

## ESTIMATES OF REVENUE AND EXPENDITURE

### *Consideration of Tabled Papers*

Resumed from 5 June on the following motion moved by Hon Kate Doust (Parliamentary Secretary) —

That pursuant to standing order 49(1)(c), the Legislative Council take note of tabled papers 3940A-H (budget papers 2008-09) laid upon the table of the house on 8 May 2008.

**HON DONNA FARAGHER (East Metropolitan)** [3.08 pm]: I also wish to take note of the budget papers. Like my colleagues on this side of house, I too believe that much of the 2008-09 budget is boring and unimaginative. This budget is also lacking in vision—a vision that is sorely needed in this great state of Western Australia. This budget reflects a government that is good at spin and even better at cost blowouts and lack of action. Despite this government's huge budget surplus, many people in the Western Australian community are missing out. Although the budget does contain some welcome reductions in state taxes, particularly with respect to stamp duty, Western Australia remains one of the most heavily taxed states in the nation. Under this government, we have had increases in state taxation. We have also had teacher shortages. The Minister for Education and Training's latest panacea to address the teacher shortage is to allow people to undertake a Diploma of Education in only three months. That is nothing more than an insult to the teaching profession. We have also had an increase in hospital waiting lists, courtesy of the part-time Minister for Health and part-time Attorney General, and full-time social reformer. We have also had a gas crisis—a crisis that this government had no plan to handle.

I now want to look at the budget more closely and make some comments about my electorate of East Metropolitan Region, and also about my shadow ministerial portfolios. When it comes to what this budget will do for my electorate, it is somewhat of a mixed bag. However, even though the government should not rest on its laurels, I will start with some good news. That good news is, of course, Governor Stirling Senior High School in Woodbridge. Members would be aware that I have taken a strong interest in this school. I have spoken about this school in this house. I have also asked questions in this house about this school. Last year, I presented a petition to this house, on behalf of concerned parents and community members, that urged the government to make a decision about the future of this school and to fix its many maintenance problems. I have had the opportunity of visiting that school on at least three occasions. On each of those visits I have been reminded of the great capacity of the students and teachers to achieve so much despite the many problems that so clearly exist. The achievement of the students and teachers at that school is evident from the fact that Governor Stirling Senior High School came third in the Rock Eisteddfod last year.

I am very pleased, therefore, that a decision has finally been made on the school's future in this year's budget. It is particularly pleasing as the Minister for Education and Training's original responses to my quite legitimate requests on behalf of the community last year were predictably dismissive and attacking. Having said that, I am pleased that enough pressure has been placed on the government to finally make a decision and that we now have a commitment for a \$63 million redevelopment of the school on its original site. I hope that the opposition assisted in placing that pressure on the government, along with the community, particularly the parents and citizens association, which I will mention in a moment.

In welcoming the announcement, however, a number of issues with the redevelopment need to be worked through. I took the opportunity to ask some of these questions during the recent budget estimates and, whilst I was somewhat heartened by the responses, I wish to place some of the issues on record now. The first issue is the need to involve the school community in the redevelopment process. While I appreciate and understand that the department is not keen on a large working party, I am heartened to hear that there will be representatives from the P&C and the school on that working party. The P&C, as I have mentioned, has invested a great deal of time and effort into lobbying the government to make a decision on the school. I particularly mention Mr Graham Lane, who is the current P&C chairman; Lucy Stokes; and many other parents who have taken a keen interest in the school. Having finally got that decision, it is important that the P&C be part of the process.

The second issue is the lack of space at the school. For those in this place who are not aware, the school is located on a very small site; four hectares in total. It is on the smallest site of any school in WA. Obviously, if the redevelopment is to be done on site, there will be significant disruptions to current students. During the budget estimates, I questioned whether temporary structures would be constructed or whether students would be removed to another location off site. I understand from the responses of both the minister and the department that the former is most likely. If that is to be the case, the government needs to make sure that the students' education is not adversely affected by the construction.

Most importantly, the third issue is that pressing problems within the school remain. The reality is that the current students will not benefit from the redevelopment. That is unfortunate, but it is the reality. However, it

does not mean that they should continue to learn in a substandard environment. I do not intend to go through all the maintenance issues that are still readily apparent. Some funding was put into the school over the Christmas period to fix the carpets, blinds and a few other things, but some significant issues remain, not the least of which is that some ceilings are being held up by battens to ensure that they do not fall down. That is one example of many that relate essentially to occupational health and safety issues. I therefore sincerely ask the government to not forget the needs of the current students. Whilst I appreciate that \$63 million is to be spent, and I very much look forward to seeing the opening of that school, it will not occur until 2013. The government must not forget the maintenance needs of the school as it stands. To do otherwise would be to do a great disservice to the current students and teachers.

I turn now to another school that is in significant need. I raised this school in a similar debate in this house a couple of years ago; that, of course, is Morley Senior High School. The most pressing issue for the school's P&C is the school toilets. I understand this is not the most glamorous of topics to raise in this house, but, as I said two years ago, this issue has been of ongoing concern to the school's P&C association for many, many years. It goes to the heart of issues surrounding school maintenance. Following the debate a couple of years ago, an officer from the then Minister for Education and Training's office visited Morley Senior High School with me. Following that visit, some maintenance work was done, for which I am grateful; unfortunately that is not enough. The central issue is that a full replacement needs to be undertaken. The school continues to move up and down the priority list with no apparent success. I recently attended a P&C meeting, and representatives at that meeting asked that I read this letter to the house —

Dear Donna

I wish to bring to your attention the deplorable state of the toilets at Morley Senior High School. The P & C Committee has been lobbying for not only maintenance but replacement of existing facilities for more than nine years.

The school building is in excess of 35 years in age —

It is older than me! The letter continues —

and the toilets have never had a major upgrade. Because of Departmental policy, our position on the Priority List varies year to year from position 1 to position 5.

