

ALCOA — SUPPLEMENTARY PROPERTY PURCHASE PLAN

Motion

HON ROBYN McSWEENEY (South West) [2.35 pm]: I move —

That given the serious concern expressed by landholders regarding the compensation processes related to the current Alcoa expansion, the Standing Committee on Environment and Public Affairs be required to conduct an inquiry into the fairness and just terms of the supplementary property purchase program, and to report back by 14 August 2007.

This motion was placed on the notice paper on 19 June 2007, some 11 months ago. The reason for doing this was the concern of landholders about the fairness of the process. This motion has absolutely nothing to do with the United States public health campaigner Erin Brockovich nor the health problems that some people have been diagnosed with. Hon Bruce Donaldson and I spent four or five years looking into the liquor burner problems and the problems that arose with Alcoa at Wagerup, and I do not intend to go over that report. Areas A and B are well known to us; we covered them in the report, although later some changes were made to include other parts of the community. It took a long time and was extremely thorough. My sympathy went out to those people who were diagnosed with health problems and I stress once again that this motion has absolutely nothing to do with health or Erin Brockovich. My sole interest was in private property rights and whether Alcoa was treating people fairly under the supplementary property purchase program known as the SPPP.

In my opinion, the motion achieved what I wanted it to; namely, to get Alcoa and the government working faster than they were doing some 11 months ago. I thank Hon Kate Doust for arranging a briefing on the SPPP scheme for me, Hon Barry House and Hon Nigel Hallett. The briefing was probably two months ago now and I expect things have moved on even since then. I am satisfied with the progress and how the negotiations are continuing. I can only go on what the government advisers have told us, although I certainly have no reason to doubt what I have been told. I trust the negotiations that are taking place with the farmers on the like-for-like scheme will continue to be dealt with fairly and expediently. I have a great deal of sympathy for the farmers who are leaving their properties and understand how hard it will be to find like-for-like places—in some cases it will be almost impossible. Perhaps it should not really have been called a like-for-like scheme. Hon Nigel Hallett pointed out that the SPPP was for only the farmland component and improvement, but did not cover the cost of the house. He may comment on this later. From my point of view, this seemed to be unfair, as the house should be part of this process. From a woman's point of view, the house is traditionally her castle, especially on a farm. I am generalising, but have been around farms for many years now and the house is an important part of any farm. How much are houses worth these days—half a million dollars? I expect some farms that are part of negotiations contain nice houses. It is up to the government to satisfy the community that it has done the right thing with the SPPP scheme for, and by, the community that surrounds Alcoa.

I have a recent briefing note from Hendy Cowan that I will read into the record. It contains four headings. The first is the fairness and just terms of the compensation arrangements. The second is the main issue obstacles preventing the implementation of the SPPP and the third is the number of property owners who have availed of the SPPP and the number of property owners who are still without a settlement. The fourth is any recent or proposed negotiations between Alcoa and the remaining property owners. The briefing note states —

a) the fairness and just terms of the compensation arrangements;

The Deed of Undertaking — Expansion of Wagerup Alumina Refinery makes provision for two payments to be made to eligible property owners who participate in the Supplementary Property Purchase Program (SPPP). If an eligible property has been valued by a licensed valuer using the current market value method and the owner accepts the price contained in the valuation report, Alcoa is obliged to purchase the property for that price . . .

Where the owner of an eligible farm property wishes to relocate their farming business away from the vicinity of the Wagerup refinery, the owner may be entitled to receive an equalisation payment to assist in moving to a new “like for like” property . . .

While there is no reference in the Deed of Undertaking to compensation, if this question can be interpreted in such a way that relates to the fairness and just terms of those provisions in the Deed of Undertaking that govern payments to eligible property owners, several matters stand out.

1) The current market value method . . . used by licensed valuers in assessing the value of an eligible property delivers what is known as “affected market value”. When properties are valued using this method it is usual for property owners in the vicinity of the refinery to claim their property has been undervalued and that a “fair market price” has not been reached.

2) With regard to an equalisation payment, with two exceptions, those property owners who exercised the Farm Business Continuation Option (FBCO) in their SPPP application have been unable to move to a new “like for like” property because of a dispute between the Administrator and Alcoa over the methodology that may be applied to determine the eligibility for and amount of any equalisation payment. Until the dispute is resolved all SPPP applications in which the eligible property owner exercised FBCO have been suspended.

3) The number of eligible SPPP applicants has been greater than anticipated and it has not been possible to comply with the timelines contained in the deed. There have been incidences where the provisions of section 6.2 of the Deed have been invoked by Alcoa and eligible properties have not been purchased.

b) the main issue(s) obstacles preventing the implementation of the SPPP;

There are two matters that have delayed the completion of the SPPP

1) More than 200 property owners submitted an expression of interest in participating . . . Of those 188 were deemed to be eligible and between them they owned more than 400 properties. At the commencement of the Program, the Government provided the names of two licensed valuers . . .

I will not read their names because it is not important —

The Government and Alcoa were notified in April 2007 that the work required to conduct more than 400 valuation reports would extend the Program beyond the 30 June 2007 cut-off date. A third valuation company . . . was added to the list of approved valuers, but it has not prevented some eligible property owners receiving their valuation well after 30 June 2007. At that time Alcoa did indicate that provided property owners registered before the due date (3 April 2007) and were deemed eligible to participate in the Program, every endeavour should be made to complete their application according to the terms of the Deed.

2) The suspension on 1 June 2007 of that part of the Program that relates to those property owners who exercised FBCO in their SPPP application. During the early stages of the Program when applying the provision contained in Schedule 3. Sections 3.1, 3.2 and 3.3 to determine an equalisation payment that may be paid to an eligible farm property owner who wished to move to a “like for like” property, the amount of such a payment, when calculated usually represented more than 50 % of the value of the farming components of the eligible farm property. Alcoa has objected to my determinations and refused to pay all but two of the equalisation payments. All SPPP applicants who exercised FBCO have had their applications suspended until there is agreement between the Government and Alcoa about how the equalisation payment may be satisfactorily determined.

c) the number of property owners that have availed of the SPPP and the number of property owners remaining without a settlement;

203 property owners applied to participate . . . 188 were deemed eligible and their properties have been or are to be valued. I am not aware of the number of eligible property owners who have accepted their valuation (the “offer” by the company) and are yet to reach settlement. However, there are 34 property owners who have either not received their valuation or have not conveyed to me their acceptance of the “offer” by the company.

