

Division 7: State Development, \$59 685 000 —

Mr I.M. Britza, Chairman.

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

Mr S. Wood, Director General.

Mr T. Fraser, Acting Deputy Director General.

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

Mr S.J. Melville, Director, Corporate Services.

Mr Z.R.F. Kirkup, Principal Policy Adviser, Office of the Premier.

[Witnesses introduced.]

The CHAIRMAN: Leader of the Opposition.

Mr M. McGOWAN: I have a range of questions. I firstly refer to the third line from the bottom of page 106, “Royalties for Regions — Bunbury to Albany Gas Pipeline”. There is currently \$7 million allocated for the Bunbury to Albany gas pipeline. I understand there is around \$12 million in some other part of the budget for the Bunbury to Albany gas pipeline, so that is a total of \$19 million. Can the Premier advise what the total cost of this project is now; how much in total is allocated across the budget and across the forward estimates towards this project; and when it will be completed?

Mr C.J. BARNETT: This is an important project. We do not have a cost because we have not gone out to tender yet, although the Department of State Development is very close to being able to do that. A notional \$7 million has been allocated for some of the work that would need to be done. Members will be aware that \$20 million was originally allocated to the Departments of Lands and Regional Development to determine the corridor. That work has been completed and the corridor is determined. There will be somewhat of a rethink in terms of the structure of this. Clearly, government support will be needed. That has always been the case. One of the key decisions will be the mix of capital support for construction as distinct from ongoing subsidy. The plan will be that, once the pipeline is built, and as the volume of gas increases, that subsidy would gradually reduce over time. There is no provision for construction, although I can say that while it is not specified in the budget, there is a general amount of money not specified that lies within the royalties for regions fund that can be put to this project.

Mr M. McGOWAN: Just to clarify, Premier: when will the project be completed and what is the expected total cost to the taxpayer in terms of capital and recurrent, as the Premier has now revealed? When is it going to happen?

Mr C.J. BARNETT: The project has not started so I cannot foreshadow when it will be completed. As to the total cost, that is not determined. Indeed if, as I expect, we go out for expressions of interest and get a preferred developer, there will be negotiation about the mix of up-front capital subsidy. My preference would be that the state would, in a sense, be a silent partner in that investment and would provide some ongoing subsidy until the volume of gas increases. I simply cannot answer the questions because there is no answer to those questions at this stage.

[5.10 pm]

Mr W.J. JOHNSTON: The Premier says that he does not know how much it will cost because the government does not have a tender yet. Surely an engineering analysis would have been done to know what a good tender will look like. Does the government have a costing internally so it can judge whether it is being ripped off by the tenderers when they come forward?

Mr C.J. BARNETT: Several estimates have been done over time but they are not relevant until we go out to tender and, indeed, there will be a commercial negotiation.

Mr W.J. JOHNSTON: What is the current estimate from the department?

Mr C.J. BARNETT: I am not using any current figure.

Mr W.J. JOHNSTON: So it is another outstanding liability.

Mr C.J. BARNETT: If the member wants to be pessimistic, he can say that.

Mr W.J. JOHNSTON: I am not being pessimistic at all. The Premier has promised this and I am sure he is going to deliver it. He is a man of action; I have no trouble with that.

Mr C.J. BARNETT: I am pretty good on pipelines actually; it is one of my strong suits.

Mr W.J. JOHNSTON: We all saw what happened with the Windimurra pipeline. Is it planned that the Premier would have something like the Windimurra agreement in which the pipeline gets built, the state takes all the risk and there is no risk on the counter party? Is that what the Premier is planning or is some other proposal being planned?

Mr C.J. BARNETT: I am not responding to smart alec questions.

Mr W.J. JOHNSTON: It is a reasonable question. The Premier referred to the previous pipeline achievements, and that is one of his achievements. I am wondering whether he is going to roll out that plan again.

Mr C.J. BARNETT: The Windimurra project is being re-established, and the Windimurra pipeline is also being used.