Surveys have been conducted within the school community with feedback from both students and parents. In addition to the complaints of the obvious physical state of the toilets themselves, what was of great concern to the committee was the practice of many students in abstaining from responding to bodily functions. This brings into question the health and wellbeing of those students. The practice has a direct impact on the students' ability to function during class time and their general health.

It is a sad reflection on our public school system when students make comments such as, "I've seen better in third world countries"

Some examples of the problems are:

- Leaking toilets
- Leaking taps
- Cracked basins and toilet bowls
- Lack of toilet seats
- Lack of doors for privacy
- The constant overwhelming odour . . .

The health and safety of the students has also been compromised by the breach of:

- Electrical standards
- Ventilation standards
- Drainage and plumbing standards and
- The constant exposure to micro bacterial hazards from all areas of the environment from the floors to ceilings and vents.

It is signed by Michelle Bowra and Vicki Blyth on behalf of the Morley Senior High School P&C committee.

I think we would all agree that this is not an acceptable situation. When I asked the department during the budget estimates what was the current priority for this school, I was told that it was deemed priority 1 in the Swan

district. On that basis, I sincerely ask that the government approve funding this year for this school. It is an unacceptable health issue that requires urgent attention.

I turn now to issues surrounding road infrastructure. There are always a plethora of problems with roads across the East Metropolitan Region. I often take the opportunity during this debate to raise some of those issues. In the area of road infrastructure, we see the government at its best when it comes to cost blowouts and delays. The Treasurer always likes to spread the word on what the government is doing in the region by putting out press releases that tell us how much he is spending. That spending is great, but when we look at the press releases and the budget papers more closely, we inevitably see the spin unravel. I will refer to one press release. It is the Treasurer's press release entitled, "State Budget 2008-09: Building Western Australia — Midland Kalamunda". I refer to one of the stated highlights of the local capital works program —

\$622,000 to continue work —

Albeit no work has been undertaken yet —

— on the interchange at Roe Highway and Great Eastern Highway in Midvale (total project cost: \$63.116million) . . .

But what was the initial cost? In 2006-07 it was \$24.1 million. In a very short period, the cost has tripled.

In addition to cost blowouts, we see delays in undertaking work on that intersection. The intersection is in a shockingly dangerous spot. I pass through that intersection regularly. The latest information that I have is that it is ranked seventeenth on a crash frequency of all intersections in the metropolitan area and twentieth on a crash frequency of all intersections in the state. Despite repeated announcements that something will be done, has anything been done? No, it has not. In a similar debate last year I foreshadowed that we were never going to see this interchange in the life of this government. I stand by those comments. Quite frankly, it is not good enough and the government needs to lift its game.

While I am on this topic, I question how many more times I have to rise in this house to highlight the lack of commitment by this government to another dangerous spot, that being the section of Reid Highway between West Swan Road and Beechboro Road. I got somewhat of a curious answer from the Minister for Planning and Infrastructure to a question that I asked in the last sitting week. I asked how many crashes had been reported on this section of road from January 2001 to date. I was told that there had been 230 between 1 January 2001 and 31 December 2007, yet when I asked a similar question last year I was told that for the five-year period to 31 December 2006, there had been 352 crashes. Something does not add up, as there is a significant reduction over the same period, and I will be following that up with the minister. However, having said that, there is a reality that comes with this section of road. It too is a black spot, with five fatal crash incidents reported, 18 crashes involving hospital attendance and 49 crashes in which medical attention was required between 1 January 2001 and 31 December 2007—five fatal crashes on a very small stretch of road.

Upgrading Middle Swan Road is vital, and the quicker it is done, the better. I would like to see construction start sooner rather than later. However, the fact is that without a similar commitment to upgrade the section of Reid Highway between West Swan Road and Beechboro Road, as I have often said in this house, only half the job is being done. The motorists who use these roads on a daily basis deserve far better from this government.

Finally on road issues, I wish to raise a longstanding road safety matter relating to Upper Swan Primary School on Great Northern Highway. For some time the parents and teachers have been asking for improvements to the entrance to and exit from the school to improve safety, the implementation of improved road safety measures and a reduction in the speed limit during the designated school times. The speed limit, for the benefit of those members who are not aware of it, is 80 kilometres an hour along that stretch of highway at all times. I know that Main Roads, the education department and the police are fully aware of the concerns raised by the school community. From my point of view, Main Roads needs to come up with a solution. I know and I recognise that it is at the moment coming up with some possible plans. However, I understand that it is not prepared to reduce the speed limit to 40 kilometres an hour during the morning and afternoon pick-ups.

If Main Roads is not going to do that, it needs to look at some alternatives. The first thing that I would like to see implemented is the introduction of flashing lights, or something similar, so that motorists know that they are approaching a school. This is supported by the school and the parents and citizens association. For those members who are not familiar with the school, I indicate that it is set back from the highway and not visible. Although the standard school signs are on either side, when a motorist is travelling at 80 kilometres an hour, he or she can quite easily miss them. Main Roads may well say that the flashing lights are acceptable only where there is a crossing and a number of children cross the road, and given that few children cross the highway, they are not necessary. However, my argument, and I know it is the school's argument also, is that without adequate notice, drivers of vehicles, including road trains that obviously use that section of the highway very regularly, will simply continue to drive past the school at 80 kilometres an hour—that is, if they are not speeding—and

there is the potential for a very serious accident, particularly in the mornings and afternoons when cars are pulling out from the school and crossing the road at a very low speed. At least with the installation of lights, or something similar, that would flash at the designated school times, along with the standard school signs, motorists may be more cognisant of the fact that they are about to pass a school.

I simply raise this issue today to highlight that the school is in a somewhat unique circumstance. If the speed limit cannot be reduced, other measures need to be taken. Every day an accident is waiting to happen outside this school. I would hate to see a situation in which a car is cleaned up, with a mum and her little passengers inside. I therefore ask the government to sincerely look at the issues that have been raised by the community and to come up with a solution as soon as possible.

