

**APPROPRIATION (CONSOLIDATED ACCOUNT) RECURRENT 2009–10 (SUPPLEMENTARY) BILL 2010**  
**APPROPRIATION (CONSOLIDATED ACCOUNT) CAPITAL 2009–10 (SUPPLEMENTARY) BILL 2010**

*Second Reading — Cognate Debate*

Resumed from 5 April.

**HON SALLY TALBOT (South West)** [7.33 pm]: The year to which these bills refer was of course the year when the whole business of managing the state towards a decent outcome on waste avoidance and resource recovery took a downward spiral. Certainly, two years on it has done anything but recover from that terrible start that the government got it off to. I finished my remarks last night by drawing attention to the fact that by far the largest component part of this appropriation that has gone to the Department of Environment and Conservation was directed towards the waste account and to propping up the DEC budget with the money that came from the waste levy. It was not such a bad year in terms of promises that the government made. I draw the attention of the house to a media release from the Waste Authority of Western Australia dated Friday, 19 March 2010. It relates to the questions I have been asking the new minister since he took over the environment portfolio about what he intends to do about the state waste strategy. We can see that the comments in this Waste Authority press release of just over a year ago are full of promises. Unfortunately, not one of them has been delivered in the past 12 or 13 months. In this press release the Waste Authority talks about its plans to spend some of that money. It cannot be that difficult to give the people of Western Australia a clear idea about the direction the government wants the Waste Authority to take. The Liberal–National government has been in government for two and a half years and we are still muddling around with an authority that, by its own account, does not have its two foundational direction statements. One is its business plan and the other is the release of the state waste strategy. How can this possibly be?

I log on to the Waste Authority website regularly; it is a great site called “Towards Zero 2020”, which is the objective we on both sides of this house say we have signed off on. We are all committed to moving towards that point. That means zero waste to landfill. It is not a difficult concept, and is even more of an imperative in April 2011 than it was a couple of years ago. Landfill is something we cannot afford. We cannot afford it financially, not just because the government has whacked up the landfill levy by 300 per cent. As I made clear in many, many hours of debate on that matter in this place, the fundamental objection of the Labor Party was never to the increase in the levy. Our concern was certainly centred around the speed and timing of that increase to hit Western Australian households, which were already suffering from huge increases in water and power bills; a 300 per cent increase in the waste levy was patently unfair. That increase has contributed in large part to that \$1 400 or so a year that Western Australian households have been slugged by the Barnett government. Labor had talked about the waste levy increasing over a period. The problem we had, of course, was that that money was to be taken away from the waste account.

When I looked at the website a couple of weeks ago to find out what was happening, I clicked on the link to one of the most important programs run by the Waste Authority and funded out of the state waste account—that is, the strategic waste initiatives scheme. On that site I found a very short statement that no strategic waste initiatives scheme money will be available in 2011. That is a remarkable thing to find. Although the government is awash with money, I would not suggest for a moment that the Waste Authority is awash with money; it has had removed from it 75 per cent of the money it should have. Nevertheless, this government has told us time after time that the money from the previous year was not fully expended. This is why we get into the vicious circle of why we do not have a business plan or a waste strategy. In the meantime, millions of dollars are building up in the waste account. What is the money being spent on? One of the few things we could point to as being significant expenditure out of that waste account was the money that was being allocated in SWIS grants. Everyone who takes an interest in these things will know that two grants programs are run by the Waste Authority, one of which is a community grants program for small groups doing basic community work. We see in the latest round of allocations things such as community gardens being set up. They are great initiatives but not hugely expensive. Therefore, the maximum grant under the community grants scheme is \$20 000. The strategic waste initiative scheme was set up to fund much more substantial enterprises, with grants in the past of up to \$400 000. All of a sudden there is no money for the SWIS in 2011; so we went off in search of an explanation. We were informed by the minister’s office that the note was a mistake and that the link should not have been on the website. We thought that great because it meant that there must be money available for the SWIS. We thought that if the advice that there was no money was wrong advice, surely that meant there was some money. In the blink of an eye, the link on the website was changed. Now, members will discover when they click on the SWIS link on the website that the program is in some kind of suspended animation. I cannot remember the exact words, but it has been frozen, pending a review. Interested members can look it up for themselves. In trying to put together the pieces, it turns out that because there is no business plan, the minister has become anxious about the Waste Authority and what it is doing with the money and therefore, all

of a sudden, we have no major grants program operating with money from the waste account. That is a major problem.

The whole basis of the opposition's criticism of these two bills is their fundamentally flawed approach to the management of the budget. I put it to honourable members that this mismanagement is nowhere more evident than in the mess the waste account is in. I refer to the state of limbo that applies to not only the SWIS account, but also, I suggest, the whole of the Waste Authority, and, much more generally, to the whole of the government's handling of waste avoidance and resource recovery issues. I ask the government: why will it not support Labor's move to ban plastic bags? I just cannot understand why the government will not do it, and nor can the community. I know that the government talks about the need for a national approach. That would be fabulous. If I thought that we were going to get a national approach anytime soon, I would be more than happy to put all my eggs in one basket. However, I do not think a national approach is going to happen. People in different states have different priorities, and what is happening? Individual states are taking the step to ban plastic bags. South Australia banned plastic bags some time ago. Victoria has tried a couple of different schemes. Queensland is going ahead with the ban, as are the Northern Territory, the Australian Capital Territory and Tasmania. The new minister has simply repeated the former minister's mantra that the government will consider it only in the context of a national approach. Yet when it came to e-waste, the Barnett government was perfectly happy to acknowledge that eventually there would be a national scheme but that in the meantime we could not afford to wait. That is exactly what the previous minister said when she put in place a very good state-based scheme.

**Hon Donna Faragher:** Is that a positive? My goodness!

**Hon SALLY TALBOT:** It is. If the former minister were to listen more intently for more of the time, she would hear that a lot of what I say is positive. Every now and then, the government gets it right and nobody is happier than I am to acknowledge when that happens.

**Hon Donna Faragher:** I hope that is recorded in *Hansard*.

**Hon SALLY TALBOT:** I am afraid that Hon Donna Faragher—who is looking so happy and is positively rejoicing in the fact that we like the state-based e-waste scheme she put in place—perhaps did not hear the question I prefaced my remark with: why on earth did she not do the same thing for plastic bags? The government cannot apply that logic to one waste stream and not to another stream. Believe it or not, the ban on plastic bags in other states did not result in the sky falling down.

My question, directly related to these bills, is: where has all the money in the waste account gone? If it has been expended, where has it been expended? There is no evidence to suggest that there has been major expenditure. Government rhetoric suggests that there will not be major expenditure from that account until the business plan is in place, which is obviously months, if not years, away. If that money is still sitting in that account, why is it still sitting in that account? Why, with an issue as important as the Towards Zero Waste by 2020 campaign and a community hungry to be involved in this kind of move, is the government frozen in inaction? It is a terrible waste of a golden opportunity and we do not see any sign that that is about to change in the near future.

Mr Deputy President (Hon Brian Ellis), you would not be surprised to know that in my notes I had listed a number of things to raise about the environment portfolio. But time is moving on. Therefore, I will acknowledge that I could have spoken for equal if not more time about the government walking away from the Swan River. I do not want to blow my own trumpet, but how could the government think that an audit of the money spent on the Swan Canning Riverpark was not a wise use of resources? We heard today the minister furnish an answer in this house about a study into the economic benefits of the Swan and Canning Rivers commissioned by the Swan River Trust in 2009. We heard, in the minister's response to my questions about what that audit found and what it recommended, that it came up with no findings and no recommendations and that it was all too hard because the data was simply not available. That is a terrible admission to have to make. It is a terrible position for the people of Western Australia to find themselves in. We do not have the most basic information about the economics of the Swan and Canning Rivers; the resources required to support the economics of caring for, conserving and returning those waters to a healthy state; or what those waterways return to the community in both economic and biodiversity values. I think the minister became aware of the report only when I put my question on notice, because in his answer he said he saw it only yesterday. He should have seen the report much earlier, alarm bells should have started ringing immediately, and he should have commissioned the work to be done.

I could also have talked about something else that we all know is stuck on the minister's desk because both the minister and the previous minister admitted to it—that is, the climate change strategy. The state has to begin to put together a plan; we cannot wait for commonwealth action. We are getting very clear signs about the direction in which the commonwealth is moving, and the government should be ready to move the Western Australian economy in line with the commonwealth measures that are now being talked about. I could have spent some time

talking about marine parks and how badly wrong the Kimberley planning is going, and how badly wrong the Camden Sound planning is. Hon Ken Baston is paying attention to this part of my speech because he understands that area very well. He is lucky enough to spend a lot of time looking out over Roebuck Bay, which is part of the Camden Sound and Kimberley marine park proposal. However, the government can no longer draw lines on maps and exclude areas. It has to talk about multiple values. It has to put real resources into managing our marine parks.

I could have talked about dieback management, which is a ball the government has completely dropped. The Conservation Commission recently released its analysis, and the government should hang its head in shame about its failure to manage dieback in this state. In two and a half years, all that has happened is that we have gone backwards, and the government is insisting on spending the precious financial resources of DEC, which are already absolutely critical, by insisting the department go ahead with its plans for Fitzgerald River National Park. Every stakeholder in the state says those plans will increase the likelihood of the spread of dieback in what is currently an area that has significant parts free from dieback. We know that that will happen; everybody is telling the government that that will happen. Yet the government will still pour money into that project. I could have talked about air quality and the resources needed to develop a proper air quality management plan and to implement that plan. I could have talked about a number of other issues in connection with the environment portfolio. But I will leave all that to another time; I know there will be other opportunities.