Mr G.M. CASTRILLI: I refer to “Royalties for Regions — Ord–East Kimberley Expansion Project” under “Works in Progress” on page 110. There has been a major focus on that project and on money spent in the north of our state. Could the Premier provide us with an update on the progress of the Ord development?

Mr C.J. BARNETT: The Ord project has always been a difficult project over the past 40 years but Ord stage 2 is, touch wood, going to plan. The state has spent \$322 million through the Department of State Development in conjunction with regional development. As the member knows, the Minister for Regional Development is also Minister Assisting the Minister for State Development and has taken the lead on this project. He and the respective agencies have done an outstanding job. The area under irrigation has basically doubled from the existing 14 000 hectares. The extension of the irrigation channel was opened around January this year. It was a spectacular sight to see water rush 32 kilometres down the new channel. I am guessing, but the channel would be about as wide as this chamber. It is no small piece of engineering. The water travels 32 kilometres very quickly.

As part of the agreement with the commonwealth government and through Infrastructure Australia, the commonwealth has funded \$177 million of economic, community and social infrastructure. That has gone towards housing, health, education and the like. All of that has now been completed. Also, 108 new dwellings have been built in the area. This has been a really good example of social, educational and health improvement being attached to a major economic project. It also has been a very successful collaboration between the commonwealth and the state. It reflects the enthusiasm of the Prime Minister over the weekend, who raced back to Kununurra and spoke about Ord stage 3 going into the Northern Territory. In my judgement, the Northern Territory would not be financially capable of doing Ord stage 3; it would require commonwealth involvement. Settling native title over the border and even procuring the lease might be a solution. From a state government point of view, we would certainly welcome Ord stage 3. I suspect it is still quite a few years away. If any new member has not seen the Ord River irrigation scheme, I recommend they go and see it, particularly towards the end of the growing season. It is a most spectacular part of this state and this country.

Mr W.J. JOHNSTON: I draw the Premier’s attention to the third paragraph under “Expenses” on page 110. The middle sentence states —

These assets are currently profiled to be transferred to their eventual custodians for no financial consideration.

We are talking about a \$330 million investment that the Premier just discussed in Ord stage 2.

Mr C.J. BARNETT: It is more the social assets. There is a land allocation to Aboriginal people. We are not handing over the channel or the dam or anything like that.

Mr W.J. JOHNSTON: Certainly. The effective land created by the government’s investment of \$332 million is being handed over to its final users for no financial consideration, as detailed in the budget papers.

Mr C.J. BARNETT: If the member is talking about Shanghai Zhongfu, there is a lease agreement.

Mr W.J. JOHNSTON: I am just referring to the words in the budget papers. The Premier can tell me whatever he wants to say. I am just reading the words on the paper here; I am not trying to interpret anything. Given the fact that these lands are being transferred for no financial consideration, what is the impact on the valuation of those lands in the accounts of the state government? The Premier has invested \$332 million into it but the government is getting no income out of it. Is the government revaluing those lands to a lower valuation because they do not create any economic return for the state?

Mr C.J. BARNETT: I do not see state development in that view. If the member looks at the land we are talking about, it is valueless scrub. It has a value only because of the infrastructure that has gone in, which has created a value. Shanghai Zhongfu, or Kimberley Agricultural Investment, which is an Australian company, has a lease agreement and it has obligations. Those obligations are basically to invest \$700 million to develop the land. The return to the state, I guess in romantic notions, is the development of the north. In more practical terms, there will be employment, payroll tax and the commonwealth will collect income tax. We are seeing water sold

through the Water Corporation and it will stimulate economic activity. If the member is asking whether the state is going to get its money back, no, it will not. This is a long-term investment in developing Western Australia.

Mr W.J. JOHNSTON: I may have made myself unclear.

Mr M.H. TAYLOR: Is the member for Cannington a member of this committee?

Mr W.J. JOHNSTON: Yes, I am. I just want to clarify this. Is the value of these assets being written down because there is no income? That is a simple question. The Premier can say either yes or no. If he says yes, the next question would obviously be: What is the written-down value? Is the \$332 million investment being written down—yes or no? If it is being written down, what is it being written down to?

