

SOUTH FREMANTLE POWER STATION — EXPRESSIONS OF INTEREST

Standing Orders Suspension — Motion

DR D.J. HONEY (Cottesloe — Leader of the Liberal Party) [3.01 pm] — without notice: I move —

That so much of standing orders be suspended as is necessary to enable the following motion to be moved forthwith —

That this house expresses concern over the handling of the proposed sale of the South Fremantle power station, including an unrealistic and uncommercial time frame of eight business days for prospective proponents to submit an expression of interest.

Standing Orders Suspension — Amendment to Motion

On motion by **Mr D.A. Templeman (Leader of the House)**, resolved —

To add to the motion —

, subject to the debate being limited to 10 minutes for government members and 10 minutes for non-government members

Standing Orders Suspension — Motion, as Amended

The SPEAKER: Members, as this is a motion without notice to suspend standing orders, it will need the support of an absolute majority for it to succeed. If I hear a dissentient voice, I will be required to divide the Assembly.

Question put and passed with an absolute majority.

Motion

DR D.J. HONEY (Cottesloe — Leader of the Liberal Party) [3.02 pm]: I move the motion. As the minister pointed out in his answer to the question earlier today, members on this side and I certainly recognise the considerable heritage of that South Fremantle power station site. I drove past that site every day for 20 years of my working career on my way to work, when I was working for Alcoa south of Perth. It is a magnificent site. Members will have seen pictures from inside that site. It has a fantastic stairwell inside. I might say that it has some fantastic graffiti inside as well; we do not know whether that is going to be preserved. Certainly, as a building, it has been languishing for some time.

The opposition has brought on this suspension of standing orders to debate this motion because we have concerns about what appears to be a considerable truncation of this process. It is obviously an urgent matter because the expressions of interest will close by 2 July, which is in a matter of a few days. Once that is done, a proponent will be chosen by Synergy. We believe that completing that entire expressions of interest process within a week will exclude some proponents from making submissions.

The minister said that, in fact, a dozen proponents have already expressed an interest. I am not sure whether the minister means that a dozen proponents have submitted an expression of interest. I imagine that it would require some time for any proponent to submit an expression of interest. I am assuming there is some formality to that process that requires some documentation. But, more particularly, if proponents are going to submit an expression of interest for redeveloping that site—I heard what the minister said about the fact that proponents may have been interested in that site for some time—the reality is that there will be proponents who have not considered that site before and have not considered putting in an expression of interest. Now that someone has come forward, I do not see that this requires any urgency. As the minister pointed out, this site has been sitting idle for 38 years, I think it is. It is difficult to understand why, suddenly, because someone has come forward, we now have to truncate this process into eight business days.

It is an extremely complex site. As the minister well knows, the site has considerable contamination issues. I have here the contaminated site report, which shows that the site has hydrocarbons in the shallow soil and metals such as copper, nickel and zinc present in the groundwater under the site. I would be highly surprised if there were no issues. Given the age of the site, all the transformers operating on that site would have contained PCBs. Every power station site that I know has PCB contamination in the soil and, indeed, in the groundwater under those sites. This is a difficult site in terms of potential groundwater contamination but, of course, the building itself was riddled with asbestos. There was some asbestos removal. It is highly likely there is asbestos in that building as well, and, in any case, the building has been exposed to the environment for some considerable time and is likely to be degraded in parts. I believe that many proponents would require some degree of due diligence before they put in an expression of interest on this location, and, as I say, my concern is that, given the short time that has been allowed for this, those proponents will be excluded from that location. That is a concern, because we want to get the best value for this site.

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We saw what happened with the East Perth power station site. As I understand from the public information that was made available, that site was given to proponents for a dollar. The justification was that it was a highly contaminated site, it needed a substation removed and remediation on the site. I went through the last budget and totalled it up. In that budget, \$65 million of taxpayers' money was committed to that site. Once the site had been given to a proponent, \$65 million was subsequently allocated to it. I understand that \$20 million of that was to remove a substation. We know that there is a substantial substation and switching yard associated with the South Fremantle location and I am assuming that that is going to have to be removed from that site. You are saying not, minister?