. . .

I am not party to any negotiations which may take place between Alcoa and eligible property owners. As Administrator it is my task to determine those property owners eligible to participate in the Program. If they are eligible then their properties are valued according to the provisions in the Deed. When the property owner receives a valuation report and agrees to sell the property, Alcoa is informed and the company assumes responsibility for completing the purchase.

That was a briefing note from Hendy Cowan, who is the administrator of the SPPP program. I can only go back to what I said before. From the briefing I was given, I am satisfied with the progress and how the negotiations are continuing. I can only go on what the government has responded to in the house. I believe that the negotiations have continued. I await the government’s response.

HON PAUL LLEWELLYN (South West) [2.46 pm]: I take the house back a few months to the origin of this motion to put it into context. I moved a disallowance motion in this place relating to the expansion of Alcoa’s refinery operations at Wagerup from 4.6 million tonnes to six million tonnes, which would have represented a significant expansion of the operations at Wagerup and resulted in considerably more emissions coming out of the Wagerup refinery. That expansion must ultimately result in a greater number of impacts on the local community. The Greens (WA) and I believe that a fair and just mechanism is needed to compensate people

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whose lives, communities, lifestyles, children and homes have been disrupted because of an agreement between the state of Western Australia and the American company Alcoa. That decision has compounded the future impacts on those communities—*prima facie*.

When negotiating compensation for a property purchase program, the buyout must be on fair and just terms. When the Premier, Alan Carpenter, and the then Minister for the Environment, Mark McGowan, announced the expansion of the refinery, they laid out not only the new conditions the refinery was meant to operate under, but also the provisions for a compensation or buyout package. I will quote from a media statement issued by the Premier and the now Minister for Education and Training when he was the Minister for the Environment —

The Western Australian Government has given the green light to another massive resources project, granting environmental approval today to Alcoa's proposed Wagerup expansion.

Premier Alan Carpenter said the approval included 42 environmental conditions, which would result in Alcoa Wagerup being the most regulated refinery in the world.

The conditions on the proposed expansion would ensure no overall increase in emissions and would require Alcoa to achieve an estimated 36 per cent reduction in total refinery odour emissions and a 12 per cent reduction in emissions of volatile organic compounds.

Mr Carpenter also announced the appointment of former National Party leader and Deputy Premier Hendy Cowan to oversee the implementation of a new land purchase program, fully funded by Alcoa, for residents in the vicinity of the Wagerup project.

The proposed expansion was expected to create up to 260 permanent jobs in the Wagerup region, with the construction phase generating 1,500 jobs.

The Premier said the approval was part of a six-point package negotiated by the State Government and agreed to by Alcoa to address environmental, economic and social concerns in Yarloop and surrounding areas.

Alcoa's emissions have primarily impacted on Yarloop, and that has been the focus of the community campaign to achieve fair and just terms. Their lives have been impacted on as a result of a government decision to expand a facility that is already having adverse impacts on that community. The statement continues —

Mr Carpenter said today's decision showed the Government was keen to secure major projects for WA but not at the expense of the environment or the health and welfare of local communities.

That the government does not want to secure major projects for WA at the expense of the environment is arguable. The Greens could list the extraordinary range of environmental impacts of allowing this very large expansion of the Wagerup refinery. I refer to the impact on the northern jarrah forest; the impact of mining operations on our water catchment areas; and the impact on the northern jarrah forest ecosystem as a result of the spread of dieback. The clear-felling and strip mining of the northern jarrah forest would not happen this way anywhere else in the world. I refer also to Alcoa's emissions file. Nearly 70 per cent of the state's gas resource is burned at Alcoa's facility, which creates greenhouse gas emissions. The crushing, boiling and burning of caustic soda in the production of the alumina liquor and the emissions that come from the liquor burners is causing a toxic cocktail that has to have environmental and health impacts on the community. This issue is a bit like the lead contamination issue in Esperance. If we muck around with this stuff, we will experience downstream environmental and health impacts. I will take the Premier at his word that the government is keen to secure major projects for Western Australia but not at the expense of the environment or the health and welfare of local communities. We now have to deal with the health and welfare of certain local communities. I will not trawl through the considerable body of evidence that proves that the health and welfare of people in the south west region has been impacted on. No-one can dispute that if 25 per cent of global alumina production is put into four alumina refineries on the Swan coastal plain and if a refinery that has already reached its carrying capacity of the local airshed is expanded, the adverse impact of those refineries on the health and welfare of people in the local community will be exacerbated. The refinery cannot be expanded without expanding the impact that it has on the local community. There has already been a considerable impact on the Wagerup and Yarloop communities, not least because of the previous compensation packages that were put in place by the government and Alcoa. In the context of this debate, the supplementary property purchase program arrangements are far less generous than any of the previous arrangements. I will lay those out. The Premier's press release continues —

“The well-being of people in Yarloop and surrounds has been central to our thinking and is reflected in the six-point package,” he said.

The package includes:

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- 42 conditions which would see the Wagerup facility subject to the toughest and most stringent environmental requirements on a refinery anywhere in the world;

I love it when the government claims that Western Australia is better at something than any other state or country. I am ready to accept that the Wagerup refinery is the best and cleanest alumina refinery anywhere in the world. However, it continues to have an indisputable impact on surrounding communities. Those communities are entitled to an exit package on fair and just terms. The opposition supported the government decision to expand Alcoa. However, Hon Robyn McSweeney moved a stopgap motion, which reads —

That given the serious concern expressed by landholders regarding the compensation processes related to the current Alcoa expansion, the Standing Committee on Environment and Public Affairs be required to conduct an inquiry into the fairness and just terms of the supplementary property purchase program, and to report back by 14 August 2007.

For all intents and purposes the supplementary property purchase program has largely been completed. People have been paid out, sometimes accepting payments under duress. The question is: were those payments made on fair and just terms? The matter is not over simply because some people have been paid. I have heard Hon Barry House, Hon Nigel Hallett and Hon Robyn McSweeney debate other property rights issues in this place. They have all argued that we should take a profound stand to protect the property rights of individuals and to protect the interests of people when they are involved in property transactions. The SPPP package issue is not over just because Alcoa has paid 154 of the 189 applicants and because only 35 have to be signed off on. The question is: were the payments made on fair and just terms? This is a matter of principle. We are not talking about Alcoa's emissions profile, the possibility of a damages claim against Alcoa or speculation that an American woman will take up the cause of the people concerned. Am I waving my hand around too much?