Mr C.J. BARNETT: The main asset will be an asset of the Water Corporation and there are assets that will be the assets of Main Roads. I will give the member a breakdown. The cost of constructing 41 kilometres of road will be \$105 million; the irrigation channel will cost \$97 million; and off-farm infrastructure, which is the drainage channels and the like, will cost \$86 million. There are environmental requirements. Garrjang Village, the workers' camp, will cost \$12 million. That is a total of \$300 million. Assets will be held by respective agencies. I would imagine the housing will primarily be transferred to Aboriginal people.

Mr W.J. JOHNSTON: I refer to the last two dot points on page 107, which refer to LNG projects. The opening line of the second last dot point states —

LNG projects which are currently under construction will more than double LNG capacity from 21 million tonnes to around 50 million tonnes when complete.

Can the Premier confirm the projects that are to take Western Australia's LNG production to the 50 million tonnes level? Are all these projects enjoying the department's facilitation? The last dot point on that same page refers to facilitating further expansion of these projects. What are the projects and are they all enjoying the department's facilitation?

Mr C.J. BARNETT: Yes, I think they are. The major project is obviously Gorgon. It is a \$53 million project, with an initial production of 15.6 million tonnes for three trains, and a fourth train is being contemplated. Wheatstone will produce 8.4 million tonnes and is probably in the early stages of thinking about an expansion as well. Prelude, the floating LNG project, will have a production of 3.6 million tonnes. Who knows what is going to happen on Browse, and there are other potential projects out there. I do not know how big it will eventually get, but we can certainly be sure that from the existing 21 million tonnes there will be at least 25 million tonnes, I guess, of extra capacity in projects already under construction—probably more. So we will be pretty close to 50 million tonnes.

[5.20 pm]

Mr W.J. JOHNSTON: Is the Browse project included in the Premier's 50 million tonne calculation?

Mr C.J. BARNETT: No.

Mr W.J. JOHNSTON: But Prelude is included in that.

Mr C.J. BARNETT: Prelude is under construction, albeit floating.

Mr W.J. JOHNSTON: Sure. I just want to clarify that the state government has no trouble at all supporting, counting and claiming Prelude as part of its project pipeline.

Mr C.J. BARNETT: When we divide up the map and go out into commonwealth waters, Prelude falls within, notionally, Western Australia. Now, Ichthys, a different one, the one the former Labor government lost —

Mr W.J. JOHNSTON: The Premier lost it; he said it was going to James Price Point.

Mr C.J. BARNETT: The member will remember that when the Labor Party was in government —

Mr W.J. JOHNSTON: The Premier said on 11 December 2011 that it was going to James Price Point.

The CHAIRMAN: Member!

Mr C.J. BARNETT: I think we can all remember the 2008 election. Just prior to that election, the Japanese company Inpex out of sheer frustration announced that it was going to process the gas into LNG at Darwin. I do not know how the break-up of state product will deal with that, whether Western Australia will be credited with gas production and the value-adding credited to the accounts in the Northern Territory or whether it will all go to the Northern Territory. I do not know how the Australian Statistician will deal with that; that is a matter for him.

Mr W.J. JOHNSTON: As I said, that was the project that the Premier on 11 December 2011 said would go to James Price Point. He said it was a good decision that Woodside had delayed its decision on Browse because that would allow Inpex to go to James Price Point.

Mr C.J. BARNETT: Before it started construction, I was certainly keen to try to get Inpex to change its mind. I did not achieve that. Indeed, it is a tragedy for Australian taxpayers. Ichthys is a very rich field and very rich in liquids. Spending \$5 billion-plus to build an unnecessary pipeline for 900 kilometres simply becomes a huge tax deduction for the company and therefore at least 30 per cent of that pipeline is funded by Australian taxpayers. It is a dumb, dumb outcome. I do not blame Inpex. Also, there is no gas reservation; not a molecule of the Ichthys gas will be used in Australia, so it will come in and out of the Northern Territory in one swift motion. Inpex, I think, is having further exploration success, so we will see what happens with its next project. Its next project may well find its way to James Price Point.