Mr W.J. Johnston: No, as I keep saying, this is Synergy selling the site. You're talking about Western Power land. The Western Power land is not included in the deal.

Dr D.J. HONEY: This is all government money, minister. In any form that it takes, this is all government money. It is all money. If Synergy is spending money on that site and if Synergy is going to invest money in that site to enhance its sale, that money will come out of the dividend that is paid to government. Any way you cut that cake —

Mr W.J. Johnston interjected.

Dr D.J. HONEY: The minister can tell me about it later. I am intrigued to hear when the minister speaks. He has 10 minutes; I have two left.

Mr W.J. Johnston interjected.

Point of Order

Ms M.J. DAVIES: I am finding it very difficult to hear.

The DEPUTY SPEAKER: Yes; me, too. Carry on, Leader of the Liberal Party.

Debate Resumed

Dr D.J. HONEY: Thank you very much, Deputy Speaker.

We are concerned that there may be some hidden costs in this deal that will affect taxpayers. We need to know up-front. What we need most of all is transparency. We need to know up-front whether there have been discussions about the government putting in additional money and whether that money is through Synergy or directly from the government, because we saw that with the East Perth power station site. As I said to the minister, any way he cuts the cake, whether part of the deal would be Synergy putting money into that development or not, we need to know. We particularly need to know whether that information is transparent to all the developers.

Also, Synergy has a direct commercial responsibility in this. Synergy, under its own act, has to do what is in the best commercial interests of the state. If it is not doing what is in the best commercial interests of the state, the Minister for Energy has to provide ministerial direction. We have heard here that the minister had discussion, but I assume from what the minister said that he has not given Synergy any direction in this matter. Has the Synergy board done what it needs to do to ensure that this will give the best outcome to the state? My contention is that such a short period of time for expressions of interest may well militate against the state getting the best outcome that it can for this site.

MR R.S. LOVE (Moore — Deputy Leader of the Opposition) [3.10 pm]: It is hard to imagine that a deal has not already been done here. We know that an unsolicited bid was made to government, but because this apparently is an asset held by Synergy, some other form of transaction has had to be entered into by the government to allow this deal to go ahead. I think it would be good for the Minister for Energy to come clean and say who the unsolicited bid was from so that we will know up-front who this has been set up to assist.

This site has sat idle since 1997, which is when I think the first heritage assessment review process began. It is beyond belief that in all that time, it did not make it to the state heritage list but made it to that particular list on 14 June. Therefore, to say that there is not some process at play here, working to a plan and working to an outcome for a particular developer, I think would absolutely be stretching any sort of credible consideration.

I think we can understand why Synergy itself as a board is making this decision rather than government. It is a way of making sure that a party that can be said to be at arm's length from the government is making the decision, when in fact that is not the case. The minister will be, I am sure, integral to the decision of the Synergy board. A decision will not be made that is not in line with government expectations. I wonder whether the Synergy board is actually, as the Leader of the Liberal Party has said, acting with all the due diligence that it should be to ensure that it is getting the very best outcome for this site.

To have only eight days in which to find a buyer for a site of this magnitude is an incredibly short time frame. No credible reason has been put forward for why it is such a short time frame. Why on earth would it be advertised for eight days? Obviously, when people put in an expression of interest, a lot of them are just having a bit of a look to see what is going on. This, to me, seems to be a very half-baked way to sell an asset that has sat idle since 1986,

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I think it was, or thereabouts—a very, very long time. In all that time, it has not been given serious consideration. Why all of a sudden is it being sold in eight days through an obscure process that actually is not very productive for the Western Australian government itself?

MR W.J. JOHNSTON (Cannington — Minister for Energy) [3.12 pm]: I am very pleased to speak on this issue. I am shocked at the lack of understanding of commercial issues demonstrated by the Leader of the Liberal Party. People should actually read what the advert says. It was in yesterday's *The West Australian*; I have it here. It is a request for expressions of interest. It is not a request for a bid. I do not get that. The only people who will be involved in the expressions of interest are sophisticated investors. What does the advert ask people to do? It asks people to provide, firstly, their contact details, including details of their organisation; and, secondly, a capability statement, including their financial capacity and experience in developing sites of heritage value and potential remediation issues. It does not ask for a bid for the site.