I now want to move to the portfolio of Indigenous affairs, which also scores a mention in the first of the two bills that we are considering tonight. I take this opportunity, as I did with the environment portfolio, to talk about how high the bar needs to be set for the new minister. There is no better place to start than the year that is under consideration in these bills and to look at what happened to the budget during that time. A couple of key measures that were started by the minister's predecessor now seem to be in a state of suspended animation. I want to focus on three issues. The first issue was referred to in the first question I asked of the minister—that is, stolen wages. The second issue is about interpreter services and the third is about alcohol management plans in the north of this state.

I have seen the material that was prepared for Labor when we were in government and commissioned the report on stolen wages. Remember, we do not have to reinvent the wheel. This is an issue in many Australian states. Other Australian states have dealt with the issue. They have seen it as a matter of basic fairness and justice and a matter that affects every inhabitant of the state, because when such gross inequities exist, it diminishes all of us, no matter our place in life and no matter our race. We have a very comprehensive report on the stolen wages issue. We know it is comprehensive because we have seen the narrative and the commentary about the report, but of course we have not seen any response from the Barnett government. I know that that is a matter of concern to both the new minister and his predecessor. How do I know that? I know that not because I can read their minds, but because they have stood in this place and said it. Indeed, the previous minister in the other place has gone on record several times saying that it was a source of embarrassment to him that he had not been able to move on this issue. We gave the previous minister two years and absolutely nothing happened. Let me remind honourable members why this is critical. We are talking about in the region of 750 people who were affected. That is 750 people who have a direct claim on this state for wages that were denied them. As I pointed out at the time that I asked Hon Peter Collier that question, they were denied wages in two ways: either they were simply not paid because people knew they could get away with not paying Indigenous workers, or their wages were put into an account that was not managed by them—the ultimate act of paternalism. There are only about 750 people still alive who can make that claim on this state. Obviously, we are going back to the early part of the previous century. That number reduces with every month that passes. That means that every month that passes, there is a smaller claim on the state's funds. It would be the most terrible act of cynicism if that were a reason for a government to delay responding to an issue of this significance. I am not suggesting for one moment that that is what the Barnett government is engaged in, but surely those members who sit around the cabinet table must be able to come to terms with what is involved here. I have seen the costings associated with the various models for paying out that compensation. It is not a huge amount of money. Members feel comfortable bringing to this Parliament bills such as those under consideration tonight that ask for millions and millions of extra dollars for departments that have not been able to work within their initial allocation of funds. It is simply not believable to argue that they cannot come into this place and argue for the stolen wages issue to be resolved. We could do that right here and now. It would be a move that would bring an enormous amount of relief and comfort to a significant number of people. Before I move off this issue, I again make the point that it affects non-Indigenous people in the sense that when a group in society is disadvantaged, it diminishes all of us. I repeat my plea to the minister: come into this place with a way of fixing the stolen wages issue and let us debate how that can be done.

The second issue is about interpreter services. I have not, for lots of reasons, been able to ask the minister this week how he got on last week when he had discussions with some senior bureaucrats about the funding for interpreter services for Indigenous people. When I asked him the question two weeks ago, he assured me, and

then made a public statement to the media, that it was an issue he was due to pursue last week. I am not entirely clear whether he was to speak to people from the Department of Health or from the Department of Indigenous Affairs. I know that DIA funds the program, so I would have thought it was them. My simple question to the minister is: do we fund those services adequately? The empirical evidence that is mounting around that question seems to suggest that the answer is no. Members will know, because I have raised it in this place and there has been some discussion in the media, that at least two recent deaths have been directly attributable to the fact that Indigenous people were given medical advice that they could not understand because an interpreter was not available to help them. When that is the case, medical staff will try to resolve the situation in the best possible way, often by calling in family members who have a better understanding of English. Imagine what that must be like. Just think for one moment what it must be like for somebody's husband or wife or child to be called in to interpret when somebody is critically ill. We know that happens. Of course it should happen. We do not want to prevent family members from helping someone. But if that is happening because the government has not adequately funded an interpreter service to make those professional services available in 2011, that is simply not acceptable. The two recent cases that we have heard about apply to the health system, but clear evidence that has been put together by a number of expert bodies shows that there is just as serious a problem in the justice system. When we do not have adequate interpreter services, we can almost guarantee that Indigenous people will be severely disadvantaged when they try to deal with complex systems —

**Hon Donna Faragher:** They're not listening to you, member.

**The DEPUTY PRESIDENT:** Order, members!

**Hon SALLY TALBOT:** They are. They are able to do more than one thing at a time, which is as it should be.

**Hon Robyn McSweeney:** But two of them are men!

**Hon SALLY TALBOT:** They are very talented though!

Finally, I ask the government for some kind of response on the Kimberley regional alcohol management plans. Again, I make this comment in the context of considering budgets that are about to be superseded for the second time as we move towards May and the 2011–12 budget. Where is the evidence that the alcohol management schemes being put in place in the north west of this state are being properly resourced and adequately funded? We are not seeing any of that evidence. Indeed, Hon Robyn McSweeney, Hon Helen Morton and Hon Peter Collier have been asked about this issue.

**Hon Robyn McSweeney:** We are putting in alcohol bans in communities.

**Hon Helen Morton:** What is it that you are concerned about?

**Hon SALLY TALBOT:** It is the alcohol management plans.

**Hon Helen Morton:** Yes, I know, but what is the issue about them?

**Hon SALLY TALBOT:** What is the issue? Hon Helen Morton must be aware that of course we support the alcohol bans, as long as they are supported by the local community, but the bans cannot just be put in place without putting in place additional services.

**Hon Helen Morton:** And that is happening.

**Hon SALLY TALBOT:** Every time we ask about the additional services —

**Hon Helen Morton:** Have you asked me? I don't know that you've asked me.

**Hon SALLY TALBOT:** Hon Helen Morton has been asked about this. Every time we ask about those services, we are told to wait and see or that they are on their way or that they are in the planning stage. We want them to be delivered. This is an important point. The government's assurance that it is on its way is not enough to shut us up on this one, because the important thing is to go to the communities, as we on this side of the house do, and ask them whether those services are in place. The most recent questions that I asked were at a hearing of the Standing Committee on Estimates and Financial Operations when the Department of Indigenous Affairs was asked to come in to speak about its annual report. I specifically asked questions about Oombulgurri. I know this is before Hon Helen Morton's time and Hon Peter Collier's time, so I have framed my remarks in this way. I asked the department questions specifically in light of the fact that Oombulgurri is effectively closed, although people must still be there because a flood evacuation had to be done the other day.

**Hon Helen Morton:** There are about 20 people there.

**Hon Liz Behjat:** I was at that hearing. There were 20 or 30 left at the time of that hearing.

**Hon SALLY TALBOT:** Yes, there has been more evidence in the media since then about more people leaving, but obviously there are still people there. The two questions that I asked were about resourcing domestic violence services and a women's refuge in the town and about suicide prevention strategies. If Hon Liz Behjat remembers—she was at that hearing—those services were not at Oombulgurri.

**Hon Liz Behjat:** Because only 20 people are left. That is why. Those services have been removed as people have moved out.

**Hon SALLY TALBOT:** I have only limited time and Hon Liz Behjat is very familiar with these arguments; she knows that it is absolutely specious to talk about the fact that there are now only 20 people left. Oombulgurri was a thriving community. It has been run down for a lot of reasons. There is great concern about the traditional owners who one day might want to go back there and what will happen to it in that time. Hon Peter Collier assures me that he is on to it. My point is that in some of these very troubled communities, we cannot just take the alcohol out without putting in the other services that support people with addictions and violence and mental health issues.

The other day I asked the minister a specific question about his predecessor, who, at the end of 2008, promised a Kimberley regional alcohol management plan. When the previous Minister for Mental Health went up to the Kimberley just before Christmas, during his last couple of days with the portfolio, he was asked where the plan was. He said that the plan was not ready yet. I raised the issue the other day with the new Minister for Indigenous Affairs. A lot of what he said was very interesting. It looks as though we finally have a Minister for Indigenous Affairs who is prepared to play a coordinating role, which is, of course, exactly as it should be. The minister said —

With regard to the strategy, I think it is an endless piece of string.

I think I know what the minister meant. It was perhaps an unfortunate way of phrasing it, but the reality is that a member cannot refer to something like a proposed Kimberley regional alcohol management plan and have the Minister for Indigenous Affairs say that he thinks it is an endless piece of string. It needs to be a strategy that is put in place to give people the proper services that we would expect. In Hon Helen Morton's electorate there would be very, very few people who do not have access to those basic support services, which people in remote communities have been denied for a very long time.

That brings me to the point on which I want to wrap up, which relates to the role of the new Minister for Indigenous Affairs in managing that part of his portfolio. I said that some reassuring things were in that answer that the minister gave me and I will quickly go through them. He said —

My role as Minister for Indigenous Affairs is to ensure that there is coordination between various departments, including between mental health, health, housing et cetera

...

My role as Minister for Indigenous Affairs is, for want of a better term, to act in a coordinating role.

He went on to say —

The Department of Indigenous Affairs acts as the coordinating, or policy framework, department.