I will now turn to the section of the budget that relates to public transport. Page 746 of budget paper No 2, volume 2 states —

Accessible and reliable public transport is important in enhancing the quality of life and wellbeing for Western Australia's growing population.

With that I agree. However, when it comes to the Midland line, it seems to miss out in more ways than one. A recent survey by the Royal Automobile Club of WA that was released just a couple of weeks ago, I think, is titled "Public Transport Survey: Attitudes and Opinions by RAC Members and the Wider Community on Perth's Metropolitan Public Transport System". It states about the Midland line —

73% of Midland Line passengers said they had concerns with the train with the top 5 responses being:

- Overcrowding
- Personal safety concerns
- Lack of parking
- Infrequent service
- Service not reliable

57% of survey respondents used the train for work purposes. 46% of passengers drive to the station with 52% walking.

With regard to personal safety issues the vast majority of those who cited personal safety as a concern, said it was more pronounced when either waiting for the train, or on the train itself.

It goes on to state —

38% of respondents said that they would use public transport more if there was a greater adherence to timetables, more frequent services and more security.

Midland station passengers, as well as Armadale passengers, are most concerned about their personal security.

I have spoken to people who use this line regularly, and it is fair to say that they are not happy. Questions that are put to me include: Why do we get only two carriages at peak times? Why do we have a Midland train station that is in a state of disrepair? Why do we have stations at Ashfield and Woodbridge that are really nothing more than open-air tin sheds? Why do we have a lack of parking spaces at some stations? There have been articles in the local newspapers with headlines such as "Station car park bays filled by 7am weekdays". If members do not believe me, they should believe the 1 476 people who signed a petition which was presented in the other place and which read, in part —

We, the undersigned commuters wish to register our ongoing disappointment at the continuing lack of suitable train services on the Midland to Fremantle line during the peak hour periods.

We consider the regular overloading of two carriages on most trains during these periods as a potentially major accident just waiting to happen and a significant breach of Westrail's duty of care to its passengers.

Now we ask that the Legislative Assembly therefore call upon Westrail management and the relevant Minister responsible to ensure that at least four carriages are used on each train departing from Midland or Fremantle stations between the hours of 7.30am to 9.00am and 4.30pm to 6.00pm each week day.

When was that petition presented? Was it in 2008? No, it was not. Was it in 2007? No, it was not. It was back in 2003. Clearly, there has not been much improvement since 2003, and that is not good enough.

Finally, I will raise a couple of issues about my shadow portfolios of disability services and youth. The disability services portfolio is one that I have had for only about three months. It is, however, an area in which I have taken

a very keen interest since becoming a member of Parliament. As I have mentioned in this place before, I am a patron of the Fairholme Disability Support Group, which is an advocacy group that provides significant support to individuals and families across Western Australia. I am also an active member of the Developmental Disability Council of WA's politician adoption scheme, which I know a number of other members in this place are also members of. I have been adopted by a very fine young man by the name of Tim and his family, who live in Jarrahdale. The politician adoption scheme provides, in my view, an excellent insight into the life of a person with a disability and his or her family. I do not believe that the importance of such a scheme can be underestimated. Inevitably, we as parliamentarians make decisions in this house and outside this house about funding and legislation. I would hope that by being involved in such a scheme—I am sure that this is the reason DDC set up the scheme in the first place—we will make better decisions than perhaps we might have done without the involvement in the scheme.

Disability services are clearly a very difficult area for any government, and it should always be a special focus for any government whether it is state or commonwealth, Labor or Liberal. It is estimated that 405 000 or so Western Australians, or one in five people, have a disability. Of these Western Australians, more than 115 000 have profound or severe core limitation for which they require significant assistance in their day-to-day lives. Much of this assistance is provided by just over 246 000 carers who provide invaluable support and care. Recent forecasting also shows that the total number of people with disabilities in our state is expected to increase to 646 000 by 2026 of which the majority is accounted for by an ageing population. From these figures, it is quite clear that forward planning within the disability services sector to deal with both the current and future needs of people with disabilities is critical. The budget papers state that the Disability Services Commission's estimated budget expenditure for 2008-09 is just over \$325 million. However, a number of areas require urgent attention. With respect to services provided through the combined application process funding, referred to as CAP, the budget papers note, for example, that 121 people will be provided with new or expanded accommodation support. Although this is obviously very welcome news for those individuals who will be successful in getting that assistance, the reality is that for many people it has been a long time coming and there are many people who will still miss out. Having become the shadow Minister for Disability Services, one thing I have truly come to appreciate is the frustration and anxiety of family members when their son, daughter, husband or wife with a disability is constantly rejected through the CAP process. Although the disability services sector health check committee determined that CAP funding remains the best available mechanism for allocating funding to individuals, it is clear that CAP funding cannot meet the increasingly urgent unmet needs of people with disabilities. I acknowledge that the Disability Services Commission is looking at ways to try to reduce the demand by investigating other areas. However, in the last CAP funding round for 2007-08, 365 people applied for accommodation support program funding and only 41 were successful; 297 people applied for intensive family support program funding and only 20 were successful; and 171 people applied for alternatives to employment program funding and none was successful. The fact that no application was successful under the ATE highlights a lack of forward planning. As I understand it, the adult ATE applications were, in fact, placed on hold for a number of months due to the increased number of school leavers who accessed the post-school options program, which is part of the ATE program. I appreciate there was a reason for that increase in number due to a decision by the Department of Education and Training. However, the fact that not enough funding was really left for adult applicants for the alternatives to employment program, who were put on hold for a number of months, simply should never have occurred.

Of course, more generally, and as I have already said, the cyclical nature of these funding rounds, combined with the demand for support outstripping supply, undoubtedly causes much heartache and stress for families and carers who provide significant support to people with disabilities. I acknowledge that it is a difficult challenge for any government to handle, but it is an area that perhaps requires better forward planning and no doubt increased funding.