Dr D.J. Honey: They don't know what's on the site.

Mr W.J. JOHNSTON: How stupid are the people opposite?

Dr D.J. Honey: That's just insulting.

Mr W.J. JOHNSTON: How stupid is the member for Cottesloe? That is a real question. What the advert asks for is not a bid. It does not even ask people to tell us what they would do with the site. It asks for a capability statement. The one thing that every developer knows is their own capacities. The one thing Synergy does not know is the capacity of the proponents. That is why it is asking for a capability statement. It is not asking for a bid. It is asking for a capability statement. Once it gets the EOIs, it will go and do whatever else it wants to do in terms of selecting a partner. I assume it will have some form of limited option process. I do not know that, because that is up to Synergy. The whole point here is that the government of Western Australia, as in the ministers, is not involved in any step of this process. The proponent made an unsolicited offer. I make it clear. In the other house, there has been a question of the Minister for Finance about a market-led proposal. This is not a market-led proposal. In fact, when I met with the proponents at that Zoom meeting in April, I said that there were two pathways for them. The first pathway is they could deal with Synergy, and Synergy would make its own decision about its own commercial interests and come to a conclusion about that, or they could put in a market-led proposal, which would get a whole-of-government response. For example, there are no undertakings as to road access issues. There are no undertakings as to planning procedures. None of those things has been given by government. This is a straight sale of the property, as is, and where is, subject to the conditions that are imposed on the site.

Do you know what? It is a difficult site. I do not expect that there will be much value available to Synergy from the sale of this site. That is because it has a heritage-listed building that has some level of degradation because it has not been used for 36 years. As the member for Cottesloe points out, there is almost certainly contamination on the site. What is worse for a new developer is there is a switchyard from Western Power immediately to the northern boundary, which separates this site from the South Beach development, and there is no proposal to move the switchyard. All that is being asked is that people make an expression of interest about whether they have the capability to make a bid. People are not being asked to make a bid. They are being asked to express their interest. No wonder sophisticated investors have fallen over themselves to talk to Synergy through its corporate advisers.

That is the problem with Liberal Party members. They always think they know business, but they know diddly squat.

Dr D.J. Honey: Where was it advertised?

Mr W.J. JOHNSTON: It was advertised in *The West Australian*. Didn't you read it?

Dr D.J. Honey: Only *The West*?

Mr W.J. JOHNSTON: Oh, my God! How silly are you! How dopey are you! You must be the dopiest person in this chamber.

Withdrawal of Remark

Mr P.J. RUNDLE: Mr Deputy Speaker, that is inappropriate language.

The DEPUTY SPEAKER: Minister, can you please withdraw that?

Mr W.J. JOHNSTON: I withdraw.

The DEPUTY SPEAKER: Thank you.

Debate Resumed

Mr W.J. JOHNSTON: This process is being run separately from government. It is being run by the management of Synergy. I have made that clear at every step of the way. I told the proponent that it would not be a matter for

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government. I told the proponent and Synergy that they should not refer a decision to me. They should make the decision for themselves, in accordance with their corporate governance processes, and approve it at the board level.

As I explained in my answer before, when Synergy got the unsolicited bid, management dealt with the matter, came to an option and put the option to the board; and, exactly as I said in question time, the board decided it wanted to put it out to an expressions of interest process. The government has had no visibility and does not seek any visibility on any aspect of Synergy's process in this area, because it would not be appropriate for that.

This is what really strikes me about the Liberal opposition and the National Party. They think that this is what ministers do. They think that ministers go out and buddy up to developers and do deals. That is just like what happened in Karratha with the corruption from the National Party in the Pelago development. That was corruption writ large. Remember what happened. There was an apartment building that the proponents owned. The then Liberal–National government rented the apartments in that building and then bought apartments in the second building, which were then empty. So, it was paying rent to the private developer while having empty apartments next door. It was corrupt then—it was corruption writ large!

We have kept government out of it. This is a commercial decision for Synergy. Do members know what is in the interests of Synergy? Getting the maximum price! If it can get more money for this proposal from one bidder over another, it should go for it, because that is what this is about. It is a very difficult site and this is going to be a difficult process for whoever wins it. There will only be sophisticated investors. People have been watching this site. I heard that a former Minister for Energy went on the radio this morning and complained about it. He had four years to do something with this site. Why was he too lazy to do anything about it?

