happy to talk at length about this.

Sitting suspended from 6.00 to 7.30 pm

Hon KATE DOUST: Before I was so rudely interrupted by the dinner break, I was commenting on Hon Col Holt's motion to refer parts of the Petroleum and Geothermal Energy Legislation Amendment Bill 2013 to the Standing Committee on Legislation. I find it quite interesting that we have another example of the National Party trying to set itself apart from its coalition partner, the Liberal Party, in government; it is trying to make itself look different. We are seeing a political fix with this referral tonight. This is about the National Party trying to appeal to its stakeholders, a job it did not do when this bill was dealt with by cabinet, signed off by the respective party rooms and passed through the Assembly with some debate. I am not too sure about the extent of debate by National Party members in the other place.

This motion is about giving the National Party breathing space so it can enable its stakeholders to comment on this bill. I do not have a problem with that at all, but it should have happened before the bill was introduced into Parliament. If this bill has such significant problems in these areas, the bill should be withdrawn. Last week the government saw fit to withdraw the Criminal Investigation (Identifying People) Amendment Bill 2013 from this place without notice because it identified that there had not been proper community consultation about the issue of headwear. I understand that the government is taking that bill back through the consultation process. Maybe that is what the National Party needed to do—that is, talk to the government before the bill was put on the notice paper. The National Party is part of government; it should have been able to resolve those issues. Obviously, something went wrong with Hon Col Holt's representation in cabinet between Ministers Redman, Waldron and Grylls, who have not talked to him or have not consulted the National Party's stakeholders about this issue. Maybe they were not even aware of this concern that their stakeholders have, so now the member wants to refer it to a committee. If he wants to refer parts of this bill to the legislation committee and if he wants it to do a really good job, it should be given the whole bill. I note that my colleague from the Greens is currently seeking to encourage the minister to perhaps engage and expand on this. If parts of this bill are going to be referred to the committee, it should have a much broader look at the legislation.

This motion will be passed; we know that the government and the National Party will support it. It is about fixing a problem for the National Party and fixing a problem for some of the backbenchers in the Liberal Party because their stakeholders—their constituents—have obviously complained about the issue of land use. This matter should have been dealt with by the government before this bill was introduced to the house.

With those few comments, I conclude by saying that the opposition will not oppose the referral of clauses of this bill to the legislation committee. I think it is a healthy thing to do. I am just disappointed that we are not enabling the committee to have a broader look at other aspects of this legislation. I think we are missing an opportunity. I am sure that when we come back into this house and we go into Committee of the Whole at some point—very

late in the year, obviously, now—other matters will come up that could quite easily have been dealt with by the Standing Committee on Legislation. That is my most significant disappointment. On that basis, we know the referral will go through, and we look forward to seeing the committee's report when it is tabled in this place on 19 November.

HON ROBIN CHAPPLE (Mining and Pastoral) [7.36 pm]: I would like to speak to the referral motion, which is extremely valid because I certainly think that landowners need to be assured of what may happen to their land. As a way of introduction, I am reminded of what occurred when we amended the Electricity Act 1945 by regulation in this place. Once we had established that the minister had the right to override the interests of individual landholders, that was then extended to corporations that acted of their own volition. Back in this place in about 2004 or 2005, we allowed a proponent to have the same rights as a minister. Obviously, in this case there is no mention of proponents but I am concerned that it might potentially be forthcoming in the future—that proponents will be given the same ability, as they have under the Electricity Act, to have free rein access to land without ministerial approval. It was an amendment to the Electricity Act.

Having said that, Hon Col Holt has moved a motion to refer clauses 11 and 12 of the Petroleum and Geothermal Energy Legislation Amendment Bill 2013 to the Standing Committee on Legislation. I appeal to the house, Hon Col Holt and the Leader of the House that we refer proposed sections 69JR, 69JS and 69JT to the committee. I will explain why I want to amend the motion—I will move my amendment shortly—moved by Hon Col Holt. Proposed section 69JR relates to closure assurance periods as a result of activity on land, which may be pastoral land, farmland or whatever. The minister may declare a closure assurance period if, at least 15 years after the site closing certificate is issued, the minister is satisfied that the greenhouse gas substance injected is behaving as predicted. The problem I have with that to a large degree is that in 15 years we will not know whether that is happening. The Gorgon agreement in the Barrow Island Act, which was passed in this place, made that 75 years, and even then 75 years was considered to be a fairly short time frame. In my view, 15 years to determine that land may or may not be impacted on as the result of geosequestration is very early days. So we have dealt with that. The explanatory memorandum on proposed section 69JR refers to there being no significant risk that the greenhouse gas will have a significant adverse impact on the geological integrity of the formation, the environment, or human health or safety.