Another key area raised with me, particularly by service providers, is workforce shortages. As we all know, Western Australia is experiencing a significant boom that has a major impact on the supply of workers across a range of services, and the disability services sector is not immune. A report from the Chamber of Commerce and Industry of Western Australia titled "Workforce Planning for Support Workers in the Disability Services Sector" identified that the most critical area affecting the disability services sector was remuneration for support workers. The report is a couple of years old, but essentially the issues remain the same. The report stated —

Income levels are relatively low for disability support workers and are uncompetitive with other similar positions in the human service sectors and other sectors. Available data shows that the average weekly earnings for full-time non-managerial employees in the disability sector are lower than the health and community services and all industry averages.

Recent information that has very kindly been provided to me shows that on average the hourly pay rate for a carer is between \$16 and \$17. The disability services sector health check also confirmed the chamber's findings

and noted that in addition to an ageing workforce, staff are leaving the sector in pursuit of improved wages and conditions. This is something that is consistently raised with me every time I meet with a service provider, and it is a pressing issue for all governments to address.

Finally, I will briefly mention some issues relating to illicit drugs in our community and the action taken by this government. Firstly, with respect to the issue of cannabis, I note in the *Budget Statements* relating to WA Health —

A statutory review of the *Cannabis Control Act 2003* was completed in November 2007. Recommendations from the review were endorsed by Government. An implementation working group comprising members from Western Australia Police, the Department of Corrective Services and the Department of the Attorney General has been convened to implement the recommendations.

The seventh dot point under “Major Initiatives For 2008-09” states, in part —

Legislative amendments to the *Cannabis Control Act 2003*, the *Misuse of Drugs Act 1981* and the *Young Offenders Act 1994* will be made as a result of the *Cannabis Control Act 2003* statutory review.

This review has recommended a number of changes which the Liberal Party has long advocated. These include the removal of the cultivation of cannabis plants from the cannabis infringement notice scheme and a reduction in the quantity of cannabis that falls within that scheme. The Liberal Party believes, however, that the laws can be further strengthened and a complete overhaul is required. Before the laws can be strengthened, however, we need to know what the government will do and we need to see some legislation. The government has had more than six months to introduce a bill and yet we have seen nothing. That is not good enough. The same goes for legislation that was supposed to be introduced following the amphetamine summit and the government’s lack of commitment to various preventive initiatives that would hopefully prevent young people from taking up drugs in the first place. Two examples of such preventive actions would be, first, making school drug education a mandatory component of the school curriculum—we know the government is not supportive of that—and, second, increasing the level of public education campaigns that highlight the danger of illicit drugs. The fact that the government could spend \$780 000 overnight to promote liquor licensing changes but only a pitiful \$55 000 on the Drug Aware cannabis program is nothing short of a disgrace. All this suggests to me that illicit drugs remain a low priority for this government. While we are on the subject of illicit drugs, I find it extremely disturbing that a drug service team funded by the government apparently told a juvenile how much cannabis he could take safely. I refer to an article in *The West Australian* of Saturday, 31 May 2008 that states, in part —

A Perth magistrate has criticised a drug counselling service for “encouraging” a teenager to keep using illegal drugs, saying it was disgraceful that counsellors gave advice to the boy on how to smoke cannabis safely.

During the 15-year-old boy’s sentencing in the Children’s Court 10 days ago, the boy’s mother told the court her son came back from his first court-ordered session with the South Metro Drug Service Team claiming he had been shown how much cannabis could be smoked safely.

“He came out and says basically he was told . . . not to share the bong and how much to use safely,” the woman said.

The news drew fire from Magistrate Andree Horrigan, who said the approach was sending a dangerous and inappropriate message to a young and vulnerable person.

A juvenile justice officer told the court the teenager had steadfastly refused to stop using cannabis and she suspected the service had, in this light, tried to at least minimise the harm associated with his drug use.

But Ms Horrigan said the approach ran the risk of encouraging or endorsing the teenager’s illegal drug use. “The issue I have got is he’s being told in five sessions this is how you use safely. I think it’s disgraceful,” she said.

If that is true, it is disgraceful. I certainly hope that both the government and the Drug and Alcohol Office are looking into the matters raised in this article. It is not good enough. As I have said many times in this place, cannabis is not a harmless drug, as the government would have us believe through the legislation as it stands.

The budget is a mixed bag. As I said earlier, it is boring, unimaginative and lacks vision. It reflects a government that is good at spin and even better at cost blowouts and lack of action. We have a once-in-a-lifetime opportunity in Western Australia, courtesy of a significant resources boom. It is up to the government to seize the opportunity to provide vision and a better future for the people of Western Australia. Sadly, the government is blowing that opportunity and is therefore failing both present and future generations of Western Australians.

**HON PAUL LLEWELLYN (South West)** [3.40 pm]: I am speaking now because Hon Anthony Fels is not organised.

**The PRESIDENT:** Order, members! Hon Paul Llewellyn has the call.

**Hon PAUL LLEWELLYN:** This was meant to be his slot. A few minutes ago the Greens (WA) were given to understand that we would lose the opportunity to have any say whatsoever if we did not speak now.

When I first saw the budget, my immediate sense was that it was not just a business-as-usual budget; in fact, it seemed to be a budget that would turn up the heat on the economy. A considerable part of the infrastructure allocation in the budget seems to have been designed to open the taps at our ports and in the economy generally, so that we could generate more wealth more quickly, and drive the economy harder. That in itself is not necessarily a bad thing; however, we really need to adopt a position of “steady as she goes” in the Western Australian economy. The economy is already severely overheated. There is so much liquid wealth in the economy that the cost of housing has spiralled out of control—housing affordability is out of control and the rental market is fully subscribed. Communities, families and individuals are being burnt by the rate at which we are running the economy. The interesting thing is that there is no capacity to run the economy any faster, or to increase the productivity of the labour force. There are no strategies in place to increase the productivity of our natural resources. We seem to be satisfied that it is okay to use our natural resources inefficiently, as long as we can get the job done and everybody is fully employed, and we will deal with the consequences later.

