

Mr Bill Johnston; Mr Colin Barnett; Ms Margaret Quirk; Mr Murray Cowper; Mr Mark McGowan; Mr Ben Wyatt; Dr Mike Nahan; Mr Ian Blayney

Division 7: State Development, \$76 769 000 —

Ms A.R. Mitchell, Chairman.

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

Mr S. Wood, Director General.

Ms G. McGowan, Deputy Director General.

Mr G.M. Nunis, Deputy Director General.

Mr S. Melville, Acting Director, Corporate Services.

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

[Witnesses introduced.]

The CHAIRMAN: I give the call to the member for Cannington.

Mr W.J. JOHNSTON: This is a nice technical one that will be nice and easy for the minister to start with. I refer to the 2012–13 budget target figure of 182 full-time employees in the table on page 118. Can the minister please provide a breakdown of these full-time equivalents by public service level, division and geographic location?

Mr C.J. BARNETT: I am not inclined to do that. I think that is a very odd question.

Ms M.M. QUIRK: Why not?

Mr C.J. BARNETT: A breakdown by division?

Mr W.J. JOHNSTON: The department is arranged into internal units and it is important for us to know —

Mr C.J. BARNETT: Madam Chair, I will agree to provide a breakdown of the number of staff by different level in the public sector.

Mr M. McGOWAN: And their location.

Mr W.J. JOHNSTON: Yes, and location because some of them are overseas. It is not a particularly —

Mr C.J. BARNETT: It is for the member to ask. I have said what I will provide as a breakdown.

Mr W.J. JOHNSTON: I am sorry, what is being agreed?

Mr C.J. BARNETT: I will provide a breakdown of the departmental staff by level; and if the member wants to ask a separate question on overseas staffing, we can probably answer it.

[*Supplementary Information No A10.*]

Mr W.J. JOHNSTON: What is the breakdown of full-time equivalents by division in the department?

Mr C.J. BARNETT: Specifically which divisions?

Mr W.J. JOHNSTON: All of them; a breakdown of the 182 full-time equivalents by divisions.

Mr C.J. BARNETT: I would like some explanation as to why that information is sought. I do not see it as —

Mr W.J. JOHNSTON: It is a standard question.

Mr C.J. BARNETT: It may be a standard question to the member, but it is not to me.

Mr W.J. JOHNSTON: Sadly, that is not the issue. The issue is that it is very easy for the department to provide; it knows the information. It has to know the information, otherwise it would not be able to operate. It is not a particularly unreasonable thing for people to know what the resource allocation is.

Mr C.J. BARNETT: It is reasonable for the member to ask the minister and explain why he wants it. If it can be provided, I will attempt to provide it, but I am not going to instruct the department to jump through hoops. If it is readily available and can be easily provided, it will be provided.

The CHAIRMAN: Can I seek clarification on what is being provided?

Mr C.J. BARNETT: If information on the division of staffing by different divisions of the department is readily available, as I suppose it should be, it will be provided.

[*Supplementary Information No A11.*]

Mr W.J. JOHNSTON: There is only one other aspect of that.

The CHAIRMAN: Is the member for Cannington asking a further question?

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Mr W.J. JOHNSTON: On this same topic, yes, Madam Chair.

Mr C.J. BARNETT: Even though that information is going to be provided to you?

Mr W.J. JOHNSTON: That refers to two out of the three things I have asked. All I now need is the geographic location.

Mr C.J. BARNETT: Is the member asking —

Mr W.J. JOHNSTON: I cannot believe that it is a problem, given that the minister knows where his staff are.

Mr C.J. BARNETT: Excuse me; it is not up to the member to argue in here. Is the member asking for numbers of people in overseas posts administered by the Department of State Development, which is not all of them, because the Agent General position is through the Department of the Premier and Cabinet? Is that what the member is asking for?

Mr W.J. JOHNSTON: I am referring to page 118 of budget paper No 2, which states that there are 182 full-time equivalents.

[4.30 pm]

Mr C.J. BARNETT: They are all somewhere on the planet.

Mr W.J. JOHNSTON: That is right. I cannot believe that we are arguing about such an easy request.

Mr C.J. BARNETT: I cannot believe the member cannot ask the question. Is he asking for the number of staff, whether they be Australian or residents and citizens of other countries, who are employed in the offices of the state overseas? If the member wants that, we can provide that. Is that what the member wants?

Mr W.J. JOHNSTON: Sadly, Premier, I did not write the budget; I only read it. It states on page 118 that there are 182 full-time equivalents. All I am asking—it is not a very complex question and I cannot understand why it has caused such a reaction—is for the geographical location of those 182 people.

Mr C.J. BARNETT: The department has staff in Perth. It does not have staff located permanently anywhere else in Western Australia, but it employs staff in international offices.

Mr W.J. JOHNSTON: There we go.

Mr C.J. BARNETT: Yes, but not all, because the Agent General is employed through the department —

Mr W.J. JOHNSTON: Then they will not be part of the 182. Even I can work that out.

Mr C.J. BARNETT: Why does the member not simply ask the question?