The second part of my proposed amendment, when I come to it, relates to proposed section 69JS, which follows on from that. It refers to indemnity against long-term liability—in this case, the point made by Hon Col Holt—and relates to aspects of compensation for liability associated with anything going wrong on a farming or pastoral lease. We need to understand to whom that liability for compensation will go. There is no indication in proposed section 69JS that compensation for liability will go to anybody other than somebody who has insured for compensation against a carbon dioxide loss that they have incurred through a greenhouse commitment. Proposed section 69JS does not mention whether, in the event that things go wrong, the state will compensate any landholder. I will read the essence of what the explanatory memorandum says on that so that members can get a clear understanding. It states —

> Long-term liability refers to risks beyond the operational phase of the project; the risks of harm to health, the environment, or property due to the leakage or migration of injected carbon dioxide. These risks can be minimised by ensuring a rigorous and robust site selection process, and effective monitoring and verification. Long-term liability involves both statutory liability and liability under common law.
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> The issue of liability is complicated by the fact that liabilities for greenhouse gas storage projects will run for centuries and extend far beyond the life of most companies and insurance contracts. In this instance, as with other industries, government would assume liability by default.

This is what has happened with Gorgon. The state has agreed to pick up liability for the failure of the geological structure under Barrow Island to retain the carbon dioxide. In that context, compensation is not about compensating the people of Barrow Island—there are no people there—but about compensating against the offset that geosequestration provides to the proponent. It is therefore not about compensation to a landholder; it is about compensation to a proponent—or actually not the proponent, because the proponent might be long gone by that stage. Because there is a contract to offset those CO_2e depositions through a carbon process, carbon tax or whatever we want to call it, companies currently geosequestering can apply for a compensation package. If the carbon dioxide fails to be retained underground, those payments have to be repaid and the state and federal governments pick up the tab for paying those compensation streams. I can see nothing in proposed section 69JS that refers to the interests of a landholder. I am therefore concerned that that needs to be tested, and the best way to test that in my view is via a committee.

I will go on to read further from the explanatory memorandum on proposed section 69JS and then I will come to proposed section 69JT —

> If the closure assurance period is declared, then the State will, subject to conditions which may be specified in the regulations, indemnify the GHG title holder —

That is, the greenhouse gas titleholder, not the landholder —

> for liability for damages for any act or omission done in the carrying out of operations authorised by the GHG title incurred or accrued after the end of the closure assurance period.
>
> Section 69JS(3) provides for the standing requirement for the amount of any indemnity to be charged to Treasury's Consolidated Account.
>
> **Section 69JT – State to assume long term liability if licensee has ceased to exist**
>
> Similar to the circumstances detailed in section 69JS, this section provides that the State will also assume long term liability if the GHG titleholder —

It is important that I make the point that it is the greenhouse gas titleholder —

> has ceased to exist.
>
> Section 69JT(3) also provides for the standing requirement for the amount of any indemnity to be charged to Treasury's Consolidated Account in the event that the licensee has ceased to exist.

Unfortunately, we will not be going into a Committee of the Whole in this chamber, but I can see nothing in any of those three proposed sections that identifies whether in any way compensation is for a landholder.

I mentioned earlier that one of the problems with geosequestration in the past was where leakage had a marked effect on the cropping ability of the associated land. In some cases crops had grown much better; in other cases crops had failed. I therefore urge Hon Col Holt to agree to my amendment to his motion. I do not think it will in any way, shape or form add to the length of time of the inquiry by the committee because it is attendant on the very two points on clauses 11 and 12 raised by Hon Col Holt. I have spoken to the minister in charge and I understood that he would consider my proposed amendment. I tried to contact people during the dinner break but I could not get hold of anybody. It is my intention now to move the amendment standing in my name. I hope I have typed it out correctly. I did not have the assistance of the Clerk to do it.

Amendment to Motion

Hon ROBIN CHAPPLE: I move, without notice —

> To amend the motion of referral standing in the name of Hon Col Holt to delete "and 12" and add the words "12, 69JR, 69JS and 69JT".