Mr M.H. TAYLOR: I refer to “Appropriations, Expenses and Cash Assets” on page 106. Could the Premier please provide the status of the Macedon project and the Macedon community development fund?

Mr C.J. BARNETT: Macedon is a BHP Billiton project. Although a lot of the debate, quite rightly, is about natural gas, there are some smaller gas projects in the domestic market. They are small in comparison with LNG, but they are not themselves small projects. I think Devil Creek has been one such project. Macedon is a \$1.5 billion project that is complete. My notes state that it will be formally opened by the Premier on 20 September, so as long as I can hang onto my job for another few weeks, I will get to open it! It is a great project and as part of that, \$5 million has been provided by BHP and its partner Apache. That is under the management of the Department of State Development and will be used for civic improvements in Onslow, most likely extensions to the basketball complex will be one part of it and maybe other sporting facilities. It is interesting that Onslow, a sleepy little fishing town, is —

Mr R.H. COOK: Not anymore!

Mr C.J. BARNETT: Not anymore, no. Onslow’s population has grown from about 600 to 2 000 people. I urge members to visit Onslow to see that the transformation taking place is quite remarkable. There are new facilities and a great sense of optimism. I visited the Ashburton North industrial precinct only a few weeks ago. The Wheatstone project is starting the piling, but other domestic gas projects are already well into construction. It is an important and great change and a good result.

Mr M. McGOWAN: I refer to the last dot point on page 107, which is about production and gas resources from Browse Basin. I will just bring us back to the whole Browse project and the unfortunate set of events that occurred. Earlier I asked the Premier about whatever advice was received on the Environmental Protection Authority processes and whether the government received any advice about a failure of process before that failure occurred. I ask now: Firstly, did the Premier receive from this agency any such advice that may have advised the government to at least attempt to change the processes that were put in place, considering that it changed regulations to allow those processes to happen? Secondly, what has been the cost thus far of everything surrounding James Price Point to secure that location—the legal challenges, the acquisition processes, the costs, the police activities and everything else to this point in time?

Mr C.J. BARNETT: To this point in time, the cost has been around \$27 million. A lot of that has been payments to the Kimberley Land Council and there have been environmental studies, engineering work, state planning and discussions about a whole lot of social measures, which by and of itself has ongoing value and is important. Nevertheless, the total is around \$27 million. The state is progressing with the acquisition of the site at a cash-and-benefits value of \$30 million. With respect to the EPA process—again, I am not dodging the Leader of the Opposition’s question—that is the environmental assessment; it is not something that is the direct responsibility of this agency, because the environment department is quite independent. Obviously, the Department of State Development has been the proponent in putting forward the environmental approvals for the James Price Point precinct, not the Woodside project. I will ask the director general whether he wants to make any comment on that.

Mr S. Wood: I have no advice from the agency other than the fact that there was a challenge on the basis of the challenge. Because we are a proponent, we are not engaged in the assessment per se and we are not engaged in the defence or the challenge.

Mr M. McGOWAN: Sorry, I did not quite understand. Premier, “a challenge on the basis of the challenge”, I do not know what the director general is talking about.

Mr C.J. BARNETT: I will ask him to perhaps say it again.

Mr S. Wood: So when the challenge was made in the Supreme Court to the EPA, we provided advice that a challenge had been made and what the challenge was about.

Mr M. McGOWAN: Right; okay. One of my final questions on this is: considering Woodside’s announcement this morning that its preferred option is now floating LNG and it has moved away from the option it announced two or three months ago, which was LNG and/or a smaller plant at James Price Point and/or or piping the gas to

the Burrup, it seems it has moved away from the other two options now, has the Premier now given up on the joint venture partners processing the Browse gas at James Price Point?

