

ALBANY WAVE ENERGY PROJECT — REFERRAL TO PUBLIC ACCOUNTS COMMITTEE

Standing Orders Suspension — Motion

MR D.T. REDMAN (Warren–Blackwood) [4.21 pm] — without notice: I move —

That so much of the standing orders be suspended so far as to enable debate on the following motion forthwith —

That this house refers to the Public Accounts Committee an inquiry into the Albany wave energy project, including all information government used to award the tender and amend milestone payments, to ensure prudent expenditure of taxpayers' money.

It is my understanding that the Leader of the House has agreed to the terms of a suspension of standing orders, with 10 minutes or so of debate from both sides, so I will let him pursue that.

Standing Orders Suspension — Amendment to Motion

MR D.A. TEMPLEMAN (Mandurah — Leader of the House) [4.22 pm]: I move —

To insert after “forthwith” —

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

Amendment put and passed.

Standing Orders Suspension — Motion, as Amended

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

Question put and passed with an absolute majority.

Motion

MR D.T. REDMAN (Warren–Blackwood) [4.23 pm]: I move the motion. I think it is really clear after the last debate why we have moved this motion. We gave the government the opportunity in that debate to say that it is watching this issue closely and that, as a consequence, it is making good decisions about the use of taxpayer funds. All of the debates we have had so far have centred around the government defending its position. Not once have I heard anything to suggest that the government is having a close look at it. The closest I got to that was when the Treasurer said during the previous debate that the government is on alert. That was it. There has been no other public debate about the issue. What did we just hear? We heard that the research and development tax is the issue. It is actually not the issue. The issue is government decision-making about the taxpayer funds the government is putting into a project irrespective of the source of the funds and irrespective of how the thing plays out because it has been given taxpayer funds. The government looked at the National Party's past and at the Liberal Party's past and that was its defence. It went right back to the time when it was in opposition, going into the last election. Members opposite talked about it being an election commitment. Indeed, the Premier went to great lengths to say that it is a research and development project and that that somehow seems to suppress the status of the issue. I quote from *The West Australian* of Tuesday, 24 January 2017 —

Mr McGowan said he would take \$19.5 million already budgeted for the now shelved Bunbury-to-Albany gas pipeline project and put it into a wave energy project to turn Albany into a “renewable energy city”.

A research and development project does not make a renewable energy city. It is pretty clear what the people of Albany think.

This motion is about referring the project to the Public Accounts Committee, which is the appropriate standing committee to look at issues around decision-making and prudence around spending taxpayer funds. That is absolutely appropriate. Why would the government not do it? I can see that its argument is starting to soften a bit, because it is moving towards having to make a call on it and to rein in its minister. Its argument is starting to soften. It is going to rein in the minister pretty soon. However, a litany of issues sit behind the decisions that the government has made so far, and it is absolutely appropriate for the Public Accounts Committee to have a close look at this project. It is about the prudence of government decision-making, which this government, the Premier in particular and, of course, the Treasurer have railed hard on.

This government has already spent \$2.6 million of taxpayer funds. Interestingly, the Minister for Mines and Petroleum said that the government had no obligation to pay Carnegie Clean Energy anything, but it did give the company \$2.6 million. That is the issue. Everything we look at, including the statement of financial reports and public statements to the ASX, points to there being an issue here—except the government does not seem to be responding to it. The Minister for Mines and Petroleum just said that the government did not need to give the company the money. If the government did not need to give the company the money, it gave the company the

money knowing that there are significant issues around this project. This matter needs to go to the Public Accounts Committee to ensure that there is open scrutiny of what is going on.

What I found interesting in the previous debate—this is another point that has come out—was that the minister gave the company satisfaction that it could make an ASX statement of \$2.6 million. In the middle of that, there is a full statement of financials, including an audit report that says that there is massive material risk with this project. The best the minister can come up with in a public statement is: “I am a bit worried about the CEO resigning.” Then she had a close look at it and said that she would still give the company \$2.6 million and, according to the Minister for Mines and Petroleum, the government did not even need to give the company that. There is enough of a smell about this project for it to go to the Public Accounts Committee to have a closer look at it.