The PRESIDENT: Hon Paul Llewellyn has the call. I am merely indicating to a member how she can get to her seat without breaching the standing orders.

Hon PAUL LLEWELLYN: And without me bashing her on the head with my hand, because I was getting rather passionate.

The PRESIDENT: If Hon Paul Llewellyn wishes to continue to speak, he should do so; otherwise, I will give the call to another member.

Hon PAUL LLEWELLYN: Thank you, Mr President; I see your point. We are making the point here that for the supplementary property purchase program to be founded on fair and just terms, it sits with an analysis of the exact terms and outcomes of those particular transactions, not whether they were done or not. From the documentation that Hon Robyn McSweeney read from, and I have similar documentation, the administrator of the program has been far from happy about whether he has been able to deliver fair and just terms to the community. There is therefore a problem. I believe that this motion should be supported on principle by both us and the Liberal Party, because there is a case to be answered.

I have been asking a string of forensic questions in this place of the government about the terms of that SPP program, and we are not getting straight answers.

Hon Kate Doust: Are you saying that the government is misleading you?

Hon PAUL LLEWELLYN: I am saying that we are not getting straight answers, and we are certainly not getting timely answers; in fact, we are getting contradictory answers on the matter. I can support that, and I will support that, if the parliamentary secretary would like that.

Putting aside the environmental arguments and whether there were or were not tangible and measurable health impacts, a very large community of people has been dislocated because the government and Alcoa have chosen to expand a refinery. That community is entitled to compensation, as the Premier and this agreement act have quite clearly laid out. Quite clearly, the people are entitled to special treatment to enable them to shift out of harm's way and out of the shadow of the Wagerup refinery. If that is the case, the only argument is: are we all satisfied that they have not been poorly done by? We can take it from the minister, the parliamentary secretary or the advisors from the Department for Planning and Infrastructure, and whoever else, that they are completely satisfied that they have administered and signed off on all the deals, but we cannot take it that there has been a fair process. I will lay that out now.

Hon Kate Doust: If you are saying that it is not fair, what do you think they should have been compensated? Is the member not interested in answering that question?

Hon PAUL LLEWELLYN: Mr President, the community has laid out what it wanted from this process. Remarkably, and very humbly, they have laid out not an ambit claim but a reasonable claim, which says that all

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they wanted to do was to be able to move out of that area because of the health impacts and the fact their community was disintegrating around them. They wanted to move out of harm's way near that refinery and to find a nice place to live and have quiet enjoyment, because that is what they had prior to Alcoa and the government agreeing to put a refinery in their backyard in 1978 and the operation of that refinery. Before then, they had quiet enjoyment of their homes. People of this community are entitled to that, and under this arrangement they are entitled to find an equal place to live out the rest of their lives. Many of these people have suffered impacts on their health, lifestyle and so on, but they are not making an issue about that. However, it provides a sound case for them wanting to be moved from that area on fair terms.

If members want to know what the community thinks, not what Hon Paul Llewellyn the member for the South West Region believes that they want, members should go to the Community Alliance for Positive Solutions Inc website, which shows the alliance has 300 supporters and 70 paid-up members and that numbers are growing. Those figures are from spring 2005. They set out their goals on that website. Some residents have expressed concern about relocating the town. They wanted to pick up Yarloop and put it somewhere else out of harm's way. That would have amounted to building a subdivision somewhere further away from the coast, not something that would have cost multi-multimillions of dollars. This entire community could have been taken 25 kilometres away out of harm's way to an entirely new subdivision and it would have been satisfied; but, no, the method chosen has been to pick them off one at a time and pay them for their properties at the affected value. In other words, if they had a property that was worth \$100 000 and Alcoa put a refinery there, the property would get a bad name, in a similar way to having bad neighbours, and so the property value would go to \$80 000. They would be paid \$80 000—the affected value. How fair is that? I say that it is not very fair. Where is the justice in it? If they were to be paid \$80 000, Yarloop and the Waroona area would be the only area in Western Australia in which property prices have gone down. How fair is it that a compensation payment should be based on the affected value? That is what needs to be inquired into, not whether some bureaucrats have ticked all the boxes, checked all the squares and made the case that nearly everyone is out of the area so "she'll be right mate" and it is all okay; it is not so, and that is not the matter before us. The group calls itself the Community Alliance for Positive Solutions. How generous is that community? It is a community that has been poisoned by Wagerup refinery, suffering health impacts and community disintegration. It formed an alliance called the Community Alliance for Positive Solutions. The group writes —

Therefore, CAPS propose that:

1. The recommendations of the CSIRO Research study of July 2003, as approved by the community, be implemented by ALCOA as soon as possible, with emphasis on the health and social impact.

Perhaps some of that has been done, but I doubt whether all of it has been done. It continues —

2. The entire towns of Yarloop/Hamel be designated a buffer zone, which will require a total relocation of the towns, and all impacted residents to be compensated. The choices of compensation will encompass:

They might have changed their views in two years, but I am reading from their original log of claims. It continues —

- a. No resident of any impacted area to be out of pocket for any expenses incurred in relocation.

That is fair. Why should they have to pay all the stamp duties, transfer costs and the costs of moving? That is not unreasonable. It continues —

Value of the new residences and features of the property be the total replacement value of the current residence and property plus compensation and relocation costs.

It seems fair and just to me that they be given fair compensation. If that has not occurred, the standing Committee on Environment and Public Affairs should inquire into the terms of the transactions that have taken place.

The CAPS document continues —

- b. Residents remaining in impacted areas until the buffer zoning is completed will be compensated with necessary transport, financial assistance, and other support needed to maintain their quality of life.

These people want to maintain their quality of life. The document continues —

- c. The construction of a new town, including buildings and infrastructure, for the residents of impacted areas who wish to remain as a community intact, offering a similar lifestyle to that to which they are accustomed, located within 20 km of their current location.

That is just outside the airshed of the Wagerup refinery. Is that a fair and reasonable request? Hon Barry House has argued endlessly in this place about fairness and justice. I certainly think that is a fair and reasonable request. It is certainly not unfair to Alcoa, the profits and share prices of which have skyrocketed in the current environment, but which is now penny-pinching when it comes to the community that it is impacting upon. It is a matter of establishing the baseline for what is fair and just in this matter.