Mr C.J. BARNETT: I make the observation that from Woodside and the joint venture's announcement back in April that they would look at three options, they were pretty quick to get rid of two of them—less than four months. It is surprising. I think the coincidence of some of the decisions is kind of interesting. However, I am a realist; I have failed. I have failed. I have failed to get the project, LNG, onto James Price Point. I have failed to create the thousands of jobs for Western Australians. I have failed to create the opportunity for Western Australian industry and, most important, I have failed the Aboriginal people. They placed their trust in me and I have let them down.

Mr M. McGOWAN: The Premier stated the whole way along—indeed, he said this a number of times last year and perhaps even the year before—that irrespective of what Woodside and the joint venture partners wanted, that gas would be processed at James Price Point. That was the Premier's statement. On top of that, the Premier indicated recently that he would seek to perhaps use the leverage of the gas that was inside state waters to ensure that it was processed at James Price Point. Are those statements now incorrect?

[5.30 pm]

Mr C.J. BARNETT: I have just said that I failed. Is the member satisfied? With respect to what happens from now on, I would hope, at a minimum, the joint venture partners agree that a supply base be developed at James Price Point to serve this and other projects and that it could be the forerunner, ultimately, to LNG processing. The opposition needs to recognise that although Shell Company of Australia has convinced Woodside Energy of the virtues of floating LNG, other companies tell me they will never use floating LNG for a variety of reasons, and it should bear in mind that, to this point, there is yet to be a molecule of gas produced out of the Browse Basin. This is a very new under-explored gas and oil province, and I suggest there are decades to go in the history of Browse Basin. Of the seven retention leases, five are owned by the commonwealth government and two by the state government, because the gas is either under or surrounding Scott Reef, which is an island and is therefore part of Western Australia, as is the three nautical miles around it.

There is the Torosa field, and Gary Gray, the federal Minister for Resources and Energy, wrote me a surprising letter a week ago, in the caretaker period, arguing that Western Australia probably had only five per cent of the total gas there and, effectively, asked why we would even bother! Those are my words, not his. We should bother because the gas should come onshore, at least some of it, and should provide jobs and opportunities for Aboriginal people and so on. It does matter and I do not dismiss that. I am surprised and disappointed by the federal minister's position on this. The joint venture has a bit of an issue. The total gas reserves are in the order of 15 trillion cubic feet. The commonwealth government says that Western Australia probably has only eight per cent of the Torosa field, which is probably the less drilled and lesser known field. The advice I have been given over the years is that Western Australia has significantly more than that; indeed, the advice I received from Woodside way back in the early 1990s was that Western Australian ownership was a significant part of that project. The commonwealth has given up on placing any conditions on the retention leases, which I find a most surprising decision for any national government to make. If members look at gas developments of this scale anywhere in the world, conditions will be attached to them—generally, production sharing conditions. To simply hand over what is arguably one of Australia's greatest natural resources without any conditions for participation of Australian industry or bringing gas onshore is a very poor decision. When the Australian public learns more about that, it will be dismayed. Getting back to the Torosa field, the company has a problem because the conditions are still attached to the state retention leases. Members should bear in mind these are not conditions imposed by government; these are conditions freely negotiated and agreed by government and the proponents. It was not something imposed by a centralist-state method. The company has to deal with that now. I do not feel any sense of urgency at all to change the conditions on the two state retention leases. They are not due to expire or be renewed until November 2014, so I am not in any rush at all. The company probably now has a bit of a problem trying to market gas, because the customers want to know about long-term supply and security. The Torosa field is right in the middle of this area, and the state has control of a fair bit of it; the company probably has some interesting issues to deal with, with their bankers. I will wait for them to speak to me, if they wish to; they may not wish to.

Mr M. McGOWAN: I thank the Premier for the advice. If the Premier goes back in history and looks at this issue, considering he has acknowledged he has failed in relation to James Price Point, does he not think that, right from the beginning, it might have been a better approach just to work with the first group of joint venture partners to get the gas onshore rather than the approach he took, which was to indicate, virtually to a square mile, where exactly they should place the gas plant? Had the Premier proceeded on that basis of working with the original joint venture partners, we might now have a project or at least the gas being piped onshore in Western Australia as opposed to the outcome we now have.