Under the financial assistance agreement, there is a bunch of opportunities to get reports and financial statements. My understanding is that the government did not need to give the company any funds to get those reports; at any time in the process, it can seek and get that information. We cannot see the decision-making process sitting behind this, other than a Treasurer, a Premier and a minister going into defence mode. They are standing on the platform of accountability, but they are not meeting the very standards that they are espousing, and certainly telling the public about, on this issue. It smells. The best way to look at this issue is to send it to the Public Accounts Committee. When are we going to stop drip-feeding a company based on the issues that we are seeing in the public arena and based on a minister who is too passionate about the decision to see it clearly? She is going to continue to spend public funds. That is not right. The Public Accounts Committee is the appropriate committee to have a close look at this.

MR V.A. CATANIA (North West Central) [4.28 pm]: Rolled-gold accountability! This is starting to smell like WA Inc. This project needs to go to the Public Accounts Committee. Whether the one megawatt that will be produced is the best investment possible should be debated. The Minister for Regional Development’s history with this company goes back some years. There is no business case and no financial reporting by this company. The CEO, the chief operating officer and the chief financial officer have resigned. Now we are seeing that the company cannot meet its financial requirement. Even the company’s own audit report said the company is a risk. On 31 October, Carnegie lodged a quarterly report with the ASX that showed that its operating cashflow for the first three months to 30 September was a negative \$5.2 million and that it had \$3.7 million left in the bank. That should be cause for this Parliament to make sure that no more taxpayers’ money is given to this project. All we have heard from the government today is defence of this project. However, the government’s language is changing. The government is now saying, “What did you do when you were in government?” I refer to an article in *The West Australian* of Tuesday, 24 January 2017 titled “Total green power plan for Albany”. In that article, the Premier makes no mention of research and development. The Premier has either hoodwinked the people of Albany and the taxpayers of Western Australia, or the Minister for Regional Development has hoodwinked her own cabinet. We need to find that out. The government needs to be open and accountable. The government needs to be transparent. If the government has nothing to hide, it will send this to the Public Accounts Committee.

Dr A.D. Buti: But you’re on it!

Mr V.A. CATANIA: I sit on it, and so does the member for Armadale. Our role as members of Parliament is to keep the government accountable. The government should send this to the Public Accounts Committee to ensure that we have an open and transparent government. The Labor Party went to the election with a promise that in government, it would be open and accountable. The Labor Party said that it would build a wave farm in Albany. The Labor Party kept mentioning Carnegie. In the lead-up to the election, we saw photos of the Premier in front of Carnegie signs. If the government has nothing to hide, it would send this to the Public Accounts Committee. That is what this is—it is an issue of public accounts. As members of Parliament in this chamber, we need to ensure that we look after the taxpayers of Western Australia. The government has already spent \$2.6 million on this project. The member for Cannington and Minister for Mines and Petroleum waffled on and said that the government can get out of the contract. The government has already spent \$2.6 million. Every alarm bell is ringing about this project. It is like what happened on the *Titanic*. The government can see the iceberg, and it can hear the warnings—ding, ding, ding! Yet it is failing to act. That is the problem. The National Party and the member for Warren–Blackwood have been pursuing this project for the last 18 months. Alarm bells have been ringing ever since this government was elected, and ever since this government said it would be open and accountable, and transparent. If the government has nothing to hide, it would send this project to the Public Accounts Committee to ensure that taxpayers’ funds are being looked after and spent on the right areas. The government should do what it went to the election on and be open and accountable.

The government has already wasted \$2.6 million on this project. I cannot see Carnegie ever producing any wave energy in Albany. This project will go down the same path as we saw during the WA Inc era, when the then Labor government had no accountability and no transparency and did dodgy deals with the mates it had made while in opposition. The Labor Party is now doing the same thing in government.

Extract from Hansard

[ASSEMBLY — Tuesday, 20 November 2018]

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Mr Terry Redman; Mr David Templeman; Mr Vincent Catania; Mr Bill Johnston; Acting Speaker

MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum) [4.33 pm]: I get the joy of responding to this waste-of-time motion. I must say it galls me that the member for North West Central would talk about WA Inc. I remind the member that his father, who is a proud Labor man, was in this Parliament at that time, and he had to suffer the slings and arrows of the outrageous attacks made on him because he was a member of that Labor government. I think you should go and talk to your father tonight, young Vince, and ask him what he thinks —

Withdrawal of Remark

Mr V.A. CATANIA: Madam Acting Speaker, firstly, the minister did not address me as the member for North West Central; and, secondly, what does this have to do with the motion that has been moved?