A bit later he said —

That is the role of my office and that is the role of the department, and that is my role as Minister for Indigenous Affairs.

That is indeed good news. Certainly if the minister remains true to that objective, he should be able to achieve some good things.

I want to juxtapose those remarks by Hon Peter Collier with the comments that were made in a report from a group that has now wound up. Do honourable members realise that the Indigenous Implementation Board no longer exists? This group was chaired by Lieutenant General John Sanderson. The board started operations in February 2009. Its brief was to produce three reports in its first two years. Two of those reports are public. I understand that the third report is still stuck in the government's processes. I want to share with honourable members a couple of comments from the second report; it certainly does not read to me as though its members knew the board would cease to exist in the very near future. It was a very august group comprising John Sanderson, Mark Bin Bakar, Kim Bridge, Ricky Burges, Sue Gordon, Brendan Hammond, Helen Milroy, Fiona Stanley and Dawn Wallam. We read in the second report of the committee a long plea about government agencies working together. This report was published in March 2010. I will share some of the committee's comments. On page 1 —

There are no holistic programs that bring together all the matters that concern Aboriginal people in their search for a respected place in the nation.

...

COAG and State trials in selected communities on options for more holistic management of service delivery are progressing very slowly and lack the context of empowerment and equity to commit Aboriginal people to a vision for a shared future. *Royalties for Regions* continues to offer opportunities for this to happen but, so far, has not come up with the processes for effective engagement.

I remind members that this report is dated 22 March 2010, a year ago. The final paragraph of the introduction reads —

The Board continues to seek engagement with the Aboriginal Affairs Coordinating Committee ... and the newly appointed Western Australian Aboriginal Advisory Council ... Unfortunately, the building of these alliances continues to be hampered by a lack of clear definition of an agreed strategy for addressing the needs of Aboriginal people and the ongoing problem of explaining exactly how commitment and expenditure of resources are determined in Western Australia and at the federal level. This work needs to be advanced with some urgency and the Board has committed itself to building these alliances as a key part of its agenda for the next period.

Is it any wonder that that committee has now been abolished by this government? That committee could have been one of the most effective leaders of change that this state has ever been able to put together, but it no longer exists. When we listen to those comments and put them together with what the new minister is saying, we realise the extent of the problem.

I framed the whole of my contribution to this debate in the context of the article by Ben Harvey in *The West Australian* called “A dirty little secret hangs over Barnett”. That article is about state debt. I put it to honourable members that lots of dirty little secrets are hanging over the Departments of Environment and Conservation and Indigenous Affairs and they need to be fixed. The community of Western Australia wants those problems to be fixed and the Labor Party is here to make sure that happens.

**HON MAX TRENORDEN (Agricultural)** [8.08 pm]: My contribution to the cognate debate on the Appropriation (Consolidated Account) Recurrent 2009–10 (Supplementary) Bill 2010 and the Appropriation (Consolidated Account) Capital 2009–10 (Supplementary) Bill 2010 is on one of my favourite topics that I have great concerns about—that is, renewable energy. I state up-front that I am a major fan of renewable energies. In the last 12 months I spent considerable time doing as much research as I could on the topic of renewable energies. I will put clearly on the record why I am a fan. The reason is different from the reasons of most people in the room. I am fan because I believe in energy security. That is my number one driver. I do not think we pay anywhere near enough attention to the security of our nation and, more importantly, to the security of our state.

There is information that I trust out in the world now that says, basically, within a reasonably defined period, one-third of all motor vehicles on the road will be electric. They will be electric because they are in the major cities of the world and the technology is already available for it to work well. In fact, Hyundai apparently—I cannot confirm this, but from what I read—has developed a high-quality electric car. As that technology works, people in cities will be more attuned to plugging into the power grid than plugging into the petrol station, which will reduce—again, I should not say these things, but I will for the sake of my speech—fuel usage by one-third. Electric cars will cause fuel usage to drop because another technology will drive the generators that drive those cars, which is another reason I have a passion for renewable energies.

Another technology, which is really interesting, is drop-in fuels. Drop-in fuels are already in use on this planet and are already a viable technology, just as the technology to crush carbon to make artificial diamonds was already viable a few years ago. Five different companies in the United States, four of which operate around San Francisco, take the residue from the Brazilian sugar production process and turn it into drop-in fuels—that is, diesel and petrol. Drop-in fuel is an exact copy of what we use now, so people are not mixing fuel with an alcohol or fuel with an oil; they are actually mixing fuel with fuel. Guess what the marginal bottom price for that fuel to be viable is? It is \$87 a barrel. What is the cost of fuel today? Who owns those fuels? Members will be really surprised: Shell, Texaco, BP and on we go. Although we hear people in the general public say that we will run out of oil and run out of fuel, with drop-in fuels that is just not so; the technology is already there, as is all the infrastructure currently used that is out in the world now, particularly in our world—namely, the service stations and the delivery systems for fuel. Whenever those giants want to bring that method of delivering energy to us, they will. That will take out about another one-third of world usage of the refined oil that we know. Therefore, the argument is that some time in the future, maybe in a decade, maybe more—these things tend to take a bit longer than people think they will—the world’s use of oil will be down to one-third of what it is now. That is the argument and I think it is absolutely on the mark. Those firms can introduce that technology whenever they want.

There is a negative to all of that, particularly to us. The argument is that farmers in the United States will produce the feedstock for drop-in fuels from certain grasses and GM crops. Therefore, farmers will be growing a product that will end up as fuel. I do not see how Australia will do that. I have difficulty working that out. We have the space, but we do not have the infrastructure that Europe, the United States and Asia have to deal with that level of production. There are two million people in this state. In trying to find the land, trying to find the effort, shipping a product all the way to someplace else, such as Asia, to be produced as fuel and then bring it back, still puts us in that fuel insecurity area. I think that is the future.

In that context, in October last year I took a trip on imprest and went to Germany, the United Kingdom and the United States. I will run through a few of my findings. Unfortunately, I did not know that tomorrow we will bring on the feed-in tariff debate, and I will be in Geraldton in the electorate of Mr Deputy President (Hon Brian Ellis). I will be up there white-anting while he is down here working hard!

Several members interjected.

**Hon MAX TRENORDEN:** I will swap; he can go up there and white-ant me and I will stay here and work, because I would not mind participating in that feed-in tariff debate. Unfortunately, I do not agree with the Renewable Energy Feed-in Tariff (REFiT WA) Bill before the house. That is not because I do not believe in feed-in tariffs—they are absolutely essential—but I think that when the bill hit this house, it needed to have a great deal more detail and a great deal more direction than it has.

I will tell the house about some of the things I discovered in Germany. I went to a little town called Landau, which is about 100 kilometres out of Frankfurt, and watched a geothermal plant in operation. It was knocking out three megawatts of energy and about two and a half megawatts worth of hot water, which is still energy. Unlike here today where I am still sweating at the moment, people in Landau need hot water for heating because it is a snowy cold area. The community of Landau is heated by the geothermal process and three megawatts of electricity comes out of the plant. The plant is in the town; it is not out of town somewhere. It is totally unmanned and runs 24 hours a day. Oversight of the plant is conducted from Italy. The process is clean, there is no noise, it poses no problem for the community of Landau and it is a proven technology that simply works well. I stood on a rig not far from Landau that was drilling five kilometres into the earth for another geothermal plant. That is very impressive. The Germans are very proactive about geothermal energy because it is basically—the language has changed, it is not necessarily right to use this language—what we used to call baseload power. It runs 24 hours a day, seven days a week, unless it is shut down for maintenance or there is a fault.

Just down the road from Landau I went to a little community that is using biogas. Hon Philip Gardiner would be interested in this. Farmers are growing biomass for the plant because in Germany farmers are paid not to grow anything. It is the usual argument. So the farmers are using their spare capacity to grow a product that is fed into a digester that produces gas that drives a two megawatt power plant, which feeds into the grid. At the end of that process, the residue is sold back to the farmers as fertiliser, so it is a nice little closed circuit. People are really excited about that process and they argue for all of Germany to have tight little grids with small input and control over the local economy and local factories. The Germans are very passionate about that. That plant was knocking out power at 17.5c a megawatt hour, which is pretty high. Germany has a pay-in tariff, depending on what sort of renewable energy one has, of about 20c. In the case of geothermal energy, that tariff is 20c, and it reduces by 1c a year until it expires. But the problem in Germany is that the law states that if someone creates renewable energy, they must be connected to the grid. Therefore, there is no control over the supply and demand of energy in Germany.

If members have been reading in the press about the disasters in Japan, they will know that sizeable crowds in Germany have been marching against nuclear power. When I was there, a poll showed that 56 per cent of the population opposed any nuclear power. Some of Germany's nuclear plants have been there for some time and the political promise was to close those plants. The current chancellor decided that she would extend the life of those plants for, I think, 12 years. From my reading, Chancellor Merkel lost a seat in a regional election because of that issue alone. Germans are not all that rapt with nuclear power.

Getting back to the question of domestic tariffs, the cheapest domestic tariff people can buy in Germany is 13c a unit. Most people pay somewhere between 20c and 25c, but if they want to buy a pure, green renewable tariff, it is 35c. The variation between the cheapest tariff at 13c to the dearest tariff at 35c is significant. The problem in Germany is that consumers are paying €12.8 billion to subsidise those pay-in tariffs. That is not paid by government—unlike the debate here; it is actually paid by the consumers. Consumers are paying about 30 per cent above the going cost of power to be able to get renewable energy. When I was there the mood was growing strongly against that. Greece was defaulting on loans; Italy was in trouble; and Portugal, Spain and Ireland were in trouble. The Germans see themselves as carrying the European Union and they did not see why they should have to carry the EU plus renewable energy. Renewable energy is under considerable political pressure in

Germany. If members do not believe me, they should read a few of the articles from the German press on the internet.