The document continues —

- d. Residents who wish to relocate to a community other than the new location —

That is the town that they are proposing —

will receive total replacement, relocation costs and compensation.

Even ruling out compensation, one would think that compensation for total replacement and relocation costs is a fair and reasonable request. We have been given sufficient evidence to believe that these people have not received total replacement and relocation costs. Therefore, the motion moved by Hon Robyn McSweeney should stand—the Environment and Public Affairs Committee should conduct an inquiry into the fairness and just terms of the supplementary property purchase program. Hon Kate Doust wanted to know what we thought would be fair and just. The people of Yarloop and surrounding areas are not asking for a lot. They are just asking to be given a fair go and a like-for-like transfer out of the shadow of a refinery that is poisoning them—or, if it is not poisoning them, is impacting on their quality of life. That is a fair and reasonable request.

I turn now to the supplementary property purchase program package. Members would know that a petition has been tabled in this Parliament that is in almost identical terms to the motion moved by Hon Robyn McSweeney. A decision by this house to support the motion moved by Hon Robyn McSweeney would trigger an inquiry by the Environment and Public Affairs Committee into the fairness and just terms of the supplementary property purchase program. I want to look at the history of the various programs that have been run in the Yarloop-Warooka area and at how the program for buying out the houses of people in that area has become less and less generous over time. Despite what the Premier said in his statement, the supplementary property purchase program is the least generous program of all. In 2002, in the original compensation program for area A, the duration of the program was originally five years, but it was extended by the Alcoa board of directors to cover the operating life of the refinery. The compensation payment was based on the unaffected value of the property, plus 35 per cent, with two valuations—one by the owner's valuer, and one by Alcoa's valuer—both paid for by Alcoa. Stamp duty costs were also payable, as were relocation costs of 7 000.

In 2003, in the compensation program for area B, the duration of the buy-back program was five years. People were not expected to decide within six months or one year whether they wanted to sell their home and pull up stumps and move their family to another location. They had five years in which to decide. As I have said, in 2002, in the case of area A, they also had five years, and that was extended to the life of the project. In 2003, the compensation payment was also based on the unaffected value of the property, with the same two valuations as I have described for area A. Alcoa subsequently took the properties that it had purchased from people who wanted to move out of the shadow of the refinery and resold them to people on the condition that they could not lodge a complaint against Alcoa about the emissions. That is remarkable. I have put that on the public record. What is fair and just about that?

In the latest buy-back program—the supplementary property purchase program—the duration of the program has been decreased from five years, to seven months in which to register, three months in which to accept an offer, and four months in which to settle. This is supposed to be the more generous program! It is no wonder that Alcoa was surprised when 189 people, on 400 separate lots, applied for compensation, when it had expected only 20 or 30 people to apply. It is no wonder that Alcoa could not meet the time frames, because there were not enough valuers per square inch around the south west to do the valuations quickly enough! However, the government has doggedly held onto that time frame. The government has also been extremely ambiguous about the way in which it is managing this program in association with Alcoa. For the benefit of members opposite, I understand that one valuation—there used to be two—was paid out by Alcoa on the affected value. That is quite remarkable. Was there a dispute about that? Even if all the transactions are completed, I suggest that the government and Alcoa colluded and negotiated a worse package than they did in 2002. The government is too tight to pay out a few million dollars from the multibillion dollars of revenue and profits that Alcoa has received for its operations. That is not even the point. The real point relates to the fairness and justice of this matter.

The main point is that the SPPP is the least generous of all the buyout schemes, with each scheme progressively watering down the financial recompense. The SPPP has holes in it like a colander. I personally would not sign

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off on it because it is completely slanted in Alcoa's direction. The scheme has no Harvey index, meaning that the land has been indexed such that it is valued as an unaffected area. The properties were valued at the affected price. In other words, Alcoa polluted the property, then got to buy it at a cheap price because it polluted it in the first place. Yarloop and surrounds is probably the only region in the south west area where property prices have gone down in the past few years. We need a well-structured inquiry into this program to see whether it was fair and just and whether people who were impacted by a decision of the government and Alcoa were disadvantaged by that fact alone. The scheme had a six-month use-by date, compared with five years for other schemes. The administrator was so overwhelmed by the response that it was agreed that Alcoa would extend the date because of a backlog of claims. I understand that Alcoa did not even sign an agreement for the extension. That arose in a dispute between Alcoa and the government about the manner in which the SPPP was being carried out. When offers were made and accepted by sellers outside the original date, Alcoa was picking and choosing between whom it accepted and whom it did not accept.

I will refer to the test case of the Blythes, two of the many people who contacted my office. Members should remember that these are ordinary, decent, good-living Western Australians who have been impacted unfairly and whose lives have been thrown into a shambles. They have held out because they did not want to leave Yarloop and the surrounding area, a pretty rural area where some in the community have lived for 25, 30 or 40 years. Some were born and bred in Yarloop and have a deep sense of pride in their community. They would take people into their houses and share their food and drinks. These are ordinary people who drive bobcats, buses and trucks around the place and work for Alcoa. They have now had enough of living there because their lives have become such a mess—their children, husbands and wives are sick, but they did not know what they had got themselves into.

I have before me the time line of events for Karen and Geoff Blythe of Lot 73 Salisbury Road, Cookernup. I will read some notes that were prepared for me about this case because it makes sense to hear the full story. It states that the Blythes have well and truly fallen through the holes of the SPPP. In October 2006 Karen and Geoff Blythe registered an expression of interest to participate in the SPPP. In October 2006 the administrator deemed the Blythes eligible to participate in the SPPP. In November 2006 a valuation was forwarded to the Blythes, with an offer to purchase their property for between \$500 000 and \$525 000. In December 2006 the Blythes objected to the valuation, citing a valuation—we should remember that there is one valuation in this program—of \$725 000. In December 2007, one year later, the Blythes finally agreed to the lower price because they had had enough and they wanted to move on. The price offered was around \$550 000. This family did not want to leave the area of Cookernup so they held out to get a fairer price so that they could at least move away and buy another property. They were not getting sufficient money to get a like-for-like exchange, so they held out. They might have exceeded the date of acceptance. When I asked questions in Parliament about whether the date had been exceeded, the parliamentary secretary said that the program had been extended. However, that is not what happened during the course of events that I am about to set out. In December 2007, one year later, the Blythes agreed to a lower valuation of \$550 000 so that they could move on. The administrator wrote the Blythes a letter on 19 December 2007 saying that under the provisions of the SPPP, a valuation submitted by the administrator to Alcoa was an offer and acceptance to purchase the eligible property at the valuation amount.