Mr C.J. BARNETT: The Leader of the Opposition may have that theory, but I remind members that the history of the site selection dates back to 2007, when we started with 43 sites. James Price Point was finally selected after the other sites were progressively eliminated.

Mr W.J. JOHNSTON: The Premier eliminated them! It was not the process; the Premier chose James Price Point.

Mr C.J. BARNETT: For goodness sake!

Mr W.J. JOHNSTON: The Premier broke the process off; it is a matter of fact.

Mr C.J. BARNETT: Out of 43 sites, it came down to James Price Point. If members think that I played a direct role in the selection, my preference at one stage was North Head, which was finally declined. James Price Point came through because it was the site that would have minimal effect on the environment and on communities; there was a range of criteria. It was a site that the commonwealth and the state agreed on. The environmental groups agreed that it was better to have this process and select one site, rather than run the risk of multiple gas and oil sites around the Kimberley coast. It is interesting that those environmental groups basically reneged on their position, although that is probably all we could expect!

The selection of James Price Point was an exhausting and proper process. I have said publicly that I accept the decision made by the Chief Justice; it did not reflect in any sense on the environmental or other conditions. That is the best site, on expert advice and assessment, and the state government has led in that role. I think we will see gas processing at James Price Point. I cannot say how far away that is. I am disappointed. Again, although big numbers have been thrown around about how much this project will cost to build offshore, I remind members that it was not a loss maker. The assessment by Woodside and its partners shows that James Price Point would have been profitable—probably to the order of a 10 per cent rate of return. It would not have been as profitable as they wanted, but it would have been profitable. As they expanded the project and as others co-located, its profit would have gone up. I do not think we should be naive about that. I am also disappointed with Woodside. I have worked with Woodside over the years, and I think it has let down this state in the way it has gone about some of its decisions recently. There would be no company in Western Australian history that has had the degree of support from successive governments as Woodside has had. It is a great company and everyone in Western Australia, myself included, is proud of what it has achieved, but I do not think it has covered itself in glory over the last few months.

Mr M. McGOWAN: Would it not have been better if the Premier had worked to get that gas piped onshore onto the Burrup Peninsula rather than the outcome we now have? I asked the Premier a number of times in this chamber about that option. He was always negative about it, but it would have meant that gas was processed onshore in Western Australia. We would have received tax benefits, employment benefits, construction benefits and the like. I am sure the Premier would also be aware that some of the original joint venture partners were far from favourably disposed to the option the Premier selected for them.

Mr C.J. BARNETT: North West Shelf gas first flowed in 1989—24 years ago. It is not the most recent technology. Gas plants have a life and there would probably need to be major changes or refurbishment of those plants. I made it clear to the joint venture that the government's preference was always James Price Point. Members will remember that is what they signed up for.

Mr W.J. JOHNSTON: Because you asked them to!

Mr C.J. BARNETT: That was the process. They were part of that process all the way through. I also made it clear to them that as the North West Shelf–Carnarvon Basin reserves run down, I would have no objection to them supplementing it with gas from the Browse Basin if they wished. That option was always there if they wished. What would be the implications of piping gas from the initial Browse development down to the Carnarvon Basin and the existing facilities? It would mean that the Browse development would probably be delayed, or if it was brought on it would mean the smaller and more marginal fields in the Carnarvon Basin would be overlooked. That would be the reality.

Mr M. McGOWAN: It would be a better outcome for WA.

Mr C.J. BARNETT: The Leader of the Opposition says that, but Labor lost the Ichthys project and he should be the last one to criticise. In any case, I failed. Members opposite can ridicule me if they wish. They can laugh me out of public office if they wish, but I will stand by what I did.

[5.40 pm]

Mr M. McGOWAN: But the Premier failed, because he took the wrong approach!