Several members interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Are we all good? Minister, you should refer to a member by their position.

Mr W.J. JOHNSTON: Excellent, Madam Acting Speaker. I am very happy to refer to the member for North West Central by his title.

The ACTING SPEAKER: Thank you.

Debate Resumed

Mr W.J. JOHNSTON: But he should go home and talk to his father about his speech. It was an absolute disgrace. He has talked about a research and development project in Albany —

Point of Order

Mr V.A. CATANIA: Madam Acting Speaker, the minister is clearly not addressing —

The ACTING SPEAKER: You have already given me that point of order, and I have already made a ruling on it. Thank you, member for North West Central. I am completely capable of chairing.

Debate Resumed

Mr W.J. JOHNSTON: The member comes in here and refers to matters from the time when his own father was in this Parliament as a Labor minister. I cannot believe that is the attitude he takes. That is the response he has. He comes in here and drags up the memory of that time in relation to a research and development program in Albany. He should go home and look at himself in the mirror and ask his father what he thought of his speech. It is an absolute disgrace that that is the attitude of the member for North West Central.

Sometimes we are joyous at the fact that the member for North West Central no longer wants to be a member of the Labor Party. When he comes in here and stoops to that ridiculous commentary, that is when we celebrate that he has ratted and moved to the other side of the chamber.

Mr R.S. Love: That is not relevant. What are you talking about?

Mr W.J. JOHNSTON: Member for Moore, that is the whole point. I do not understand how a research and development project in Albany —

Mr R.S. Love: We don't know what you're talking about. Talk to the motion. What are you talking about?

The ACTING SPEAKER: Enough! The member for North West Central raised the issue. That made it relevant for the minister to respond. I have made that ruling.

Mr W.J. JOHNSTON: The way the member for North West Central behaves is bizarre. As I said, we are glad that he is no longer one of us. Back in the day, he used to come into my office, begging me to make him a Labor member of Parliament. He does not do that anymore, and I am glad. If the member wants to keep carrying on like that, he will make me happier every day.

I remind members that we have already dealt with this issue. On 17 October, only a month ago, we divided, 15 votes to 30, to reject the motion to refer this matter to the Public Accounts Committee. That was, by the way, again a suspension of standing orders motion. The amount of time the National Party has wasted in this Parliament on this issue is ridiculous. It goes to show how clean this government is that the National Party cannot raise a new issue. We have been in government for 18 months, and the National Party is still talking about exactly the same issue.

I refer the member for North West Central to the debate in this place on 20 June 2013, when the then Leader of the Opposition and now Premier referred to the Muja AB power station. That cost the taxpayers of this state \$320 million. That was not a research and development project. It was supposed to be an energy station. In May 2009, the then Liberal government approved that project. It called it a 50–50 joint venture. It said that the private sector would fund the entire project. However, we found out that the private sector paid \$82 000; the government put all the resources into the project; and it loaned the project \$250 million through the ANZ Bank, with a government guarantee that was never reported to the then Treasurer and never included in the *Annual Report on State Finances*. The then government gave nearly half of that money to the people who had given it that

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\$82 000—it gave them \$110 million in exchange for \$82 000. The then government refused to have that matter investigated by a committee of this Parliament.