On 25 January 2008, the Treasurer, Hon Eric Ripper, wrote to the Blythes saying that there was no deal because they were out of time and that the matter should have been dealt with before June 2007, in spite of the fact that the administrator had written to them and that they had a document saying that the letter represented an offer and acceptance. There is an inconsistency there that needs investigation, and it relates to the fairness and justice of the process.

These are our concerns. Firstly, why were the Blythes told by the Treasurer, Eric Ripper, in a letter dated 25 January 2008 that they had missed the 30 June 2007 deadline, when the supplementary property purchase program administrator was still dealing with their property, as evidenced by the letter of 19 December 2007? Secondly, Mr Ripper's answers to the Blythes' questions show that the deadline had been extended on the finalisation of the SPPP, given the high number of applications from property owners. Thirdly, the Treasurer said on 18 March 2008 that the new dates had yet to be finalised. We call on the Treasurer to instruct Alcoa to honour the terms and spirit and the fairness and justice of the SPPP purchase.

[Leave granted for the member's time to be extended.]

Hon PAUL LLEWELLYN: My question without notice 192 to the parliamentary secretary representing the Minister for State Development dated 18 March 2008 asks very clearly —

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Given that Alcoa has not signed an agreement to extend the original SPPP deadline, what is now the legally binding requirement for Alcoa to uphold applications that were registered under the original SPPP time frame, but that are not finalised due to the time limitations of that original agreement?

The answer was —

Alcoa and the government have accepted the need to extend the time line in the deed of undertaking. The new dates are yet to be finalised. The original time line was not achieved because of the unexpectedly high number of applications from property owners and the unavailability of valuers.

The unavailability of valuers! Why did the Blythes get a letter saying that the time had run out for them when the SPPP administrator was still dealing with the property? I will read out that letter of 19 December 2007 to Geoffrey Blythe from the administrator —

Dear Mr Blythe,

RE: SUPPLEMENTARY PROPERTY PURCHASE PROGRAM . . .

PROGRESS IN THE PROGRAM — PURCHASE OF YOUR PROPERTY BY ALCOA

Thank you for your participation in the Supplementary Property Purchase Program Your signed 'Acceptance of Property Valuation' has been received by this office. Advice has been forwarded to Alcoa that you have agreed to sell your property . . .

Value	Certificate of Title	Property Location	Parcel identifier
\$550,000	1474-379	Lot 73 Salisbury Rd, Cookernup	Lot 73 on Plan 35368

In accordance with the SPPP Guidelines, Alcoa is obliged to make the necessary sales documentation available to land owners early in the purchase process. This will consist of a pro forma contract drafted by Clayton Utz, based on the REIWA General Conditions of Sale 2002 document. Please review this document carefully to ensure that the conditions of sale including the price, settlement date and other matters such as lease back arrangements are in accord with any agreement you have negotiated with Alcoa.

You should also receive within the next two weeks early advice from Alcoa that they have been forwarded instructions to purchase your property and are proceeding with the necessary documentation.

If you have any further queries about the sale process please feel free to contact this office.

Yours Sincerely,

Tanya McKay

on behalf of

Hendy Cowan

A letter of 25 January 2008 to Mr and Mrs Blythe from the Deputy Premier states —

Our Ref: **M72024**

Mr G and Mrs K Blythe

PO Box 294

Harvey WA 6220

Dear Mr and Mrs Blythe

SUPPLEMENTARY PROPERTY PURCHASE PROGRAM . . .

I refer to your letter to the Premier dated 18 December . . . regarding the SPPP. I am responding on behalf of the Premier, as matters associated with the Wagerup refinery and the SPPP fall within my portfolio responsibilities.

It is my understanding that the SPPP Administrator, Mr Hendy Cowan and Alcoa have discussed the circumstances of your situation, but that the company has declined to purchase the property because you did not indicate your wish to accept the valuation amount before the 30 June 2007 deadline set out in the Deed of Undertaking signed between Alcoa and the Premier on behalf of the State of Western Australia in March 2007. While I acknowledge that this may be a source of some considerable personal distress for you, I am advised that Alcoa is entitled under the Deed to make this decision.

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Is that complying with the spirit and intention of the SPP program? Is that world's best practice, as outlined by the Premier in his original statement when he announced this program? I would say no. Is that single case grounds for a clear vote to inquire into this matter? I would say yes. The letter says, and I repeat —

While I acknowledge that this may be a source of some considerable personal distress for you, I am advised that Alcoa is entitled under the Deed to make this decision.

The letter goes on —

However, I would like to comment on several of the issues that you raise in the letter.

I do not think I need to go through the letter. I seek leave to table the letter, the answer to the question I read out and the letter from Hon Hendy Cowan, the administrator, in relation to this case of the Blythes.

Leave granted. [See paper 3986.]

Hon PAUL LLEWELLYN: I refer also to question without notice 63 asked by Hon Robyn McSweeney on 26 February 2008 to the parliamentary secretary representing the Minister for State Development about the supplementary property purchase program. She asked —

I refer to Alcoa's supplementary property purchase scheme and to Mr Hendy Cowan, who has overseen the SPPS.

- (1) How many properties have been purchased by Alcoa?
- (2) How many properties are still under negotiation?

That is the question we need to look at. It continues —

- (3) Has a report on the SPPS been given to government by Hendy Cowan?
- (4) Has any public report been provided by Hendy Cowan on the SPPS?
- (5) Will the minister provide me with a brief overview of what has been achieved so far with the SPPS?

The answer to the second question is most enlightening, but I will read the answers to the first and second questions —

I thank the honourable member for some notice of this question.

- (1) At 22 February 2008, Alcoa advised that it had purchased 52 properties.

I remind members that there were 180 property owners and 400 property titles. The answer to the second question is interesting. It states —

- (2) None. Under the provisions of the deed of undertaking, a valuation submitted by the administrator to Alcoa is an offer to purchase the eligible property at the valuation amount.

We need to recognise that this relates to the letter that the Blythes received from the administrator, which was, effectively, an offer and acceptance.