Mr C.J. BARNETT: No. I did everything possible. I sat on the beach with the Aboriginal people —

Mr M. McGOWAN: But you —

Mr C.J. BARNETT: I am talking; the Leader of the Opposition is listening. I negotiated with the Aboriginal people. I reached agreement with them, when the Leader of the Opposition said it could never be done. We reached agreement with Woodside, through the department, on the benefits package. But the Leader of the Opposition now, in his way, takes some satisfaction from the fact that we have a project that has failed to deliver—it has, and Woodside has failed to deliver. The Leader of the Opposition seems to take some glee and joy from the fact that the greatest opportunity for economic independence for Aboriginal people has been lost and their future employment, housing and health will not be as it could be. The Leader of the Opposition is taking self-satisfaction from that. I do not. I apologise. I let those people down. But I do not apologise for having a real crack—something that the Leader of the Opposition was never able to do.

Mr M. McGOWAN: That is absolute rubbish! The Premier's strategy is what failed the people of the Kimberley and the people of this state, and everyone in the industry knows that!

The CHAIRMAN: Members! Before I give the call to the member for Forrestfield, I want to remind the members on my left in particular of the time and that we have another two divisions to go, and we still need to finish this one.

Mr N.W. MORTON: I refer to budget paper No. 2, volume 1, page 116, the heading "Details of Administered Transactions" and the line item "Onslow Social and critical Infrastructure Funds (Wheatstone)". Can the Premier please explain what progress has been made on upgrading the infrastructure in Onslow from this fund?

Mr C.J. BARNETT: Yes; I am pleased to do that. I have to say that there have been some complications on this project, not from the point of view of Chevron and the Wheatstone project itself but because the council of the Shire of Ashburton was basically sacked—I am sure the gentleman sitting next to the member for Forrestfield, Hon John Castrilli, recalls it well—and it was necessary to put a commissioner into the council. However, in spite of that, the benefits package has gone ahead. I have to say also that if Woodside thinks that we cannot develop an LNG project onshore, how can it be that Chevron can spend \$53 billion on an onshore project on Barrow Island and at the same time spend \$30 billion on an onshore project at Onslow? Of course we can do LNG onshore. Those are two examples that prove it.

The progress in Onslow has been really exiting for that little town. There are still some issues to be resolved, but the department, and I as minister, and others, are resolving them bit by bit. If members go there, they will see the new Onslow airport, at a cost of \$30 million, funded through Chevron. That was nearly finished when I was last there. It has a very impressive runway, right along the edge of the creek. It looks as though there should be a major metropolis there.

The shire has put in place the Four Mile Creek Recreation Centre, at a cost of \$195 000, which was again funded by Chevron. There is a wastewater plant, and work is continuing on electricity and water supply. There are a couple of issues there, but we are working with Horizon Energy, Chevron, the Water Corporation and the shire, and they will all be resolved bit by bit. The department is playing, I think, a very good role in getting it there.

Well before the Wheatstone project comes on, Onslow will be a thriving community. It will have new housing, a completely changed demographic, new public facilities and sporting facilities, and a new water supply and power supply. It is a great success story.

I have to say that Chevron plays it hard, but it is a fantastic company to deal with. Chevron—yes, make the contrast—is becoming the pre-eminent LNG player in Western Australia. It has taken the number one spot, or is about to.

Mr W.J. JOHNSTON: I have a further question arising from that answer. As the Premier said, Chevron at Onslow with Wheatstone is proving that we can do LNG onshore.

In respect of the discussion that we had earlier about James Price Point, the Premier raised the prospect of production sharing agreements. Is that now part of the Premier's thinking in respect of onshore projects?

Mr C.J. BARNETT: No, not at all. I was making the point that they are typical in other countries.

Mr W.J. JOHNSTON: Is the Premier saying that he is not intending to do anything with production sharing agreements in Western Australia?

Mr C.J. BARNETT: No, we are not. One of the great points of pride, I guess, with the North West Shelf project is that for so many years it was the only truly private sector LNG project in the world.

Mr W.J. JOHNSTON: Great. Thank you, Premier.