A supporting factor, which might not be politically correct, is the memory of the Second World War and the presence of Russia. That is a significant motivator for the German people. A big slice of their energy is coming down a gas pipeline from Russia, which President Putin has his hand on and talks about turning off and on to his heart's content. This terrifies the people of Germany, and they are very concerned about where they will get their future energy. Their answer is renewable energy. However, if renewables are going to cost 17.5 per cent more, then the future for industry in Germany is not that flash. Again, if members read some of the debates coming out of Germany on the internet, they will find that industry is starting to arc up about renewables. In fact, industry is arguing very strongly for the retention of nuclear and coal power. That is not because of the climate change debate and all those things, but for their own economic survival. There is a strong and passionate debate in Germany.

From Germany I went to Cornwall. There is a fascinating little story in Cornwall with the United Kingdom government putting £42 million into a hub. The Cornwall hub is the end of the transmission lines in Cornwall, where marine power can plug in and prove the viability of marine power. They want to use the energy of the ocean to generate power for the UK. There is also a fair bit of work happening on that in the Orkney Islands, north of Scotland, where they are attempting to develop marine power. A bit later in the trip, I visited the UK Department of Energy and Climate Change, where I was told that the UK wishes to put 500 000 wind turbines in the North Sea—that is an awful lot of turbines. When I was there, I read in the press about the growing disquiet about those turbines. In fact, on one day that I was reading one of the local newspapers—I cannot recall the name; it does not really matter—there was a graphic photograph of a seal that had supposedly been chopped in half by the blade of one of these turbines. The fact is that that could not happen; it is physically not possible, but still the front page of a prominent UK newspaper was blaring out that this is what wind power does to marine animals. That same passionate argument that we see —

**Hon Simon O'Brien:** Was it a 20-foot tall seal?

**Hon MAX TRENORDEN:** Exactly! That same passionate, not-so-logical debate is happening in the UK.

Again, the argument in the UK was very strongly against having an expansive grid but looking at having a localised grid and working on localised solutions around the grid, which is much of what the Cornwall hub is about. When I was speaking to the Department of Energy and Climate Change I was told that if the UK wished to use renewables, the cost of establishing the equivalent of our south west interconnected system—our distribution and transmission system—in the UK would require an additional six per cent spend to make it usable for renewables and smart technology. That would be tens of millions of pounds, and I wonder what is going to happen to the price of power in the UK. The pressure is on. One of the big issues when I was there was the announced 25 per cent cut in the public service workforce in the UK. This officer clearly said to me that they have the programs, but they have been told they are going to be cut by 25 per cent and they do not know what is going to be left of those programs. Members will remember the debate over, and the pain of, the three per cent cut we had here last year. Can members imagine what the pain of a 25 per cent cut across all government programs would be? There is significant pain ahead for the UK.

I was also told about—but did not have the opportunity to see it because I did not know about it—a tidal turbine produced in Ireland that has been put into a river. The turbine drives both ways and it works: it knocks out about one megawatt of power. Can members imagine that type of process in the north west of Western Australia? Hon Wilson Tuckey and others have argued—I admit that members of the Nationals supported that argument as well a decade ago—that tidal power was too expensive because of the concrete and the catchment infrastructure. But this has none of that; it is just like the turbine of an aircraft sitting on the bottom of a river, and when the river flows one way it drives and when the river flows the other way it drives. Those sorts of technologies are with us and they are not far from implementation.

I went to Oregon in the United States, with the assistance of Ocean Power Technologies. Oregon has decided to put in 10 buoys off its coast to generate energy from wave power. The buoy would not fit in this chamber—or, if it did, it would only just fit. They are massive. They weigh 270 tonnes, off the top of my head, or maybe it is 230 tonnes; it is a massive construction. Oregon is going to put in 10 of those buoys now, and they will be operating in May or June of this year. It will be fascinating to see how much power those buoys produce. I went to a US Marine base on the south-western coast of Hawaii and watched an OPT marine buoy in operation. It has been in the ocean for over a year and has been successfully feeding power into that Marine base for much of that time. It is just driving away, like a windmill, except it is not circular; it works on a piston-type mechanism. That is a technology that I saw working with my own eyes and that at some time in the future we will see in WA. Carnegie Wave Energy in Fremantle is working very hard to try to develop the technology and make it usable.

In the areas I visited, I saw that solar, geothermal, marine and biomass energy are all very useable, renewable energy sources. The problem is that some will be cheaper in production than others. My personal opinion is that after a period of time when the capital costs of those technologies have been absorbed and brought back to those people who created them and have done the research, geothermal and marine power will be closest to the cost of old coal than the other technologies. I think solar energy will probably be almost twice the price of old coal. Biomass will be up there in the high costs as well. Matters like biomass are not just about creating energy. Those who know about the Narrogin trial we had a few years ago know that it also created pure carbon and eucalyptus oil as a process. The problem is that eucalyptus oil is pretty much valueless right now in the world market. We would need to find something else to deal with that—Hon Philip Gardiner, that might be biodiesel, because it has the right qualities to do just that. Pure carbon is a couple of thousand dollars a tonne. I cannot tell members exactly what the world market demand for pure carbon is.

As the chairman of the Standing Committee on Public Administration I like to look at this whole question and listen to the debate. I cannot tell members about the power inquiry we are undertaking but I know what I am hearing. When we ask the people of Western Australia whether they want renewables, guess what the answer is? Nearly all want renewables. I visited an expert; I do not want to name him, but he is very good. He is in this nation; not Western Australia. He absolutely knew what he was talking about. He was involved in a state government's energy program. He said that in his state the cost of energy has to go up 30 per cent. He is a person who knows it. Not long ago I visited the Australian Economic Regulation Authority. If members look at the website of the AERA, they will see that it is the body that made recommendations to the states and the federal government about the eastern states' holistic grid. That organisation says that the price of power has to go up because we—the collective “we”—have not spent money on distribution and transmission lines for years. That money has to be spent. We cannot put renewables into the system if the powerlines are going to fall over, or if the system will not operate because it does not have the right technology in the switching gear. Before we can put renewables into our system, we have to fix transmission and distribution lines. Unfortunately, that will cost a lot of money. It will affect our state budget considerations severely. After that, the question is: will we smarten up the technology and the capacity for those lines to take renewables? There is no point having a debate about renewables if we are not prepared to spend the money to make transmission and distribution lines capable of taking renewable energy. That will cost a considerable amount of money.

I discussed with the Germans what we all will be discussing tomorrow; that is, how do we bring in the renewables? If we bring them in on a feed-in tariff, what will that tariff be? In the New South Wales context it went from 60c a few months ago to 20c. It was just emptying out the state's coffers. Even at 20c, it will be very difficult to find the money to do that because—I will repeat it—we have to fix the transmission lines, we have to fix the distribution lines, we have to put the technology on those lines to give them the capacity to carry renewables, and then we have to pay for the renewables. How much money is that? The answer is too much. For those members who are involved in the public debate and say this government has been terrible—I am not saying this to get into the public debate—because it has increased the price of power, I have to say that that ain't nothing! If we in this chamber wish to introduce renewables, we need to face the fact that it cannot be done on peanuts. In fact, unless we fix the transmission and distribution lines—it is not just Western Australia; the argument is identical in the eastern states—it will not happen. Money has to be poured into those lines before we do anything—before we even start talking about where we will go. We have a significant dilemma.

From memory, about October, or a bit before I went on my trip, I read an article in *The West Australian*. The story was also in *The Australian* on the same day. It was about how the Russians, the Chinese, the Indians and a range of other smaller Asian countries are buying up Australian coalfields. Why do members think they are buying up Australian coalfields? Because they believe that coal will fuel the world for the next number of decades. They have also done the sums. If we wish to get into a position in which we are serious about renewables, we have to be honest with the people of Western Australia and the people of Australia and start telling them. Add the cents up and tell them. If we really want renewables—I am one of the first to put my hand up; I want renewables—they will have to be paid for. It is an interesting dilemma for this government and, I would suggest, the next. Hopefully we can get into this debate about bringing people on, in the sense of renewables, before then.

Ocean Power Technologies received a grant of \$67 million from the federal government to put a trial buoy in Geelong. That is a lot of money. Why would we spend \$67 million with OPT to look at wave power in Geelong if we are not going to connect it? Why would we do that? This state government spent \$12.5 million—the minister is not here, but I think that is the correct figure; somebody can tell me if I am wrong—to assist Carnegie Wave Energy Ltd down at Fremantle. I have no problems with that, but why are we assisting Carnegie in Fremantle if we are not going to get it on to the grid? We spent \$10 million with Western Power in the Mid West to assist it with a solar power program. That will go on, because it is Western Power, but what about the three or four others in the Mid West that want to do something similar? Are they going to get on? A range of companies

are wishing to do geothermal in very prospective ground around Dongara. Are they going to get funded? Are they going to get on? I would love to think so, but I am at some distress to think how they will get on. I am going to work as hard as I can to get it on.