Ms R. Saffioti: Was it Nahan?

Mr W.J. JOHNSTON: It is Mike Nahan. How ridiculous!

The reason this process is underway is that there was an unsolicited bid and the board of Synergy wants to test the market. I congratulate Synergy on that.

MS R. SAFFIOTI (West Swan — Minister for Transport) [3.20 pm]: This is as bizarre a suspension as we can get. Let us go through it. The Minister for Energy announces that the Synergy board has opened up an expression of interest process. The expression of interest has gone out to the market—I do not know why the Liberal Party is so “anti-market” nowadays, but it does not seem to like the market—to test interest in developing this site. That is it! It is about the capability of a developer.

We have heard from the Minister for Energy about the level of interest that has already been shown. No deal has been done. The member for Cottesloe; Leader of the Liberal Party said, “There’s no transparency about the deal.” There is no deal! It is an expression of interest. But now he is debating which newspaper we should advertise it in. I do not know what newspaper people have on the coffee table in The Weld Club, but *The West Australian* is actually widely read and it is on the internet.

We have gone out and asked the market to give us an indication of the level of interest in the development of this site. That is what we have done. But somehow, the member for Cottesloe refers to a deal and a lack of transparency—it is there in the advertisement! I had the opportunity to see this wonderful building as I was on a high rail on the rail line from Fremantle to Forrestfield. I looked at it and actually said, “This is an incredible building.” It is an incredible building that I suspect is costing the state, through Synergy, hundreds of thousands of dollars to maintain each year. Anyone who has seen it will know that something needs to be done, because it is falling apart and has graffiti and so forth. What an incredible position we are in. But now we are arguing over the number of days to submit an expression of interest and what newspaper the ad is in. I am surprised that the member did not have a go at the font of the advertisement! That is the level of stupidity of this motion.

Once again, the Leader of the Liberal Party comes in and argues against the market and against a decision of the Synergy board. The member asked questions about contamination and all these other issues, which we would then deal with further through the process.

Division

Question put and a division taken, the Deputy Speaker casting his vote with the noes, with the following result —

Ayes (5)

Ms M.J. Davies
Dr D.J. Honey

Mr R.S. Love
Ms L. Mettam

Mr P.J. Rundle (*Teller*)

Extract from *Hansard*
[ASSEMBLY — Thursday, 24 June 2021]
p2125d-2129a

Dr David Honey; Mr David Templeman; Speaker; Ms Mia Davies; Deputy Speaker; Mr Shane Love; Mr Bill Johnston; Mr Peter Rundle; Ms Rita Saffioti

Noes (42)

Mr S.N. Aubrey	Ms J.L. Hanns	Ms S.F. McGurk	Mrs J.M.C. Stojkovski
Mr G. Baker	Mr T.J. Healy	Mr S.A. Millman	Dr K. Stratton
Dr A.D. Buti	Mr M. Hughes	Mrs L.M. O'Malley	Mr C.J. Tallentire
Mr J.N. Carey	Mr W.J. Johnston	Mr P. Papalia	Mr D.A. Templeman
Mrs R.M.J. Clarke	Mr H.T. Jones	Mr S.J. Price	Mr P.C. Tinley
Ms C.M. Collins	Mr D.J. Kelly	Mr J.R. Quigley	Ms C.M. Tonkin
Mr R.H. Cook	Ms E.J. Kelsbie	Ms M.M. Quirk	Mr R.R. Whitby
Ms D.G. D'Anna	Ms A.E. Kent	Ms R. Saffioti	Ms S.E. Winton
Mr M.J. Folkard	Dr J. Krishnan	Ms A. Sanderson	Mr D.R. Michael (<i>Teller</i>)
Ms K.E. Giddens	Mr P. Lilburne	Mr D.A.E. Scaife	
Ms M.J. Hammat	Mr M. McGowan	Ms J.J. Shaw	

Pair

Mr V.A. Catania

Ms C.M. Rowe

Question thus negatived.