It was compelling for me to look at the consequences of running the economy at full throttle and full capacity, because that is precisely the way in which we have run the gas pipeline from the north west to the south. That is a good analogy for the way in which we are running the economy. Something in the order of 200 petajoules of gas comes down the pipeline. There is no slack in the system; the gas is fully allocated. All the downstream commitments are fully allocated, so if a small hiccup—in this case, a large hiccup—occurs in the supply chain, the economy will spin out of control. As a consequence, the heating in Parliament has been turned down! I wondered why my air conditioning was not working; apparently austerity measures are being taken across the Parliament building. The Premier and the Minister for Energy are asking the residents of Western Australia to turn their household heating down. Perhaps we will also shut down some lighting.

**Hon Simon O’Brien:** I’ve shut down my air conditioning completely at home.

**Hon PAUL LLEWELLYN:** I am so glad that Hon Simon O’Brien is such a responsible citizen. That is exactly what every citizen in Western Australia should be doing, apart from the single biggest consumer of gas in the state. I have done some calculations; people may not be aware that the gas pipeline primarily services the Big American; I refer to Alcoa Australia Ltd. This is not a conspiracy theory. Alcoa’s alumina refining operations draw some 50 per cent of the total capacity of the gas pipeline. That is in the order of 108.79 petajoules of energy from the 213 petajoules that travel down the pipeline. It is not a conspiracy; it is a fact of life. It was easier to find figures for the energy consumption of Worsley Alumina Pty Ltd, which publishes its total consumption on the BHP Billiton website. However, it was absolutely impossible to find figures for Alcoa’s gas consumption. I find that very interesting. I challenge any members who are interested in the gas crisis to search the internet, type in “gas consumption” or “energy consumption”, and see what comes up. They will come up with absolutely nothing. There is barely any reference whatsoever to the volume of gas consumed by Alcoa. Indeed, there is no traceable record of how much Alcoa is paying for the energy it consumes. I was interested to see that. I ask members to imagine a pie graph that represents the allocation of gas from the pipeline in Western Australia. If a line were to be drawn down the middle of the graph, half would go to the alumina industry, one-third goes towards electricity generation in Western Australia, and the rest is distributed between dozens, if not hundreds, of smaller consumers. There is something in the order of 500 000 households receiving gas from the pipeline, and they use the smallest amount of gas. It may be as little as three per cent of the total volume of gas delivered by the pipeline. Turning off domestic gas heaters will make barely any noticeable impact on this crisis. We have been sold a dummy. Re-commissioning mothballed coal-fired power stations is not the best strategy for managing this crisis. A better strategy would be to ration the current gas resource in a sensible way to achieve the best possible outcomes for all Western Australians.

At the moment, a single gas consumer uses in the order of 46 per cent of the resource, and the alumina sector uses in the order of 50 per cent of all the gas coming down the pipeline. I will just get this straight. Alcoa uses 45 per cent and Worsley uses six per cent of the total gas resource. This involves a relatively small number of employees; that is, Alcoa claims that it directly employs 3 800 people in its business, and I suspect that that includes employees at its facilities at Kwinana, Pinjarra and Wagerup and in the Alcoa administration. If the gas supply to any one of those facilities were to be wound back, the direct impact on consumers and on workers would be limited to a couple of thousand people at most, even if there were downstream impacts. Furthermore, such a wind back would avoid an unnecessary impact on tens of thousands of people and households and hundreds of small businesses. The flow-on impact of not managing this crisis is to have hundreds of businesses

and thousands of workers out of pocket and out of a job and multiple enterprises in crisis in the next few weeks. The alternative is to have a single manageable contract renegotiated as a matter of urgency. The government is making that choice in the way it is managing the gas crisis. Asking Western Australians to turn down their heaters is an insult, as it applies to only three per cent of the gas load.

Before I speak about the dimensions of this gas crisis, I will give members a sense of the numbers and the downstream consequences. It so happens that the alumina industry, particularly Alcoa, uses 25 gegalitres of water and Worsley uses 12.1 gegalitres of water, which is a total of 37.1 gegalitres of water. We understand that the desalination plant production will be wound back. I thought the desalination plant was running on wind energy.

**Hon Robyn McSweeney:** No, it has gone from 22 megs down to four.

**Hon PAUL LLEWELLYN:** How about that?

**Hon Kim Chance:** It does run on wind energy. It means that we can commit that energy back into the grid.

**Hon PAUL LLEWELLYN:** Excellent.

**Hon Kim Chance:** The wind energy goes into the grid in the first place.

**Hon PAUL LLEWELLYN:** This really contradicts the stream of answers that the Leader of the House has been obfuscating about for months. We have been asking about the actual certified and auditable trail between the wind farm and the desalination plant, and there is barely any such trail.

**Hon Kim Chance:** You know very well how that works.

**Hon PAUL LLEWELLYN:** I know exactly how it works.

**Hon Kim Chance:** You commit the number of megawatts of energy produced on the wind farm into the grid, and that is the amount that you draw.

**Hon PAUL LLEWELLYN:** Exactly.

**Hon Kim Chance:** How hard is that to work out?

**Hon PAUL LLEWELLYN:** It is not hard to work out, Leader of the House. In fact, this is precisely the line of questioning that I have been running. Although I understand the logic, I find it interesting that a government running a desalination plant on wind energy has to wind back production because of a gas crisis.