I think there is a solution in parts. I would like to talk to the Government Employees Superannuation Board. It has a responsibility to invest people's money in a responsible manner to provide adequate returns. Many members in this chamber have their super with GESB. We could do a capital feed-in tariff process for an organisation such as GESB through which it supplies the capital, commercial industry supplies three-quarters, or even more, of the cost of the power, and the state guarantees the difference. Instead of having a 20c feed-in tariff, we could have a 3c feed-in tariff, which would guarantee GESB could do that. But guess what? We in this chamber passed legislation so that GESB cannot do that; it is outside its parameters and we will not let it do that. Even though it has a board and, as far as we are concerned, is a corporate entity, we—these two chambers—have passed legislation to say it is not allowed to do that. How stupid is that?

I am not picking on any particular political party in that argument, but what has happened is that Treasury has become nervous about state debt and other issues and, because GESB is a part of the state, it wants to shut GESB down. It is our superannuation. It is just a crazy decision. The argument is perhaps good for politicians—just a few moments ago I heard Hon Sally Talbot on the question of debt—but is it good for Western Australians? Why would Western Australians not be interested in making a long-term investment in infrastructure in Western Australia and the state guaranteeing a portion of that return and private industry guaranteeing the rest? I ask everyone in the chamber: why would we not do that?

I listened to Hon Helen Bullock's contribution to the debate yesterday. I actually argued the same thing in the other place about 10 years ago. I am not trying to pick on the member, but it is a question of what we do with our gained wealth—the money that is sitting in the superannuation fund. Australian superannuation funds are now required to try to meet the prudential requirements to invest overseas—to try to find places to safely put their money. That is an issue that worries me greatly. We get back to this question of how we bring on the Carnegie wave energy project when it is ready to come on. How do we bring on one of the four geothermal projects that firms want to be sitting off Dongara? How do we bring them in and pay for it? The answer is that the public, under the current attitude, is not prepared to pay for it. I am not saying that I blame the public. Life is tough for many. But we still have this balance between bringing on renewables and determining who is prepared to pay for them. The view I sometimes hear on talkback radio that government should pay for it is absolutely pointless. All of us in this chamber know that government is the people. We do not have money; we just have the people's money.

There is a significant dilemma here, and I will work as best I can to try to get a solution. When I asked the question of Americans and when I asked the question of the Germans, I got different answers. In Germany there is a feed-in tariff that is about 30 per cent above the real cost of energy, which consumers are paying. But consumers are getting sick of that, because the pressure is coming on them and their family budgets, and they are saying that that 30 per cent is actually better in their pocket. That is a debate we will increasingly hear in Germany. The answer in the United Kingdom is, "We do not know how we are going to do it." It may be a system of grants, whereby people are given a heap of money, like the federal government did to listed property trusts, which I am not opposed to at all. But that is picking winners. Mr Deputy President—I ask this rhetorically—what do you think is the biggest grant that has been given by the United States federal government to a single institution? The answer is \$7 million. The highest grant the American government has given is \$7 million, yet these two chambers gave \$12.5 million to Carnegie. I am not opposed to that, but I am just trying to put in perspective how the rest of the world looks at this question.

Five thousand megawatts of energy is used in Western Australia. If we want to make 1 000 megawatts or 1 500 megawatts from renewable energy, how are we going to pay for it? Wind power is coming in. If the Minister for Energy were here, he would be interjecting, quite correctly. I have a lot of time for the minister. I think he is trying very hard to be a very good Minister for Energy. He would point out that we have done well in bringing in renewables, but basically we are talking about wind power. What we have in the world is the proven technology of coal and the proven technology of wind power, and the rest is a question mark.

Geothermal power is operating in Germany. Solar power is operating in Spain. Even in the United States solar power is operating. Even in the east of Western Australia, solar is operating. However, the truth is that in Spain some of the solar plants that we hear a lot about are not connected to the people; they have built solar plants but they have not got the transmission or the distribution lines, because the crunch hit and they did not find the money to build those. Spain has these wonderful solar plants that are generating power, but its capacity to get that to the people is severely constrained.

I want to say that because it troubles me. It actually keeps me awake occasionally at night thinking about how do we go about this process. My good friend Hon Philip Gardiner is passionate about climate change and issues

around carbon. He wants to do similar things to what I am talking about, but I come from a different area. I am worried about what is going happen to Western Australians' lifestyle and about the protection of lifestyle if we do not think about what we are going to do about renewables.

We need to think about what we are going to do with gas, because my belief is—I did a report in the other place some years ago, which is gathering dust on a shelf somewhere—that we should be using gas for transport in Western Australia now. Why are we not doing that? We are buying fuel out of Singapore. Although we have a reasonable refinery here, the bulk of our fuel comes from Singapore. We are paying fuel prices that we cannot control. If we had an internal energy attitude to gas, we would have our fuel and we could control the price of it because it is our gas; it is not the world's gas. There is no need to talk about parity pricing efforts if it is an internal argument. A price is fixed at a market price in Australia, not a market price in Arabia. Those things are doable. I have good friends who operate a trucking company in Kewdale that has been using compressed natural gas in its trucks for some years. It can quote its clients the price of fuel a year out, because the price of its compressed natural gas does not go up and down daily or weekly or monthly; it is fixed. It has an advantage over their competitors. But are we pushing that as an argument? No, we are not.

I will spend a bit of time in the coming months working on these issues, but I will be talking to GESB about what we need to do to change our legislation so that the people of Western Australia's money can be used to benefit the people of Western Australia without supplying a risk to that money—that is, by having the state guarantee the small proportion between what is commercial and not commercial. In my guesstimate that proportion is about 3c a kilowatt hour, against 20c a kilowatt hour, which might be the argument for a feed-in tariff, or 60c, which New South Wales used to guarantee and which has proved highly unsuccessful, because it paid out a lot of money and got very little benefit from it.

I felt compelled to say that, because it does worry me. As a country member of Parliament, I drive a lot, and I would hate to say that talkback radio is representative of all Western Australians, but I still listen to talk radio and I hear people say that they want renewables and ask why we are not doing it. On the same day, they say what a terrible person the Premier is for increasing the price of power. Those two arguments are not compatible. If we want renewable energy, we will have to pay for it.

**HON MATT BENSON-LIDHOLM (Agricultural)** [8.49 pm]: I say to Hon Max Trenorden that I certainly enjoyed listening to his remarks on the Appropriation (Consolidated Account) Recurrent 2009–10 (Supplementary) Bill 2010 and the Appropriation (Consolidated Account) Capital 2009–10 (Supplementary) Bill 2010. A lot of the information he talked about was based upon fact and things he has seen. I must confess that I totally agree with a lot of the issues he raised. I suppose, in many respects, my speech tonight is similar to his, but, as he would expect, it comes from a slightly different perspective. I want to talk about infrastructure provision and about issues associated particularly with the Mid West. I take on board his comments about renewables. If any member had taken the trouble to find out—I am sure Mr Deputy President (Hon Brian Ellis), you probably have, given you have an office in Geraldton—they would know that some of the staunchest advocates of renewables in Western Australia, if not Australia, are the City of Geraldton—Greenough and the CEO, Tony Brun.

In relation to Hon Max Trenorden's comments regarding the costs that are increasing all the time—I will expand on this point in a while—if the riches of the Mid West and the jobs that flow from them improve people's real per capita gross domestic product, their capacity to service power bills and the like will significantly improve, particularly as we go down this pathway of investing more and more in renewables. I am one of those people who believe that, long term, the storage of carbon in the soil—the removal of carbon from the atmosphere—is something we absolutely must do. I am an advocate of the need to do something about climate change, but if we can improve people's disposable income, yes, we will look at the provision of more and more infrastructure that will be very expensive

**Hon Max Trenorden:** I agree with you about the Mid West. I will have a chat to you seeing it's mutual territory and you and I are quite friendly. I have a plan for the Mid West and I believe we can do something for it that is not doable anywhere else in the state because of the growth factors and the matters you talked about. There is going to be money around in the Mid West.

**Hon MATT BENSON-LIDHOLM:** I think that is the crux of the issue. The capacity to generate greater economic returns should see Western Australia, particularly in that area, predisposed to significant levels of economic growth. With economic growth comes the capacity to enjoy better lifestyles. People's cost of living relative to their disposable income will see them much better placed to take up the challenges presented to them. Hon Max Trenorden is nodding in agreement with me. I will also comment in a while about the savings that can be made by doing things better. In relation to infrastructure provision in Western Australia, I will make this point again in a while, but as I am talking about what Hon Max Trenorden has been saying, I suggest that the issues associated with the construction of transmission lines from Perth to Moonyoonooka, Geraldton and up to

Oakajee that we have seen thus far is not something necessarily that I believe, as a state, we should accept, given the situation that prevails at Gindalbie, where about 180 kilometres of transmission lines will be put in at something like the prices quoted to the previous Labor government. Of course, the current blow-out—I think the cost of the whole project went from \$295 million to \$700 million—is something we need to have a serious look at. If we can engage in those sorts of savings, it will perhaps free up more of our disposable dollars. That is where I am coming from.

Our comments tonight focus fairly and squarely on the Mid West and the need, if we like, to engage in better strategic planning for Western Australia's economic growth and development. My suggestion is that, in this day and age, we need to get the Mid West right—I hear someone from the south west talking—as I think the benefits to Western Australians will be quite significant. Certainly the quality of life that Western Australians could and should enjoy will be enhanced by the capacity of the City of Geraldton to put in place a very comprehensive package of renewable energy supplies. That is largely where I come from. Failure to put in place that appropriate strategic direction for the Mid West will deny many Western Australians the chance to share in the wealth and opportunities for advancement on offer up there.