I now move to a different topic. I refer to page 109 and the subheading "Employees (Full Time Equivalents)", which for 2013–14 is 170. Can the Premier provide a breakdown of the number of full-time equivalents for the

department by public service level; a breakdown of the number of full-time equivalents by the different divisions of the department; and a breakdown of the staff in each of the overseas offices of the department, where they are employed, and their employment status?

Mr C.J. BARNETT: That is a fair bit. I do not know whether the department can do that readily. Can the department produce that sort of myriad data?

Mr W.J. JOHNSTON: Last year, that was provided by way of supplementary information.

Mr C.J. BARNETT: We will take that as supplementary information, so long as it is not too impossible to provide. I imagine it is reasonably straightforward.

The CHAIRMAN: Will the member please state again the information that he is seeking?

Mr W.J. JOHNSTON: I am seeking a breakdown of the number of full-time equivalents by public service level; a breakdown of full-time equivalents in the different divisions of the department; and a breakdown of the staffing in each the department's overseas offices—namely, where they are employed and their employment status.

Mr C.J. BARNETT: By “employment status”, does the member mean people on contract?

Mr W.J. JOHNSTON: Yes. In the little table that was provided last year, there was a breakdown of contract and fixed-term employees.

Mr C.J. BARNETT: Yes, we can do that. In the overseas office, a lot of people are locally engaged, so it may not be compatible with the public service levels.

Mr W.J. JOHNSTON: I am satisfied if the Premier is able to provide equivalent information to what he provided last year.

Mr C.J. BARNETT: Yes, we will do that, to the best of the department's ability.

[Supplementary Information No A14.]

Mr M.H. TAYLOR: I refer to “Significant Issues Impacting the Agency” on page 107. It is forecast that Karratha will experience a shortage of water to accommodate the projected population growth in the coming years. Can the Premier please explain what this government has done to alleviate this concern?

Mr C.J. BARNETT: Some very good work has been done between industry and government. Members may recall that in around 2009, we had committed to building a desalination plant to meet the needs of Karratha. That would have been a very expensive plan, for a relatively small amount of water. Another issue was that Rio Tinto was using water out of the Millstream resource, and Rio Tinto was running short of water, but obviously the town would probably take priority over that. Negotiations were held between Rio Tinto and the Department of State Development, and I imagine also the Water Corporation, and a lateral and better solution was found. Rio Tinto agreed that it would forgo its right to draw from Millstream, and that the water from its dewatering operations at the proposed Bungaroo iron ore mine would be piped into Millstream so that it would always be full of water and be the source of water for the town. That agreement included the expansion of the water pipeline to Millstream, and I think also from Millstream to Karratha. That was a good solution. It provides water security for the town by ensuring that Millstream remains a wetland, thereby avoiding the cost of having to build a desalination plant, and it provides water security for Rio Tinto. I was lucky enough to visit Millstream a year or so ago. That is another good place to go—an extraordinary place—if the member has not seen it.

Mr W.J. JOHNSTON: I have another nice little technical question. I refer to page 109 and the subheading “Efficiency Indicators”. The first item under that subheading is average cost per project facilitated and the second item is average cost per identified major state initiative. There is then an estimated actual target. The Premier must know which projects went into each of those indicators. Can the Premier provide a list of the projects that were facilitated and the projects that were identified as major state initiatives?

[5.50 pm]

Mr C.J. BARNETT: I will defer to the director general to comment on that first, if he is able.

Mr S. Wood: In relation to the state agreements, that relates to the normal business of state agreements reporting; that is the second indicator. In relation to the first indicator, the projects are Oakajee, Browse, Anketell, Ashburton North and the Ord pipeline. They are the projects.

Mr W.J. JOHNSTON: That is in respect of the first one.

Mr S. Wood: In respect of the first one, yes. In respect of the second one, we are talking about normal state agreements reporting.

The appropriation was recommended.

Extract from *Hansard*

[ASSEMBLY — Tuesday, 20 August 2013]

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Mr Bill Johnston; Mr Colin Barnett; Mr Matt Taylor; Mr Mark McGowan; Mr Nathan Morton