The opposition has come into this chamber and misquoted what I said about this project. I did not say that the \$2.6 million has been wasted. I said that there is no obligation to make further progress payments on the project if it does not proceed. I do not understand. I still do not get why the National Party does not like research and development. I do not understand why the Liberal Party is so angry with Carnegie. John Howard and Colin Barnett, and everybody in the Liberal hierarchy from around Australia, used to stand at the Carnegie plant at North Fremantle and get their photograph taken so that they could talk about how they are acting on renewable energy. Why is the Liberal Party so angry now? Why is the Liberal Party angry with Carnegie because it is involved in a project to do research and development? I do not get the anger from the Liberal Party about this Western Australian business. Why does it criticise the business leaders who are having a go in Western Australia and are doing innovation? Our mining sector requires innovation and our resources sector requires innovation; our industry in this state needs innovative thinking and that is what Carnegie is about. Maybe the project will not succeed. Let us assume that Carnegie gets finance, can meet its milestones and gets the government payment. The project might not be a success in the end because it is an R&D project and R&D does not guarantee a good outcome. It is an R&D project. I do not understand why the Liberal Party is so angry with Carnegie. Can the Liberal Party please explain to me why it changed from having its members stand there in North Fremantle getting photographed with Carnegie to today being angry with it? Can the National Party explain why it is so opposed to modern thinking and research and development? Why is trying to see whether we can get a better outcome for low-emission electricity a bad idea? Let us get down to the heart of the debate instead of having this faux anger about the past. It is absolutely bizarre. Is this the eighth or ninth occasion that we have had this same debate? How many times do we have to go through this? If I am allowed to use a foreign language, it is *deja vu* all over again! The way this matter has been handled by the Liberal and National opposition is just bizarre. We do not understand why people are so angry about it. Yes, it is a research and development project. It was entered into on the basis that the proponent was going to be able to get a tax concession from the federal government. When Carnegie did the financial analysis that led it to put in the tender for the opportunity from the government, it expected to be able to get the R&D tax concession. It is not unreasonable that the state government considered that Carnegie would be able to get that tax concession, because that was the law of the land at the time. How did we know that the Liberal and National Parties were going to shut down research and development tax concessions? Maybe if the National Party had told us that that was going to happen, we may have made a different decision. That is the whole bizarre issue here. This is a research and development project that required funding from other sources, and one of those sources was the R&D tax concession. It was not part of the government's business arrangements; it was part of Carnegie Wave Energy's business component.

We also had the falsehood that Hon Alannah MacTiernan had an involvement with Carnegie Clean Energy. That is not true. We have been through this before. She was the director of Energy Made Clean. After she left Energy Made Clean, the company, which she no longer worked for, was purchased by Carnegie. The idea that she was ever a director of Carnegie is simply untrue. We have been through this three or four times in the past. As I say, I do not blame the member for Bateman for the fact that the Liberal government borrowed \$250 million in secret from the ANZ Bank after he had quit. I do not blame him for that. How could I? Therefore, I do not understand how the National Party blames Hon Alannah MacTiernan for something that happened at Carnegie after she was not employed by it, given that she was never employed by it anyway. She was employed by EMC. After she left EMC, EMC was bought by Carnegie. If the opposition cannot understand that, no wonder we will never have a proper debate in this chamber. It is just ridiculous to have to waste the chamber's time because the National Party does not understand English and the Liberal Party is angry with Carnegie.

Division

Question put and a division taken, the Acting Speaker (Ms J.M. Freeman) casting her vote with the noes, with the following result —

Ayes (15)

Mr I.C. Blayney
Mr V.A. Catania
Ms M.J. Davies
Mrs L.M. Harvey

Mrs A.K. Hayden
Mr P. Katsambanis
Mr S.K. L'Estrange
Mr R.S. Love

Mr W.R. Marmion
Dr M.D. Nahan
Mr D.C. Nalder
Mr K. O'Donnell

Mr D.T. Redman
Mr P.J. Rundle
Mr A. Krsticevic (*Teller*)

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Mr Terry Redman; Mr David Templeman; Mr Vincent Catania; Mr Bill Johnston; Acting Speaker

Noes (35)

Ms L.L. Baker
Dr A.D. Buti
Mr J.N. Carey
Mrs R.M.J. Clarke
Mr R.H. Cook
Mr M.J. Folkard
Ms J.M. Freeman
Ms E. Hamilton
Mr T.J. Healy

Mr M. Hughes
Mr W.J. Johnston
Mr D.J. Kelly
Mr F.M. Logan
Mr M. McGowan
Mr K.J.J. Michel
Mr S.A. Millman
Mr Y. Mubarakai
Mr M.P. Murray

Mrs L.M. O'Malley
Mr S.J. Price
Mr D.T. Punch
Mr J.R. Quigley
Ms M.M. Quirk
Mrs M.H. Roberts
Ms R. Saffioti
Ms A. Sanderson
Ms J.J. Shaw

Mrs J.M.C. Stojkovski
Mr C.J. Tallentire
Mr D.A. Templeman
Mr P.C. Tinley
Mr R.R. Whitby
Ms S.E. Winton
Mr B.S. Wyatt
Mr D.R. Michael (*Teller*)

Pairs

Ms L. Mettam
Dr D.J. Honey
Mr Z.R.F. Kirkup
Mr J.E. McGrath

Ms S.F. McGurk
Ms J. Farrer
Ms C.M. Rowe
Mr P. Papalia

Question thus negatived.