**Hon Kim Chance:** It all generates electricity—be it wind, gas or coal. Again, is it that hard to work out?

**Hon PAUL LLEWELLYN:** I know. It is so interchangeable now that it is a very convenient interchange.

**Hon Kim Chance:** It has a common outcome.

**Hon PAUL LLEWELLYN:** It is a very convenient interchange. However, the government has been confusing the connection between wind energy and the desalination plant in the minds of the public for months, if not years, and, all of a sudden, the government wants to slightly change the ground rules so that it becomes a completely fungible resource. The Greens (WA) have known this; we have been asking about it for months. We have also said that there is no auditable trail between the wind farm and the desalination plant. However, now it is convenient to wind back the wind-powered desalination plant to save gas, because, as we all know, the energy all goes into a bucket and comes out as roughly the same resource, that same logic might apply to other areas. The government is winding back the desalination plant because it is one of the single biggest machines on the grid and uses 200 gigawatt hours of power a year; that is, 25 megawatts of continuous consumption. Therefore, the government winds the desalination plant back. Wind back the silicon smelter, which has 50 megawatts of continuous consumption. Wind back Alcoa, which consumes, not 50 continuous megawatts, but 46 per cent of the entire gas resource! The alumina industry consumers 50 per cent of the total gas resource. However, this government has chosen to wind back the desalination plant.

**Hon Kim Chance:** I think that you will find that Alcoa has wound back gas consumption.

**Hon PAUL LLEWELLYN:** Alcoa has wound back just a little bit because it has lost some of its Apache Energy contract. However, the Greens (WA) are talking about significantly winding back the allocation, and reallocating the gas as part of an emergency plan to those enterprises that need to keep running to prevent a cascading impact right across the economy on job security and job continuity and downstream impacts on other industries.

**Hon Kim Chance:** That is exactly what we are doing.

**Hon PAUL LLEWELLYN:** Yes. The government will tell the Chamber of Commerce and Industry of Western Australia that that is exactly what it is doing. However, this government is keeping its mates, the big gas

guzzlers, running hot and warm, while the small operators are being asked to turn off their heaters. How ridiculous and ineffective is that? There was no emergency plan in Western Australia, and there is no emergency plan for this government's budget. As soon as the government breaks the speed barrier, the economy will spin out of control. Interestingly, the gas pipeline and the way in which this government has over-allocated the gas resource is an effective analogy for the budget and the way this government has over-allocated the economy.

In terms of the statistical background, I will now go through some of the calculations I had to do to find out the alumina industry's energy consumption. We know from specific records on the BHP Billiton website that it produces 3.5 tonnes of alumina a year and consumes 37.2 petajoules, which is an energy intensity in the order of 11.1 petajoules per megaton of alumina produced. Alcoa's gas consumption is imputable because we know that it produces 8.7 megatons of alumina at approximately 11.1 petajoules per megaton; that gives a rate of 96.57 petajoules per annum. We also know that the pipe has an approximate capacity of around 200, possibly 213, petajoules per annum. This is the best available information that I have and could find. Worsley consumes 12.4 petajoules of natural gas; 7.7 petajoules of distillate; 16.5 petajoules of coal; and 0.5 petajoules of electricity. We have a pretty good handle on the sector's energy consumption, which is a total of 108.79 petajoules or 50.7 per cent of the total capacity of the gas pipeline. That was all Sunday night's work.

We need to look at yet another dimension to this gas problem. The alumina industry not only consumes the lion's share, but also pays the least for the gas that it consumes. The alumina industry pays less than all the other enterprises for which the government is shutting off the gas supply. We could ask ourselves two questions. First, what is the job intensity of the gas resource—in other words, how many jobs are created per tonne of gas produced? I have not worked that out, but in the case of Alcoa and the alumina industry in general, it is an extremely low number. Second, what is the price paid for the gas?

The crisis management strategy in Western Australia is very interesting. We are taking the most intensive part of the gas resource and shutting it down. We are taking the people who are paying most for gas and shutting off their gas. We are giving most of the gas resource to a sector which creates the fewest jobs and the least revenue stream per unit of gas. What kind of emergency strategy is that?

As Western Australia has been moving towards having to compete on the international market and the joint venturers are saying that they can look to this gas resource and it is more profitable to export it to China, Japan or anywhere else that is prepared to pay world parity prices, we would like to cocoon the Western Australian economy and give it discount gas. The DomGas Alliance came into existence. What is it? It comprises the big consumers of Verve Energy, Alcoa and others. All the mega consumers are involved in DomGas. It sounds like a domestic gas supply or a residential gas supply, but DomGas comprises the very big consumers getting dirt-cheap gas from the north west. Let us look at what that actually means. The wholesale price is \$2.35 per gigajoule, which is \$2.35 million per petajoule, which suggests that Alcoa's gas bill could be 96.75 million times \$2.35 or \$226 million per annum out of a total sales revenue—according to its annual report—of \$2.2 billion. That suggests that its energy costs for the entire enterprise are about 10 per cent of its sales revenue. Alumina smelting is one of the most energy-intensive refining processes. One would expect that Alcoa's primary input into the process, which is energy in the form of gas turned into steam, would be 50 per cent of its total sales value. One might expect 10 per cent for somebody running a woodworking shop or a panelbeating shop. For the most energy-intensive refining process in the state to have an energy cost to sales revenue ratio of 10 to one does not seem to be very good except for Alcoa or a mineral processor. If Western Australia is getting such a poor return on its investment in gas, why are we not turning Alcoa off first? Why are we not winding back one refinery, keeping it warm and laying off a few hundred jobs or maybe a thousand? I have done the calculations. Assuming that Alcoa is giving us accurate figures, on a volume of output to jobs ratio, at Kwinana it would involve 918 jobs; at Pinjarra, at four mega tonnes per annum, it would involve 1 700 jobs at the maximum, and that is including administrative jobs and everything else; and at Wagerup, at 2.6 mega tonnes per annum, it would involve 1 135 jobs. Why are we not turning off that enterprise so that there is a single party to deal with rather than letting this gas crisis cascade through the economy, affecting thousands of employees and hundreds of enterprises. Perhaps the Leader of the House could make a comment on that?