I believe the state government needs to consider a number of spending initiatives in light of what I have just said. There are also reform challenges in the wake of the 2009–10 financial year, which is basically what these two bills are all about, to make sure that the expenditure decisions are targeted, efficient and deliverable, and, with that in mind, that the infrastructure we put in place is appropriate. It is a decision the current government will have to closely focus its attention on.

Part of that, of course, will be in the provision of social infrastructure. We need to look at things such as education and training. Hon Ljiljanna Ravlich talks a lot about education and training, as do her Labor colleagues. The Minister for Energy has a passion for education. Education and training is something we definitely need to put in place. Better decisions are made by better educated people, and in turn the outcomes will be beneficial for the economy of Western Australia.

More needs to be done to attract the best possible workforce. Governments need to address issues in relation to intrastate and interstate migration, apart from obviously working with federal governments to address issues associated with overseas migration of skilled workers, and, again, adding to the social infrastructure for the state. Skilled migration must also be a focus as we come to terms with measures to improve the quality and quantity of our workforce—something Western Australian businesses are in desperate need of.

I also want to talk about the Western Australian Chamber of Commerce and Industry. I have been a member of the South Coast Albany Chamber of Commerce and Industry and I know the great things some of the chambers do. I have had much to do with the Mid West Chamber of Commerce and Industry and its present CEO, Mr Bill Headley. The Western Australian Chamber of Commerce and Industry makes a particular point about the need to expedite priority infrastructure projects through better approvals processes and to commit funding to other critical infrastructure projects for the state. There is no doubt that the emphasis of such an approach is relevant to, fairly obviously, the Mid West. Reform initiatives could focus on the challenge of seeking alternative funding options for infrastructure provision, particularly in promoting greater private sector involvement in the funding and delivery of those particular projects. I say that as a person who has run businesses and, as I said, been a member of various chambers of commerce in the past. The challenge for this government is to put in appropriate spending initiatives. The challenge is well and truly to put appropriate spending initiatives out in the marketplace for the energy requirements of the Mid West, which I do not think have been met. I think we are very much behind the eight ball at this time. If reform challenges are addressed, the major constraints to strong economic growth can be minimised. That is the point I was making earlier on, Hon Max Trenorden. Labour shortages, infrastructure bottlenecks and regional housing rent and/or affordability issues are emerging as significant growth impediments, be that in Geraldton, the Pilbara, the South West or anywhere in Western Australia for that matter.

I suggest to members that the state government must do more to address these issues. The expenditure focus has to change to address these challenges otherwise the benefits—there could be many—will not be realised. Further to the issues I have just mentioned, it is obvious that a priority for the current government is the need to develop a strategic direction for the state to ensure that taxpayer dollars are used effectively and efficiently, and that all agencies are working towards a common goal.

I will quote from a Chamber of Commerce and Industry document called “2010–11 Pre-Budget Submission to the WA Government”. If the government is not necessarily going to listen to the opposition, maybe it should be listening to the Chamber of Commerce and Industry of Western Australia. The chief executive officer, John Nicolaou, was on the television tonight talking about a number of issues, as was the Premier, who said, I think, that Western Australia needs to get big resource projects underway. No-one would agree more than I would with

that remark. I return to the Chamber of Commerce and Industry and its priorities for the 2011–12 budget. The article states —

The Government has a crucial role in helping to shape and secure Western Australia's economic future.

While it is important that the Government recognises the urgent need to introduce reforms that will allow the State to take full advantage of the return to growth and deliver real benefits to the community, it is important that any reforms are implemented in a well planned and co-ordinated manner, and that the longer term needs of the state are accounted for.

A clear strategic direction for the state should be developed as a priority, to assist in achieving a balance between social and economic goals, and ensure that outcomes are being delivered.

That is exactly the point that I have been trying to make. I do not think, at this stage, the government's record on that score is as good as it could be. I am not for one second saying that it is hopeless—that would be a fairly irrational statement—but the government certainly needs to improve its act in many areas.

Many infrastructure and social infrastructure projects in Western Australia are either on the go or under serious consideration. Some have received partial state government funding and will require further funds to ensure maximum benefits are realised by the state; an example is the future construction of a desalination plant in the Pilbara. Although sooner or later all these projects must stand on their own, in our necessarily small economy the impetus will come from a proactive government. A number of infrastructure projects are unfunded and others are in the planning phase; many of them are in the Mid West. However, two of the already partially funded Mid West-located projects pose enormous problems for the state government's 2009–10 budget, and, for that matter, future budgets. I refer to the Oakajee Port and Rail project and its rather slow, fragmented development, and the 330-kilovolt Mid West powerline project, which stands to deliver much if it can be put in place; but by jingo, we are leaving our run late. The City of Geraldton–Greenough and the Shire of Chapman Valley are concerned about the lack of progress in both those infrastructure projects, especially given their co-dependency. However, the issue of electricity supply and power transmission is very much at the heart of a co-dependency problem. The secret to the growth and development of the Mid West region is the provision of a reliable and renewable energy supply, delivered with certainty. The Mid West Development Commission has stated that a 330 kilovolt line from Perth to Geraldton is a critical piece of strategic infrastructure and is fundamental to the future of the Mid West. The Mid West Development Commission suggests that, with appropriate energy provision, accompanying infrastructure and confidence in the region will occur. However, the time to act is now. Sadly, the time frame has blown out and still no funding is in place for stage 2. I suggest that the stage 2 connection to Geraldton, or Moonyoonooka, is an imperative. It has to happen. Without stage 2, stage 1 is largely irrelevant—apart from Karara. In the coming years the Mid West region is expected to experience significant electricity load growth—well before the Western Power forecast for 2015–2016. The expected increase in load will be largely due to rapid growth in mining and export projects such as the Oakajee Port and Rail and the Karara iron ore developments. As the Mid West Development Commission and others, including the City of Geraldton–Greenough, say, the current generation transmission system in the area is not able to support the load growth. It almost became critical in the City of Geraldton–Greenough over this past summer period, as the system went beyond capacity to provide for the demand in that region.

I will quote from a City of Geraldton–Greenough report prepared by consulting firm WorleyParsons, which was engaged to analyse the current market opportunities and constraints on developing renewable energy projects in the Mid West region. In its introductory comment, WorleyParsons states —

The City of Geraldton–Greenough has engaged WorleyParsons to analyse the current market opportunities and constraints in developing renewable energy projects within the Mid West region. WorleyParsons has investigated the current renewable energy market, the Mid West power transmission network and the possible renewable energy resources in the Mid West. The findings of this analysis are detailed in this report, which identifies considerable untapped potential for renewable energy development in this region.

WorleyParsons also mentions the significance of the Mid West region, stating —

The Mid West Region extends along the west coast of Western Australia from Green Head to Kalbarri and more than 800 kilometres inland to Wiluna in the Gibson Desert. It has an area of approximately 470,000 km<sup>2</sup>, covering nearly a fifth of the state and comprises eighteen local government authorities. In the coming years, the Mid West region of Western Australia is expected to experience significant growth in electricity demand due to predicted increases in population and the increasing number of mining and infrastructure projects being developed in the region. This growth, coupled with the renewable energy resources of the region, presents a unique opportunity to establish the Mid West as a model for both rapid and sustainable development.

As I indicated previously, a strategic infrastructure plan is needed. It is this government's role to put that plan in place and it is time that that happened.

The conclusion to the WorleyParsons statement about the renewable energy target and carbon pollution reduction scheme is quite interesting. It states —

The Federal Government RET, combined with the proposed CPRS, is the main incentive for significant new generation from renewable energy sources on a national basis. The Mid West region of Western Australia is well placed to capitalise on this growth in the renewable energy industry for the following reasons:

- The prevailing high electricity prices in WA, meaning projects located in WA will be more profitable compared to;
- Its proximity to the SWIS provides a ready market for excess power as well as a backup supply for variable renewable energy generators;
- Its favourable development environment, including a proactive council, regional economic growth and numerous projects on the horizon;
- The abundance of renewable energy resources including wind, solar, wave, biomass and geothermal;

Those points were made by Hon Max Trenorden —

- Suitable land for renewable energy development, from environmental, social and technical perspectives, is readily available;
- The region has experience with large scale renewable projects and the skills to develop, build and operate such plant; and
- The region is currently a net electricity importer, with savings to be enjoyed by reducing electrical transmission losses to the area.

WorleyParsons summarises by stating —

The transmission network required to connect these resources to the SWIS is currently at full capacity, preventing further significant development in the Mid West at this time. The transmission system must therefore be augmented to allow for renewable energy developments to proceed in the Mid West. This investment in transmission is ultimately inevitable to service the growing power demands in the region. When coupled with the prevailing government support programs for renewable energy, this would see the Mid West become a model for how to harvest renewable energy to support a growing community.

If that were to be the case, it would no doubt be a win-win for everybody concerned.