The question was: how many properties are under negotiation? The answer was none. I will read the rest of the answer again —

Under the provisions of the deed of undertaking, a valuation submitted by the administrator to Alcoa is an offer to purchase the eligible property at the valuation amount.

In other words, that was the trigger, yet the Blythes received a letter several weeks later advising that Alcoa had said that the time limit had passed; therefore, it would not uphold the spirit of the agreement.

The question then is: what will we do with the motion moved by Hon Robyn McSweeney relating to the supplementary property purchase program? Her motion was moved at the time we were talking about the expansion of the refinery; it was a circuit breaker to the debate in light of the opposition's view that it would accept the expansion of the refinery but was concerned about the fairness and just terms of the purchase program. It was a pretty clear case. Hon Robyn McSweeney's motion reads —

That given the serious concern expressed by landholders regarding the compensation processes related to the current Alcoa expansion, the Standing Committee on Environment and Public Affairs be required to conduct an inquiry into the fairness and just terms of the supplementary property purchase program, and to report back by 14 August 2007.

I do not think that any fair-minded person in this chamber could accept that the supplementary property purchase program has been conducted in a fair and just way with all of the natural procedural fairness and justice that is

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required of such a major decision by the state of Western Australia. It is incumbent on the government to say that it will put its program on the table for scrutiny in relation to the fairness and justness of the terms and of every transaction that happens as a consequence of this.

HON KATE DOUST (South Metropolitan — Parliamentary Secretary) [3.44 pm]: I will make a few comments about the words that have been said on this motion today. I thank Hon Robyn McSweeney for her comments and those Liberal Party members from the south west who have met both me and the advisors to work through this matter. It is a serious matter, and I know that they are very concerned about their constituents, just as our south west members are. I note also Hon Robyn McSweeney's comments about the report that was completed by the Standing Committee on Environment and Public Affairs. I, too, was part of that committee. Its investigation was conducted over a very extended period and it came down with an extremely broad report. The investigation resulted from referral by Hon Jim Scott at the time. It was an inquiry that seemed to grow day by day, as did the issues that were canvassed. In fact, I think that by the end of it, a number of the recommendations we made to try to address some of the matters had been already dealt with because the inquiry took so long.

At the time of that inquiry, the company did indeed take on board the matters that the committee raised about the land management strategy, and it sought to address the local community's concerns, particularly in areas A and B, which were set aside—area A being the area closest to the refinery and area B surrounding that perimeter. The company established a payment for the purchase of properties. I will go through that in detail because I want to make quite clear what happened then and where the SPPP has moved on from outside those areas. I thank Hon Robyn McSweeney because when she moved this motion, it was a fairly contentious matter. We debated the SPPP in this house, also, I think earlier last year, and that was pretty much at the beginning of the process. I understand that, as time moved on, some issues and perhaps some misunderstandings arose about the direction the SPPP was taking. At the time Hon Robyn McSweeney moved this motion there had probably been a breakdown in the understanding of that direction. I think that is what encouraged her to move the motion.

Since that time, things have changed and have moved on. There has been a lot of discussion between the administrator, Hendy Cowan, and Alcoa to try to resolve the differences in understanding about how the SPPP should be administered and implemented. I think that over the past couple of months matters have been resolved. In fact, I will provide some detail today about the current state of the purchases. A little later on, I will also comment on Hon Paul Llewellyn's remarks.

We need to go back to some basics. The reasons this has come about have been broadly canvassed. When we talk about why this is happening in Wagerup, we need to understand the value to the community that that company plays in terms of employment. I understand that, prior to the announcement of the proposed expansion, there was direct employment of 700 employees and about 250 contractors. They accounted for about 70 to 75 per cent of local workers. In 2007, the royalties were estimated to be \$17.9 million, which is of great benefit to the state. Alcoa estimates that it spends about \$40 million in the local community each year. When the Standing Committee on Environment and Public Affairs conducted its inquiry, it was able to obtain quite detailed information about the moneys donated to each of the shires in that area. Alcoa had demonstrated a long period of generosity to and involvement in the local community. Many of the employers around the country could probably look to the model of community engagement Alcoa has established.

The expansion of the Alcoa refinery will provide some additional benefits. During the expansion, an additional 250 local jobs will be provided, an estimated 3 000 direct and indirect jobs will be created for Western Australians, a construction workforce of 1 650 will be employed and an additional \$11 million per year will be raised in royalties. Members need to keep that in mind. I am not saying they are the only reasons why we should support what Alcoa is doing, but I genuinely believe that, as a result of the inquiry by the Standing Committee on Environment and Public Affairs, Alcoa took on board the comments made by the committee and its recommendations and that it has sought to address the concerns raised and engage with the community about the problems the community was experiencing at the time.

The issue we are dealing with today is not about the health issues that were debated at that time; it is about an additional property purchase. Members must be clear about certain distinctions. The SPPP was never intended to provide compensation for property owners as a result of the government's approval of the expansion of the Wagerup refinery. The SPPP was to assist the landowners who wanted to move away from the refinery. Reasonable and fair offers were made to the landowners who lived in areas A and B so that they could move away from the area if they wanted to. The company purchased a number of properties that, in some cases, it sought to lease to other tenants. The same offer applied to the residents living in area B, although the rate was different because that area is further away from the plant. There was quite a take-up of those offers also.

As has been mentioned, the SPPP comes in two forms—the farm operators' buyout scheme and the residential properties buyout scheme. Those arrangements operate in different ways. Valuations were provided for and they could be either accepted or rejected. The process took a while and I understand that Alcoa was surprised and

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overwhelmed by the sheer number of people who indicated an interest in getting an evaluation and possibly moving away from the area for a range of reasons. Some people might have decided that they wanted to move to another farm in a different area and seek other opportunities, and other residents might have decided to go somewhere else. People make those types of decisions for a range of reasons. I am not too sure whether many people were put under the type of duress implied by Hon Paul Llewellyn. I am unsure of the type of duress he was talking about. He said that people were put under duress to sell their properties.

Hon Paul Llewellyn: That is not true; I didn't say that.

Hon KATE DOUST: The member said "duress"; in fact, he said it a couple of times today.

Schedule 3 of the deed that was drafted to deal with the SPPP states —

- 2.5(a) The SPPP is to be implemented so as to cause minimum impact on the local property market, disruption to the local community or impact Wagerup Refinery.
- 2.5(b) The SPPP will not be established or implemented so as to provide a financial incentive for people to sell to the company rather than through the established property market.