**Hon Kim Chance:** My understanding is that Alcoa has wound back very significantly, but I will have those figures shortly.

**Hon PAUL LLEWELLYN:** I am so glad. I know that Alcoa has wound back its component of its Apache Energy contract, because I have the numbers that were published in *The Australian Financial Review*. Alcoa sources 25 per cent of the power needed for its Kwinana and Pinjarra refineries from the Apache group. Those figures are from *The Australian Financial Review* of 5 June. Apache does not supply Verve Energy. One would think that if Apache was not supplying Verve Energy, it would have all the gas it needed, so why are there impacts across the electricity sector? I will tell members why. It is probably because Verve Energy is winding back even though it does not have the contracts. There are two major gas suppliers in Western Australia: Apache Energy, which supplies via gas pipelines from Varanus Island and provides about one-third of the state's gas,

and Woodside, which runs the North West Shelf operation and supplies most of the rest. Apache supplies more than 20 customers, including Alinta, and Alinta on-sells to 100 other major users and about 500 000 homes. I would suggest that is where the impact is happening. Those figures are from *The Australian Financial Review* of 7 June, but that information we would be able to find out.

There is no emergency gas plan or emergency energy plan, just as there is no forward planning for energy in Western Australia. I have asked a series of forensic questions in this house about how it is that the government expects to meet the escalating energy demands on the state, which the government has created as a result of approving every single project that has come along; that has overheated the economy. The result is that the state has a 10 per cent growth in energy consumption, with the government having no rational, thought-through plan on how to supply the energy. It would not be done with health care services, would it? A government would not run health care services like that, without knowing population growth or how many hospitals would be needed. It would plan ahead, but this government has not done it in the area of energy, which is quite extraordinary.

The state has chosen to locate its power generation around coal-fired power stations. Approximately 40 per cent of the south west interconnected system energy is coming from coal-fired and 60 per cent from gas-fired power. Power generation has been centralised around two sources when it could have been distributed and decentralised, but the government chose not to. There is no rational plan for meeting the long-term stream of energy growth in the economy. Knowing that our foot is flat down on the accelerator, we are still trying to overtake people. Even though we know that there is absolutely no gas or power left in the system, we are still trying to overtake a vehicle. This is dangerous driving. This is hooning on the economic highway. This budget is a hoon budget. This budget is out of control and is actually exceeding the capacity of the economy. It is exceeding the capacity of the vehicle and it is exceeding the drive chain. The pipeline is an analogy for the poor management of this economy. The pipeline is an analogy for the poor forward thinking and planning that this government is doing.

As the days have passed, we have seen more cascading impacts on the economy. More than 600 people in a pine-processing facility will be out of a job. If one of those refineries were shut down, 600 jobs might be lost directly in the area; however, we will not shut down the building industry, which relies on the downstream flow of pine timber from that facility. There is no strategic, rational basis for the way in which the government is managing the gas crisis. Prime Laundry and Drycleaners, which services 85 per cent of the metropolitan and south west hospitality industry, has been forced to close. Let us just have some dirty sheets. Let us shut down the tourism industry. Let us say that people cannot visit the state because we cannot clean sheets. Let us shut down a single refinery that employs a maximum of a couple of thousand people. Where is the strategic planning for this gas crisis? According to *The West Australian* of 6 June—I very rarely quote *The West Australian*—Iluka Resources Ltd, which needs gas for its kilns, has decreased its processing operations and is expecting to close its four kilns throughout the state by the end of the week. The Bloomberg magazine of 9 June reported that we were starting to experience flow-on financial impacts from these large sectors. Alcoa is substituting diesel for gas at its Pinjarra alumina refinery, because that is where the Apache Energy gas allocation was going. Alcoa has estimated that it may lose \$10 million as a result of this gas crisis. Who is measuring the flow-on emissions impacts as a result of burning diesel instead of gas? That is a flow-on impact that no-one will be measuring. The only reason Alcoa is substituting diesel for gas is that only a small proportion of its energy requirement has been hit by this gas crisis. It would be much better to wind back the Wagerup or Pinjarra refineries than to substitute diesel for gas. I know—this is from memory because Hon Anthony Fels was not organised—that Alcoa consumes a vast amount of gas. People need to understand how it works. It burns gas to produce steam to drive through its alumina-refining process. In the 30 or so years that it has been operating, it has been burning gas from the North West Shelf primarily. However, it also burned out in a couple of years Dongara gas, which was a perfectly good resource to supply the domestic gas needs for many years. It burns gas to produce steam to run its mill. It is a high-temperature process whereby it boils caustic soda and finely ground bauxite to create a liquor to extract alumina. It has never considered a full-scale cogeneration program in which steam would be used to produce electricity and waste heat would be used to continue its downstream processing. My understanding is that Alcoa's gas supply could produce 1 200 megawatts of electricity, or waste heat, from cogeneration. It is interesting that this company has not seen fit to contribute to the Western Australian economy by cogenerating its gas burning into an electricity stream. We must bear in mind that the total install capacity of the south west interconnected system is 3 500 megawatts, so 1 200 megawatts of capacity is a significant contribution that could be made to the energy economy of the south west. We also hear that, as a result of this gas crisis, Newmont, which is obviously supplied by Apache's operations on Varanus Island, is now using 100 per cent diesel for gold production. I will not go on, but it seems to me that there is a stream of flow-on impacts from this one incident on hundreds of enterprises and thousands of working Western Australians because we have chosen to run the pipe at full tilt with no strategy. It is remarkable. I draw the attention of the house to the analogy with the way in which the economy is being run.