Mr W.J. JOHNSTON: I have. I have asked a very specific question.

Mr C.J. BARNETT: I am seeking clarification, which is my entitlement. Does the member want to know the staffing in each of the overseas offices where those staff are appointed through the Department of State Development? Is that the question?

Mr W.J. JOHNSTON: That would be included in the answer to the question—yes.

Mr C.J. BARNETT: There are no other staff. If that is what is required, I will give the member a breakdown of the staffing in each of the overseas offices and where they are employed, whether they are permanent or on contract, by the Department of State Development.

Mr W.J. JOHNSTON: Unbelievable!

Mr C.J. BARNETT: If the member cannot articulate a question, he is not going to get very far.

The CHAIRMAN: Members, I am trying to finalise the last question that was asked as supplementary information.

Mr W.J. JOHNSTON: Perhaps I will ask in a different language next time; that may make it easier!

The CHAIRMAN: Member, I would like you to get your supplementary information. I would like you to give me an opportunity to state that it will be supplementary information A12 so that it is recorded in *Hansard*.

[*Supplementary Information No A12.*]

Mr M.J. COWPER: I refer to the subheading “Industry Development and Investment Facilitation” on page 117. The second dot point reads —

facilitating industry infrastructure, State initiated development and major projects;

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How is the Department of State Development facilitating plans for Investec Bank to develop the 100-megawatt solar farm at Coolgardie? What does the Department of State Development see as a major impediment to this development? Does the Premier have any idea when a decision may be made, following the proposal to have a short-term lease on the Mungari industrial park in Coolgardie?

Mr C.J. BARNETT: The Mungari industrial park between Southern Cross and Kalgoorlie was established many years ago as an industrial site for, hopefully, further processing of minerals within the goldfields region. It is a good location and is well served by infrastructure and, coincidentally, well served by communications cables that crisscross that area. At this point, the industrial estate is vacant. No investment has been made. My view—the department may disagree—is that there is more likely to be investment in value-adding or manufacturing adjacent to, or even on, mining leases. An approach has been made to the government by a group that wants to create a data storage facility and a solar generation park, mainly to run the data storage, because it will provide security for not only Australian, but also maybe for international companies and their data systems. It obviously needs to be temperature controlled, hence the solar energy. It is not the sort of industrial use that would have been anticipated for an industrial site; more a commercial or university sort of precinct would have been the sort of location I would have imagined. The department, understandably, is keen to protect the industrial potential of this site because heavy industry would be incompatible, I would think, with data storage and a solar power plant. I have asked the department to reconsider that and to give this proponent at least an opportunity to see whether it can finance and get its project up. Those negotiations are going on. Whether it is a viable, realistic project, I do not know. It is not up to me to judge. We are having discussions with the proponent. I am keen that it at least be given an opportunity to try to get its project up. There are a lot of unknowns in this.

Mr M. McGOWAN: I refer to the sixth dot point on page 116 that begins with the words, “The Department continues to undertake research and analysis”. Has the department undertaken any research or analysis or contracted any research or analysis in relation to transporting water from the Kimberley; if so, has the minister issued any contracts; has the minister undertaken any research and what was the cost of that?

Mr C.J. BARNETT: No; I do not believe the Department of State Development has done that specifically, but the department is involved in various water projects, particularly in the Pilbara. The Bungaroo project, which will bring water from the dewatering of Rio Tinto mine into Millstream and then into Karratha, will basically solve Karratha’s water problems for a number of years. Some investigation work is going into bringing water into Port Hedland from the southern Canning Basin. The department is obviously interested in that, but it is primarily a water project. The department is also involved with water supply into Onslow. For major resource projects, and where there are town expansions, yes, the department is involved. Its prime role is dealing directly with the major resource companies under the state agreements.

Mr M. McGOWAN: If so, what was the contract for BG&E consultancy for \$4.5 million that was issued by the Department of State Development for infrastructure and technical advice? In any way was it required to deal with the idea of transporting water from the Kimberley via a canal, pipeline or some such?

Mr C.J. BARNETT: If the member is referring to the canal project or water, the department has done no work, other than, to my knowledge, the work on the southern Canning Basin.

Mr M. McGOWAN: What is the BG&E contract for \$4.5 million?

Mr C.J. BARNETT: Yes; the director general can comment on what that contract is about. I do not have the details.

Mr S. Wood: I am trying to recall. There was a recent question about contracting, but I cannot recall the details of the \$4.5 million on BG&E.

Mr M. McGOWAN: BG&E is in a question answered by the Premier recently on provision of technical and infrastructure advice to the Department of State Development. If he cannot recall, maybe the Premier can provide it by way of supplementary information.

Mr C.J. BARNETT: I think the member has to substantiate what he is talking about.

Mr M. McGOWAN: Okay. I have a question here that the Premier answered, with his signature on it, on 21 March 2012, in which the Department of State Development advises that a range of contracts have been issued. The first one on the list was for \$4.5 million to BG&E engineering for consultancy services for technical infrastructure development advice. I am asking what that \$4.5 million of state money is for. It was for the Department of State Development. The Premier answered two questions on it, I might add—another one on 22 May, which, as I recall, was last week.