Local residents have raised a number of concerns about the SPPP. The company, through the administrator, has been trying to deal with those concerns. An issue that has been alluded to is the disparity of the SPPP schemes in areas A and B. The reason for the different treatment of the property owners is that area A immediately surrounds the refinery and is therefore more susceptible to noise and emission impacts than is area B, which comprises the towns of Hamel and Yarloop, both of which are more distant from the refinery. Hamel, Wagerup, Yarloop and Cookernup are the four localities in which the SPPP operates and are more distant from the refinery than area B. The SPPP area has moved away from the refinery. It is not just areas A and B, which are close to the refinery—it applies to areas further away from that. To be fair and just, each area must be treated differently regarding how people are—I use the word "compensate" loosely—provided with assistance.

Another matter is the property costs. Alcoa will purchase properties under the SPPP at market value that is established by licensed valuers, but the property owner is responsible for all the usual associated expenses including stamp duty and relocation costs when purchasing a new property, just as would apply to any purchaser of a property elsewhere in WA. However, as a seller under the SPPP, there is no need to pay any marketing costs for the property or to pay a commission to a selling agent, as would normally be the case.

There were also some problems regarding the property valuations. Some owners were dissatisfied with the valuations provided by the independent valuers, which they considered to be lesser valuations than those provided by local real estate agents. This is to be expected, as the independent valuers provided an objective and fair market valuation, whereas a real estate agent's valuation might project the high end of the selling scale in an attempt to secure a listing.

They are some of the matters that have been raised. Since this motion was first moved there has been an extensive period of discussion, which I have already referred to. I am happy to provide members with a copy of an update I received on 5 May, even though I have scribbled on it. It is a summary of the SPPP status as of 5 May 2008. I will read it out for accuracy and so that everyone will understand what it is. My briefing notes state —

The following is Alcoa's understanding of the current SPPP status, based on data presented by the Department of Industry & Resources . . . and the SPPP Administrator's office.

The SPPP includes a straight property purchase component and a farm "relocation" option, known as the Farm Business Continuation Option (FBCO).

I probably had the name of that wrong earlier. As of 5 May 2008, approximately 216 expressions of interest in the overall scheme had been received; approximately 190 applicants had proceeded to request a free valuation of their property; and approximately 70 property owners had accepted the valuation; and those properties have either been purchased outright by Alcoa or are in the process of being purchased.

Hon Kim Chance: Was that 70?

Hon KATE DOUST: Yes. Two properties have completed the FBCO. Almost all the successful straight-sale applications have been completed. The main matters still being processed are property owners who wish to complete the FBCO option and property owners who are now choosing to opt out of the FBCO in favour of a straight sale. I understand that some people have expressed an interest in doing that. In April, 37 property owners were still listed as potential FBCO participants. I understand that six or eight applicants have found what they consider to be like-for-like properties and wish to continue through the FBCO process.

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Hon Paul Llewellyn: How many original applicants were FBCO?

Hon KATE DOUST: Have I read that? There were 216 expressions of interest in the overall scheme—190 proceeded to a free valuation; 70 accepted; and two completed the FBCO. Some landowners still registered for the farm business continuation option have chosen to opt out of the FBCO component in favour of a straight sale of their property. Others may choose not to proceed with the sale. The Department of Industry and Resources, the SPPP administrator and Alcoa recently held additional discussions to clarify the guidelines for the implementation of the FBCO, and action is now being taken to progress the outstanding applications. The FBCO issue was raised by members. I hope that that update satisfies some of their concerns. As I said, this advice was provided on 5 May and matters may have further advanced during the past week. This has been a fairly positive move because the parties involved have been able to work on their differences of opinion, which is a step forward to achieving their goals. I hope that response provides some comfort to members.

I now turn to some of the comments made by Hon Paul Llewellyn. I understand why he wants to refer this matter to the Standing Committee on Environment and Public Affairs. The government will not support the motion for a referral. The government has been working to encourage Alcoa to resolve the issues with the administrator without having to refer them to a committee inquiry. If this matter were referred to a parliamentary committee, I would be concerned that Hon Paul Llewellyn would use it as vehicle to do a range of other things. We might end up with yet another voluminous—albeit wonderful—report. The work that is being done outside this chamber is achieving the result desired by members who are interested in this matter. We have been able to provide the information that was sought through our discussions.

I note that Hon Paul Llewellyn referred to the Blythe family. Although I have been given information about the Blythe family, I am not personally aware of their situation. I have been advised that the Blythe family was one of the first families to register and to be accepted under the SPPP. The family delayed its decision to accept the valuation that was provided. It accepted the original valuation more than 12 months after the deadline. Alcoa rejected the offer because it was forwarded after the deadline. I have been advised that the family accepted the valuation after an extensive time period that was over and above the deadline that was given. The company has been generous with the time frame and in trying to accommodate those who want to participate in the program.

I am always very interested to hear Hon Paul Llewellyn's views on Alcoa, because although he has said that he does not oppose the development —

Hon Paul Llewellyn: I do!

Hon KATE DOUST: Yes, he does. I made a mistake. Hon Paul Llewellyn would like to see —

The PRESIDENT: Order, members! The parliamentary secretary has the call. Not only did Hon Paul Llewellyn speak for 45 minutes, but also the house granted him leave to continue his remarks. Perhaps he can allow the parliamentary secretary to continue her contribution.

Hon KATE DOUST: Hon Paul Llewellyn is so personally opposed to having Alcoa operate in this state that he is an economic anarchist. He does not care about the employment opportunities and financial benefits that flow to his constituents in the south.

Hon Paul Llewellyn: I will take your name calling as a compliment.

Hon KATE DOUST: The member can do that if he likes.

Hon Paul Llewellyn never provides data to back up his arguments. His approach is that we should just accept what he says. From now on Hon Paul Llewellyn should provide empirical data to back up his claims. Given that Hon Paul Llewellyn is so passionately opposed to having anything to do with Alcoa and to it having a presence in this state, I imagine that he must have found it difficult to attend the Fairbridge Festival on Anzac Day, because that festival was held on Alcoa land. The member must have sought dispensation from the forest fairies to attend the festival. It is healthy to have these types of debates. However, the member should not slag Alcoa when it is trying to do the right thing by working through the issues. Nobody is perfect. At the end of the day, we gain a great deal from having Alcoa operate in this state.