I now turn briefly to the price of gas. I understand that Western Australian gas costs in the order of \$2.35 a gigajoule. A report on the gas tariffs review, which is on the website of the Office of Energy, states —

Reflecting the tight supply situation, the historic low domestic gas prices in Western Australia have changed markedly in the last 12 months, —

This is way before the gas crisis that we are experiencing now —

with reports of new contracts indicating prices upwards of \$6.00/gigajoule . . . Interestingly, the eastern states markets have not experienced increased gas prices to the same degree, in spite of increased overall demand and smaller reserves.

These prices represent a significant increase over contract prices in recent years of \$2.30 to \$2.50 per gigajoule and the mid-2006 price of \$5.50 to \$6 per gigajoule. We now know why the DomGas Alliance has been sidling up to the government and saying, “Please allocate 15 per cent of the gas capacity to Western Australia.” I will bet that it is also saying, “Please make sure that it is as cheap as it always has been.” Our return from giving the DomGas Alliance the lion’s share of the gas at dirt cheap prices is that the companies that are part of that alliance will be able to keep running while everyone else will need to shut down.

I will quote from another document. This is from a submission to the gas inquiry. It states in part —

Dampier to Bunbury

The Dampier to Bunbury pipeline has a capacity approaching 200 PJ/a. It is fully compressed, but does not have spare compression equipment at each compressor station. This means the full capacity of the pipeline is not always available.

Expansion of the Dampier to Bunbury pipeline is required. This will involve looping of the pipeline downstream of each of the nine existing compressor stations. 30 km of looping downstream of each compressor station would increase the capacity of the pipeline by about 10 PJ/a. The cost of this expansion program might be around \$160m.

It is interesting that very little spare capacity has been built into the design and operation of the pipeline. Therefore, an event such as this is almost inevitable. For that reason, it is vital that an emergency plan be put in place. That emergency plan must include an appropriate rationing regime. The logical reason for that rationing regime must be to limit the impact of a gas shortage on the majority of Western Australians. However, that is not what is occurring in this state. The Premier will be telling us later today in his statement that the government is doing everything it can and that it will be introducing efficiency measures across industry. However, these are all things that will have a long-term impact. These are not things that will play a role in short-term crisis management.

When I first thought about the impact of this gas crisis, I wrote a press release headed “Our Energy Future is here say Greens”. This gas crisis is what our future will look like as a result of peak oil; that is, as a result of the fact that we are using more oil than the global oil system is able to supply. The strategies that we should be implementing today involve a lot more than just turning down our gas heaters and putting on our jumpers so that we can keep warm. Those strategies involve putting in place energy efficiency programs across the board and embedding those programs into the logic of our economy. To wait until a gas crisis occurs and then ask people to turn off the gas heaters, close down the lifts and turn off a few lights is an extraordinarily clumsy response to such a crisis. Although it might be possible to increase the capacity of the Dampier to Bunbury gas pipeline and of our refining processes, we should be building into the Western Australian economy certain standards to achieve efficiency in our energy consumption. Victoria has put in place energy efficiency legislation that provides that if an audit of a particular business indicates that an energy efficiency initiative would pay for itself in three years, or less, that initiative should become mandatory. Legislation such as that builds resilience into the economy and helps to reduce energy consumption. That is not something that we can do in this place alone. It needs to be applied state by state, or at the federal level, in a mandated fashion. Although the Premier said in his infamous statement on climate and energy that he would be introducing a mandatory energy efficiency regime, he has not done that. The Premier is now saying that it would be a good idea to do that now. That is not the way to manage a gas crisis. The way to manage a gas crisis is by reallocating and rationing emergency resources. Any initiatives that are rolled out in the longer term are a way to manage an energy economy, not a way to manage a gas crisis.

I have said that our electricity generation relies on 40 per cent coal, and 60 per cent gas from the Dampier to Bunbury gas pipeline. We also need to have distributor generation, particularly from renewable energy technologies. If we were to build smaller gas-fired power stations that would load-follow a very large portfolio of wind-powered generation—for example 1 000 or 2 000 megawatts of wind power—our gas supply would be much more stable. If we were to introduce 2 000 megawatts of wind power into Western Australia, we would also shandy down, or dilute, the gas supply from the north. That would take the load off the pipeline. That is what the Greens have been proposing in our renewable energy target legislation. The aim of that legislation is to

shandy down the gas resource, by using freely available renewable energies such as wind, and thereby create greater capacity. That is what I mean by long-term energy security planning. However, that is not what we have been getting from either this government or previous governments.

I have referred to the press release that I wrote in response to the gas crisis. It states in part —

As the impact of this gas and power crisis unfolds, Greens MLC Paul Llewellyn says —

I am quoting myself, which is very gratuitous, but there we go —

“this is the future unless we invest in a genuinely diverse and renewable energy system.”

“We have put all our eggs in the fossil fuels basket and now we are scrambling for solutions” said Mr Llewellyn.

I did not publish this particular press release, but that is okay; I can read it now. It continues —

“This is a wake up call for all West Australians—we need to diversify our energy investments or wear the risks.”

“We can repower the state with wind, solar, geo thermal, bioenergy, wave energy. If we fail to act now, we face a future with more energy supply failures and skyrocketing costs.”

“Renewable energy is distributed, reliable safe and secure and can play a major role.”

“Both gas and coal are vulnerable to major technical failure as the current gas crisis shows; they eventually run out and they are on the nose because of climate change.”

Not only will they run out, and not only are they on the nose, but also they will become stranded assets in our future carbon-constrained world. The press release continues —

“Nuclear energy is even less practical because the facilities are so big . . .

If we had nuclear power in this state, and that single 1 000 megawatt nuclear power station were to go off line, it would be like turning off the entire gas supply from the North West Shelf straightaway—bang! That would mean that people would not be taking off their jumpers any time soon! Nuclear is not the solution to this particular gas crisis and nor is it the solution to the long-term energy needs of the state.

I am conscious that we are about to go into question time. I have a few more things to talk about with regard to the rise in retail gas prices in Western Australia.

Debate interrupted, pursuant to temporary orders.

[Continued on page 3836.]