In the context of the two bills that we are dealing with, I make the following observations thus far: Geraldton-Greenough is at or near usage capacity. The city has ambitious energy plans, but these are on hold for obvious reasons. Powerline funding was cut from the 2009-10 budget, which was very much a retrograde step. Costs blew out from \$295 million to almost \$700 million in one year. There is no idea when stage 2 will go ahead. Suggestions of 2015 or 2016 are out there in the marketplace, but the City of Geraldton-Greenough will demand something well and truly prior to that date given the supply problems in 2011. Stage 1 is to be completed by 2013. I travelled to China last year and spoke to senior executives at Sinosteel Corporation. They want the projects ready to go tomorrow; they do not want to wait until 2013, let alone 2015, 2016 or beyond. The City of Geraldton-Greenough is poised to deliver much in terms of renewable energy, but this will not happen with current budgetary arrangements. The forthcoming budget may well be the last chance to save a number of these very important resource projects and the businesses that have committed themselves to the Mid West of Western Australia.

I now wish to make reference to a submission to Western Power by the City of Geraldton-Greenough in relation to the Mid West energy project by way of the commitment and full funding over the next three years of the total 330kVA project from Pinjar to Oakajee as opposed to Moonyoonooka or Geraldton. The City of Geraldton-Greenough makes a number of observations regarding stage 2—that is, the northern section that has not been budgeted for at this stage. I will quote from its document. The city states —

While understanding that the current consultation process is only addressing the Stage 1 project, —

Given that this document was released on 4 August 2010, the world has moved on since then —

we feel obliged to highlight concerns regarding the consequent timing impact on Stage 2 of the project, the interim strategies for addressing energy requirements in the Northern section, and the bases for assessments that load growth can be satisfied by 132kV reinforcement until 2015/16.

The next point is an interesting one —

The City is increasingly alarmed by continued perpetuation of a demand assessment that does not reflect increasing adverse symptoms of a capacity-constrained northern section, including instances of load-shedding when one of the 132kV lines trips; nor reflect the rapid progress being made with major regional developments, including Gindalbie and Extension Hill.

On 15 July 2010, at a closed meeting with stakeholders following the public consultation session in Geraldton, Western Power provided some summary information in a handout to participants, including population forecast information, and demand forecasts for four key substations located within greater Geraldton. Forecast demand growth rates for these substations were in the range 0.4 to 0.8 MVA per year.

I apologise for reading this out, because it is obviously within the context of a large report —

For Geraldton-only, a summary graph suggested that with a low growth forecast, existing capacity would be sufficient until 2016–17, while the central and high forecasts both suggest existing capacity would be exceeded by early 2013, with Karara and Extension Hill exports commencing in 2012, then high growth associated with Oakajee Port stage one subsequently and rapidly exceeding available capacity.

The City is concerned that, should commencement of Stage 2 be delayed until the Stage 1 target completion date of March 2013, and assuming that Karara and Extension Hill exports through Port of Geraldton commence beforehand, then supplies to Geraldton will be inadequate, and there may be a protracted delay before that problem is solved. Hence the City is anxious for advice from Western Power on the nature of available interim solutions, and their timing.

That is something that Western Power is unable to give at this stage. It continues —

It is not clear how 132kV reinforcement alone can meet forecast demand beyond early 2013. Presumably this will be supported by Peak demand management methods, and access enabled to the local grid for Peak Generators? These are patently finger-in-dike interim solutions, and there is real danger that the same thinking may lead to an economically sub-optimal incremental approach to bolstering supply over time, with industry and commerce largely left to install their own generation capacity, at high cost and least environmental value, due to inability of Western Power to enhance the network properly to a higher high-forecast need that recognises the real demand growth.

There is much more to this particular document, but I will add a few more comments and then I will return to the substance of my own comments. It continues —

In this context, the City is aware of a number of problems reported by local businesses of either inadequacy or instability of current supplies in areas such as the CBD, Webberton and the Narngulu industrial estate. These problems are exacerbated (from the perspective of local businesses) by need to upgrade transformers to obtain supplies. We —

That is the City of Geraldton–Greenough —

seek urgent advice on Western Power assessments of demand for these key parts of the City. It is also our understanding that, because of capacity constraints, any new block loads requested by businesses in the northern section are only being offered on an interruptible basis, subject to load shedding. Clearly, augmentation of the northern section is already necessary.

This is on the back of a decision made two years ago in the 2009–10 budget to put things on hold. Getting back to the point that I made about strategic planning, that is when it should have happened. Decisions are required now. It continues —

On behalf of the regional business community, it is necessary for the City to highlight the urgent need for investment and the significant loss of potential jobs and industry due to lack of energy supply and security. Recent examples of problems include the following:

I will give a few of the examples as the report mentions a number of them. It goes on —

- The Homemaker Centre in Geraldton is having continual difficulty with Western Power supply.
- McDonalds has concerns over its building timeframe for the Homemaker centre due to problems with power supply.

- Building Education Revolution additions to Geraldton Schools have not been able to be occupied due to the inability or insufficient capacity from Western Power.  
...
- Housing development at Seacrest estate, including the development of the new shopping centre complex could be significantly delayed as Western Power is unable to provide capacity within the desired time frame.  
...
- Previously demonstrated or claimed power availability in industrial areas such as Place/Flores Road has already been allocated, preventing new businesses from accessing power supply.

Those are some examples, for members, of the issues that prevail in Geraldton. This is a town that is poised to take off, and economic commentators in newspapers in recent months have indicated that. However, I put it to members that one would perhaps need to temper that optimism with the knowledge of the particular problems being experienced by businesses in the City of Geraldton–Greenough. The city’s submission to Western Power states —

IGA Northampton is not able to open due to Western Power having insufficient capacity in Northampton. The City notes Western Power plans to utilise STATCOM devices as an interim solution to reinforce supply north to Northampton and Kalbarri. Advice on timing would be appreciated.

To finish the submission, the city comments about the connection to Oakajee. Although I do not necessarily want to talk too much about Oakajee—I do not have the time to do that—Oakajee and the provision of power to that area that is predicated on this stage 2 line are very important. The city stated —

In relation to Stage 2, we note that the original proposals for 330kV lines envisaged connection only to Moonyoonooka. More recent information suggests that Western Power recognises the need to extend the 330kV connection to Oakajee — assuming that that port and rail infrastructure project proceeds. The City regards this as essential for the Port going forward, but more particularly for enabling development of the adjacent industrial estate.

It would thereby provide the jobs, the incomes, the better lifestyles and the capacity to pay for the sorts of things that Hon Max Trenorden was talking about in relation to increased energy tariffs. The city’s submission continued —

Establishment of down-stream processing capabilities associated with the mineral export industry and related support and manufacturing capacity is dependent on 330kV supply to Oakajee. Confirmation of this understanding would be appreciated in due course.

The July 2010 information sheet on the project indicates Western Power intention to conduct a more detailed planning assessment of solutions and timing to meet northern section requirements.

That has not been released as yet. I do not think it has been completed by any stretch of the imagination. The City of Geraldton–Greenough states —

We urge Western Power to commence this assessment and begin consultation with stakeholders sooner rather than later.

Finally, as money is the issue with stage 2 and given the increased total cost from \$295 million to about \$700 million for both stages, members might like to consider that Gindalbie Metals announced on 22 September 2010 that it has awarded a 180 kilometre, 330 kilovolt power transmission line project from Karara to Eneabba to Downer EDI for \$120 million. I repeat that was on 22 September 2010. At Eneabba, the transmission line will connect to Western Power’s south west interconnected system allowing Karara to draw power under its 15-year supply agreement with Verve Energy. At a unit rate of about \$666 000 per kilometre, that is comparable with the original estimate Western Power provided to the previous government when the full Pinjar to Moonyoonooka project was first announced. Those figures are quite compelling and would seem to indicate that the blow-out of something in the order of \$400 million requires that questions be asked, given that the Gindalbie project is basically the same cost as that first promised to the state government a number of years ago for the whole project. I pose the question to members opposite: can Downer EDI be asked to continue and to build the full-length line, given the obvious savings it can deliver to the government? If that is going to happen, to dwell on the comments earlier made by Hon Max Trenorden about costs, that will certainly go a long way to reduce the impact of higher tariffs on domestic consumers and indeed the business world. It will also give the business community some certainty and predictability, and make its ventures and investments worthwhile and more profitable. Therefore, I put the question to members: why do we have to put up with those sorts of inefficiencies? It makes absolutely no sense and I would not mind if someone told me how it did make some sort of sense.

**HON ED DERMER (North Metropolitan)** [9.24 pm]: When we compare the Appropriation (Consolidated Account) Recurrent 2009–10 (Supplementary) Bill 2010 and the very similarly titled Appropriation (Consolidated Account) Capital 2009–10 (Supplementary) Bill 2010, we see that the two bills have a great deal in common. Therefore, I think that the house was very wise in its decision to consider these two bills cognately. Not only are they similarly titled, they are also very similar in their nature. Looking at the bills' cover pages, it is clear that they share a schedule—namely, schedule 1, “Consolidated account for the year ended 30 June 2010”.

It is important to remember the relationship between the various bills that come before the house that deal with government expenditure. Shortly, we will go through the process of receiving the budget papers for the 2011–12 financial year and will be dealing with the appropriation bills—that is, the bills by which Parliament gives the ministers of the Crown permission to spend money to fulfil their various responsibilities. The two bills we are currently debating is the other end of that process. These bills relate to the 2009–10 financial year; therefore, we need to think back to May 2009 when we received the budget papers for that particular financial year, had the opportunity to examine those budget papers and were able, through the estimates hearings, to consult directly with senior public servants of the various agencies to examine exactly how the government intended to spend that money in the 2009–10 financial year. In that way, when we as a Parliament passed the prospective appropriation bills for the 2009–10 budget, in making the decision that we do to give the ministers of the Crown permission to spend taxpayers' money on the provision of services, we could make an informed choice because we had the budget papers before us. We also had the opportunity to use the estimates hearings, parliamentary questions and other devices, to examine the budget as best we could, and as best we were informed by the government of the day how it proposed to spend the money, before we gave the government permission to do so.