Hon Paul Llewellyn: Stick to the facts.

Hon KATE DOUST: I do stick to the facts. I have read out the facts. I have talked about the number of people whom Alcoa employs, and I have referred to its community engagement. Alcoa has poured an enormous amount of money into its Wagerup, Kwinana and Pinjarra sites to rectify the problems. It has taken enormous steps forward to deal with the problems with the liquefier. Alcoa attempts to deal with issues when they are raised. It engages and works with the community. It has done everything it possibly can to provide for those who no

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longer want to live in the area concerned. Earlier Hon Paul Llewellyn asked why Alcoa did not relocate the town to somewhere else. During the three or four years over which the inquiry was conducted, that idea was never put on the agenda. It was never raised in evidence by a community member. I talked to Hon Bruce Donaldson about this matter some time ago. I had sympathy for the idea, but it was never raised so we never dealt with it. Alcoa has expended many millions of dollars to purchase property. It could become one of the big land developers in the region; indeed, I am sure it would scare away Nigel Satterley. How far does it have to go to appease people in the area? It is being fair and just. On the flipside, Alcoa could have decided that it was not going to expand. Moreover, it could have decided to shut down its Western Australian operations, thereby axing hundreds of jobs. If people had decided to move as a result of that, they might not have been able to sell their homes.

Hon Paul Llewellyn interjected.

Hon KATE DOUST: Forest fairies, dear, forest fairies.

The PRESIDENT: Order, members! Hon Paul Llewellyn should not be interjecting but perhaps the parliamentary secretary should not inflame Hon Paul Llewellyn. It is a matter of balance. Having said that, all members of the chamber are, I am sure, enjoying the interchange!

Hon KATE DOUST: I thank you for your guidance, Mr President. I will try to behave myself.

I conclude by saying that the motion has been quite helpful because it has encouraged the company to engage with the administrator to progress matters for those who live in that part of the south west. The government does not support the motion or the referral of this matter to the Standing Committee on Environment and Public Affairs.

HON NIGEL HALLETT (South West) [4.10 pm]: I will keep my comments fairly brief today because I know that Hon Barry House also wants to make a few comments. I acknowledge that Hon Kate Doust, Hon Robyn McSweeney and Hon Bruce Donaldson have all been members of the Standing Committee on Environment and Public Affairs, so they have a long history of dealing with the problems of the supplementary property purchase program. I think there were a few problems back in 2002. However, since Hon Robyn McSweeney gave notice of this motion to refer this issue to the committee, Alcoa has taken great steps to alleviate many of the problems. Under the guidance of Hedy Cowan, these issues have been worked through. Hon Paul Llewellyn raised issues to do with health and so on. It must be remembered that Alcoa runs one of the state's biggest beef herds. Alcoa's beef is tested on a daily basis as it is slaughtered. None of these chemicals shows up in Alcoa's beef. When Alcoa conducts production sales, its stock is one of the most highly sought after by producers around the state. If Alcoa were all bad, it would not be as successful as it is. We must remember what Alcoa puts back worldwide on a daily basis: \$27 million of goods and services, 83 000-odd tonnes of bauxite and 27 000 tonnes of coal. It also recycles, which would please Hon Paul Llewellyn, 2 300-odd tonnes of aluminium, plus it provides many community projects in our region. Without Alcoa, as Hon Kate Doust alluded to, the communities would not be in the position that they are today. With those few comments, I thank you, Mr President.

HON BARRY HOUSE (South West) [4.12 pm]: It is important that this matter be resolved today. We have only a couple of minutes left, so I will take one of them to very quickly indicate a couple of matters. The supplementary property purchase program was initiated by Alcoa at the behest of government as a goodwill gesture, in a sense, in return for support of the Wagerup expansion. Let us get that in context, because that is what it was. It is a vastly different kettle of fish from what I often rail about in this house when I talk about fair and just compensation by government agencies in dealings with private landowners regarding planning schemes, resumptions and various matters. We can have that debate at another time. As other members have said, things have moved on. The vast majority of issues and particular instances in this case have been resolved. A few are outstanding, but that is because there will always be some disagreement.

Hon Paul Llewellyn interjected.

The PRESIDENT: Order, Hon Paul Llewellyn! I think you have had your say for a good hour. Hon Barry House has only a few moments, as he has indicated.

Hon BARRY HOUSE: As I have indicated, it is a vastly different kettle of fish. We must also consider the threat surrounding this issue of a class action by Erin Brockovich. It is inappropriate that a parliamentary committee consider a matter that may be litigated. Notice of the original motion was given about a year ago when there was considerable community concern among many of our constituents about what was happening. We did the right thing to get it on the notice paper and get it aired. However, in view of the effluxion of time and some of those other matters, I do not believe now that the matter requires support.

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HON ROBYN McSWEENEY (South West) [4.14 pm] — in reply: Mr President, I am satisfied with the government's response. It has been one year since this motion was lodged, and I seek leave to withdraw the motion.

The PRESIDENT: Hon Robyn McSweeney seeks the leave of the house to withdraw the motion. Is leave granted? Leave is granted.

Hon GIZ WATSON: I said no.

The PRESIDENT: I am sorry. I did not hear Hon Giz Watson say no, but I accept her word. In that case, the question before the house is that the motion be agreed to.

Question put and a division taken with the following result —

Ayes (2)

Hon Paul Llewellyn

Hon Giz Watson (*Teller*)

Noes (27)

Hon Ken Baston
Hon Matt Benson-Lidholm
Hon George Cash
Hon Vincent Catania
Hon Kim Chance
Hon Peter Collier
Hon Bruce Donaldson

Hon Kate Doust
Hon Wendy Duncan
Hon Sue Ellery
Hon Donna Faragher
Hon Adele Farina
Hon Anthony Fels
Hon Jon Ford

Hon Nigel Hallett
Hon Ray Halligan
Hon Barry House
Hon Robyn McSweeney
Hon Sheila Mills
Hon Norman Moore
Hon Helen Morton

Hon Simon O'Brien
Hon Ljiljana Ravlich
Hon Barbara Scott
Hon Sally Talbot
Hon Ken Travers
Hon Ed Dermer (*Teller*)

Question thus negatived.

Sitting suspended from 4.18 to 4.30 pm