Alteration of Amendment

The DEPUTY PRESIDENT (Hon Simon O'Brien): Members, Hon Robin Chapple has moved an amendment to the motion. I will require some copies to be made of the amendment. A technical difficulty with the amendment has been pointed out to me. I think we can fix it with your concurrence, but you really need to have it in front of you to work through it, so we will just pause for a moment.

Members, the proposed amendment has now been circulated and I have some suggested substitute words that the mover may wish us to adopt. I note that his comments were all about examination of proposed sections 69JR, 69JS and 69JT, but of course they are just parts of clause 81 of the bill. I anticipate that Hon Robin Chapple may want to move to amend the motion of referral in the name of Hon Col Holt and delete the words "and 12" and add the words "12 and that part of 81 which proposes new sections 69JR, 69JS and 69JT". Did I infer correctly?

Hon Robin Chapple: You did indeed, Mr Deputy President.

Amendment, as Altered

The DEPUTY PRESIDENT: Members, we are now dealing with the altered amendment moved by Hon Robin Chapple, the wording of which has now been circulated. I hope that that is now clear. The question now is that the words proposed to be deleted be deleted.

HON KEN BASTON (Mining and Pastoral — Minister for Agriculture and Food) [7.55 pm]: The government will not support the amendment. Without going into the detail of what we would normally do in committee, proposed sections 69JI and 69JT actually answer that question. Compensation has to be paid up-front or agreed to before people go onto the land. This is having a second bite of the cherry. In the context of the whole bill, we will not support the amendment.

HON COL HOLT (South West — Parliamentary Secretary) [7.56 pm]: I understand the reason that Hon Robin Chapple wants to include other parts of the bill in the motion to refer the bill to the Standing Committee on Legislation. Issues to do with these proposed sections were not raised with us when we looked at the bill. We have been caught on the run a little. Land access and compensation at that point is a slightly

different issue. That is the challenge for us in whether we accept this amendment to the motion. There is some recourse to get some answers from the minister about those proposed sections. Obviously, if the bill is referred to the committee, it will allow extra time for the member and I and others to get together to see whether we cannot get more answers on this particular aspect of the bill without having to refer it to the committee. At this time, I will not accept the amendment. I support the original motion.

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [7.58 pm]: I thank Hon Robin Chapple for seeking to expand the referral motion to include some other significant matters. Indeed, I go back to my earlier comments that perhaps the whole bill should be referred to the committee. I note the comments of both the minister and the National Party. I thought it would have been a much better option for Hon Col Holt's stakeholders to examine the proposed sections referred to by Hon Robin Chapple as part of the committee inquiry process. It may have assisted them to have a voice and to make comment in submissions. I am sure that they are concerned with these issues as well. I would hate for them to miss an opportunity whereby we discuss it in this place in November and they have not been able to put their views on the record. As I have said, we will support Hon Robin Chapple's amendment to the referral motion. Sadly, I can do the numbers and I do not think it will get over the line, but all power to Hon Robin Chapple for moving it.

HON KEN TRAVERS (North Metropolitan) [8.00 pm]: I want to understand the procedure to follow. I assume if we support this amendment, and Hon Colin Holt's amendment gets up, we will not be able to proceed with the rest of the bill, even though we are referring only a section off to the committee, and the house will not deal with the rest of the bill until the committee reports. Can you confirm that that would be the process, Mr Deputy President?

The DEPUTY PRESIDENT (Hon Simon O'Brien): That is correct. The motion is that the bill be discharged and referred to the committee. Even though the committee's terms of reference are only for that narrow part, the bill is still discharged from the notice paper and, therefore, the house will not proceed with the bill until it returns from the committee.

Hon KEN TRAVERS: Thank you for that guidance. If people are of the view that elements of this legislation need to be referred to the committee, I do not understand why we would constrain the committee to what it can examine. This is a stunt for elements of the government to try to pretend they are not part of the government so that they can run around in their electorates and undermine loyal government members. Disloyal members of the government want a vehicle to do that. We support the referral of the bill to the committee so that the committee can do its work and consider all aspects of the bill. No harm is done by allowing the committee to examine all parts of it because it has a fine time line in which to report. There is a government majority on the committee and it will make sure the bill is returned within that time frame, so for the National Party to ask members to support the referral of the bill to the committee and then limit it shows that this is nothing other than a stunt.

Amendment, as altered, put and negatived.

Question put and passed.