Appropriation bills that we consider for a financial year ahead of us, as we will shortly do for the 2011–12 financial year, are naturally prospective, and that is appropriate. It only makes sense that before we agree to give ministers of the Crown permission to spend taxpayers' money that they tell us as the Parliament, as the people's representatives, how they intend to spend that money. Naturally, it is not always possible for a government to predict exactly how it will need to spend the money in any financial year. For that reason, we have the device referred to as the Treasurer's Advance Authorisation Bill. A Treasurer's advance authorisation bill seeks authorisation for expenditure that exceeds the amount appropriated by an appropriation act for that financial year, and expenditure of that kind.

We have the budget papers. We have the appropriation bill for the forthcoming financial year. Where expenditure is required which cannot be foreseen at the time the budget papers are prepared, we have a Treasurer's Advance Authorisation Bill, which gives ministers of the Crown permission to spend money in areas that were not included in the original appropriation bills that were carried prior to the start of the financial year. It is not automatic that we have a Treasurer's Advance Authorisation Bill whenever a government requires to spend any money beyond that which was included in the appropriation bills for that financial year. The requirement for a Treasurer's Advance Authorisation Bill kicks in whenever the total excess expenditure exceeds an amount equal to three per cent of the total amount appropriated for the previous financial year by the appropriation acts. I recommend to members the Financial Management Act 2006, in particular section 27(2), (3) and (4), and section 29(1) and (3) for a very clear explanation of how the trigger works that requires a Treasurer's Advance Authorisation Bill.

On 23 March 2010, the Treasurer's Advance Authorisation Bill 2010 was introduced. What we saw was that about three-quarters of the way through the process of the 2009–10 financial year, the government introduced into this place a bill to give it permission to spend money in areas that had not been foreseen when the original budget papers and appropriation bills were dealt with by the house in the lead-up to the 2009–10 financial year. It is interesting to look at the Treasurer's Advance Authorisation Act 2010. Obviously, it is an act now, but it was a bill at the time we were considering it. When I look at that act, which is a short act, section 3 is the part which clearly explains the purpose of the Treasurer's Advance Authorisation Act 2010. It reads —

- 3. Authorisation of expenditure to make payments in respect of extraordinary or unforeseen matters or to make advances for certain purposes**
  - (1) Expenditure that exceeds the limit specified in the Financial Management Act 2006 section 29(1) is authorised in the financial year ending on 30 June 2010 to make payments or advances in accordance with section 29(3) of that Act.
  - (2) Payments and advances are authorised to be made under subsection (1) that do not in total exceed \$680 762 800.

We can see that the government was seeking permission to spend money to the tune of \$680 million that had not been included in the prospective appropriation bills for the 2009–10 financial year. It was not unprecedented. Treasurer's Advance Authorisation Bills have been mechanisms that I have seen in many of the years of

Parliament that I have served in here, which is now 14 years. What was unprecedented was the amount of money involved in the Treasurer's Advance Authorisation Bill 2010. If I remember correctly, I was told at the time that the amount being sought as extra to that which the Parliament had already agreed the appropriation for set a record. I do not know whether that represents any inadequacy in the Barnett government's planning of its budget for 2009–10. They would argue not, and I imagine would argue that there were more unforeseen circumstances. I was very impressed by the attention that was paid to that bill, the Treasurer's Advance Authorisation Bill 2010 as it was, which is now the act, particularly by my colleague in the North Metropolitan Region, Hon Ken Travers, who led a very detailed examination from this side of the house of that bill. We were surprised by the size of the Treasurer's Advance Authorisation Bill for that year, and we studied it in quite some detail, as I say, very capably led by Hon Ken Travers in that purpose.

The bills we are debating tonight complete the appropriation process. Initially, the budget papers are presented prior to the start of the financial year. Also at that time, the Parliament considers the appropriation to give permission to ministers of the Crown to expend money. Later on, given that there are requirements for expenditure that were not foreseen at the time of the original appropriation bills, the original budget papers, the government has the device of the Treasurer's Advance Authorisation Bill to use when the extra expenditure exceeds three per cent of the preceding financial year's appropriations. Where the bills that we are debating tonight come into play is that they retrospectively appropriate the 2009–10 government expenditures that were not provided for in the prospective appropriations for the 2009–10 financial year that were granted by the Parliament in the lead-up to the beginning of the 2009–10 financial year. In that sense, the bills that we are considering today, retrospectively appropriate the money that has been spent that was within that three per cent constraint or was included in the Treasurer's Advance Authorisation Bill, so it is concluding the process. Ideally, appropriation would occur prospectively rather than retrospectively, but these bills are important because they do provide that retrospective appropriation for the money that was spent that was not provided for in the original appropriation bills prior to the beginning of the financial year.

The titles of bills we are considering are, by their nature, long-winded. They are a bit of a mouthful when one first endeavours to read out the titles. But when members look at the component parts of the title they are very instructive because they explain clearly the purpose—appropriation. Yes, they are both appropriation bills and they are both there for the purpose of the Parliament giving permission for the expenditure of taxpayers' money.

**Hon Simon O'Brien:** It is supplementary appropriation, so it is even more precise.

**Hon ED DERMER:** Hon Simon O'Brien is right. However, it might be best if I start at one end of the title and work through to the other end. The titles of both bills start off with the term "appropriation". They both refer to the "consolidated account", which of course provides a schedule for both bills. They both refer to the financial year 2009–10—one for capital expenditure and one for recurrent expenditure. They are both supplementary in the sense that they are an appropriation for the money it was found needed to be expended and that was authorised either as part of the three per cent tolerance or as part of a Treasurer's advance bill. Reading the titles is instructive.

To date the debate on these bills has been interesting. I think I have learnt valuable information from each member who has contributed to the debate. I found Hon Ken Travers' contribution to the debate to be particularly informative. He has again demonstrated his professional expertise in dealing with financial papers. He applies professional expertise to analysing the consolidated account, which has its place in this debate as a schedule to the bills. When he analyses the account, he does so with a very useful perspective on the finance and the transport portfolios he holds as a shadow minister. I cannot recollect Hon Ken Travers referring to his other shadow ministry portfolio of electoral affairs, but he may have included that. I do not have a total recollection of his very interesting and detailed contribution to the debate. Hon Ken Travers holds as his first priority the constituents of the North Metropolitan Region. Hon Ken Travers and I, along with members elsewhere in the chamber, represent that region. Hon Ken Travers is consistently a strong and forthright advocate for the interests of the people of the North Metropolitan Region. Listening to his contribution yesterday, the obvious sincerity and passion with which he made his point further emphasised the strength of his commitment to the people of the region we represent.

In considering the two bills that are the subject of this cognate debate, we are considering the essential financial relationship between the people, the Parliament and the ministers of the Crown. It is very instructive to consider this relationship in a historical context. My own interest in history is entirely amateur. I am going to do my best to be accurate in relaying the thoughts I have on these matters in this debate. I always remain open to correction from professional historians. I would like to refer to the model Parliament that was established in England in the late thirteenth century. The model Parliament that was called by King Edward I, Edward Longshanks, is often seen as the starting point in the evolution of the Westminster system.

**Hon Simon O'Brien:** An important part of our heritage.

**Hon ED DERMER:** That is absolutely true, Hon Simon O'Brien.

**Hon Simon O'Brien** interjected.

**Hon ED DERMER:** Hon Simon O'Brien, I have a limited amount of time and a lot to cover.

**Hon Simon O'Brien:** You have 43 minutes; you're struggling to get to 9.45 pm. I am trying to help!

**Hon ED DERMER:** Tomorrow, I might be seeking Hon Simon O'Brien's indulgence for an extension, if he keeps interrupting me!

The model Parliament called by Edward I, is often seen as a starting point in the evolution of the Westminster system, but there are many historians who will refer to earlier bodies that were consulting English kings and kings of the component parts of England such as Wessex, Essex, Sussex, Northumbria, East Anglia, and other entities that preceded an English kingdom unified in the tenth century. To understand how the Westminster system evolved and how it relates very much to the financial relationship between the people, the Parliament and the Crown, a good starting point is the model Parliament called by Edward I.

Edward I was a very capable political operator. He knew how to learn from not only his experiences but also the experiences of others. He saw the weaknesses of his father and grandfather's administration. He understood the weaknesses and responded. The biggest legacy from that is the parliamentary system we have which evolved from that model Parliament. How does it relate to these bills? It relates to these bills because it is all about the money; how the money is there in the relationship between the people, the Parliament and the ministers of the Crown.

Edward I was the son and successor of Henry III. Henry III had a very difficult time, being unable to manage the barons. The barons were the local administrators by and large, along with the church leaders, in a feudal kingdom. Henry III had enormous trouble managing the barons, perhaps because he was too gentle a soul. He was into building Westminster Abbey and attending to affairs of the hereafter perhaps more than managing the barons.

**Hon Simon O'Brien:** It is a bit like having union bosses to deal with!

**Hon ED DERMER:** The unions are another very important institution of our society for keeping the peace and maintaining balance. I would be happy to discuss those on another day. I anticipate the need to pick up at this point tomorrow. I look forward to that.

Debate adjourned, pursuant to temporary orders.