Mr C.J. BARNETT: I will ask the director general to comment.

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Mr S. Wood: Sorry; I need to check the details of whether it is reference to being on a panel, and we can take services from the panel, or whether a contract has been let to that consultancy. I remember the question being addressed recently, but I do not recall BG&E having a \$4.5 million contract for consultancy services.

Mr M. McGOWAN: The director general might be accurate. The reply states in part —

BG&E is one of a number of firms on a panel contract to provide consulting advice to the Department of State Development.

I suppose my question is: has it received any of those contracts by undertaking any consultancy work; and, if so, what about?

Mr C.J. BARNETT: I think, seeing that the director general cannot recall details of that contract, it is pretty safe to assume there is no contract.

Mr B.S. WYATT: Surely he can provide supplementary information.

Mr C.J. BARNETT: I am simply saying that to the best of my knowledge, there is no contract. If I am wrong, I will correct that at a later stage.

Mr B.S. WYATT: I refer to major spending changes on page 115 and the line item, “Royalties for Regions—Ord East—Kimberley Expansion Project—Reassessment of Timing and Costs Associated with Transfer of Assets”, which indicates a saving of nearly \$30 million and \$156 million expenditure. Can the Premier provide information on exactly what that is for in the 2012–13 year?

Mr C.J. BARNETT: Cabinet allocated additional money to the Ord stage 2 project. As the member knows, that is a jointly funded project, with the state funding the economic infrastructure, essentially, and the commonwealth funding social infrastructure such as housing, education and the like. The tenders are now out for the purchase of land and the process is underway. In terms of the financial question the member asked, I will ask someone from the department to answer it.

[4.40 pm]

Ms G. McGowan: An additional amount of \$91 million was approved through royalties for regions funding. Approximately \$40 million was a result of delays in obtaining commonwealth environmental approvals and a particularly heavy wet season during 2010–11. A decision was taken to extend the construction over two seasons to maximise the Indigenous employment from the project. That accounted for about \$40 million. There was an additional cost of \$47 million for design changes around the accommodation of future expansions to Knox Plain and other areas. That was effectively around \$30 million to build the new M2 channel to accommodate additional expansions; \$2 million in due diligence investigation for the planned growth areas; \$10 million increasing the capacity of the workers’ accommodation area; \$4 million to widen the M1 channel to support the development; and \$1 million for the maintenance of assets prior to handover. There was also an estimated \$4 million to meet the environmental conditions under the commonwealth Environment Protection and Biodiversity Conservation Act, and an additional \$6.6 million for Indigenous employment-related targets that were part of a contract to be established between LandCorp and the Miriuwung Gajerrong Corporation up there.

Mr B.S. WYATT: What has generated that saving of \$28.9 million? Something has been delayed and, by the looks of things, it relates to the reassessment of timing and costs associated with the transfer of assets, according to page 115 of the budget paper.

Mr C.J. BARNETT: I think one of the factors was that the construction period extended over another dry season because of climatic conditions, and I imagine that is probably cause and adjustment. Whereas the funding for this comes through State Development, the operational part of it lies with Regional Development and Lands. I do not know whether Ms McGowan can add anything to that.

Ms G. McGowan: No. It was very much the extension and transferring of some of those moneys into LandCorp and to the Department of Regional Development and Lands for the cost, but it was mainly the extension. Although the extension of construction time led to some escalation in costs, it also meant it was positioned into other years.

Mr B.S. WYATT: What was the total cost of the project to the state, not the commonwealth?

Ms G. McGowan: For the state, it is \$311 million in total.

Mr M. McGOWAN: The state’s cost is \$311 million. What is the value of the land that has been developed as a consequence of that?

Mr C.J. BARNETT: We do not know that because the land is for sale at the moment. The state will not recover the full expenditure on this, and nor will the commonwealth, but this is fundamental to developing a horticultural industry and an agricultural industry in the north of the state. Although the initial parcels of land are basically

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double the size of the irrigation area, the investment that has gone into the infrastructure opens the scope for further extensions of the scheme, including into the Northern Territory. We will not recover that money from the initial sale of land.

Mr M. McGOWAN: What is the Premier's expectation of the value of the land?

Mr C.J. BARNETT: I do not know. As if I would float an expectation when people are bidding for the land! That would be pretty dumb.

Mr M. McGOWAN: When does this process conclude?

Mr C.J. BARNETT: It is underway now.

Mr M. McGOWAN: When does it conclude?

Mr C.J. BARNETT: It will still take some time.

Mr M. McGOWAN: When does it conclude?

Mr C.J. BARNETT: I do not know when it will conclude. Some of the bids are noncomplying bids. There will be negotiations taking place. This is not like selling residential lots in City Beach. There are a lot of complicated factors. It relates to land, water entitlements, expansion potential and the like. This is not a simple process. After stage 1 of the project was completed in 1972, Bill McMahon opened the project and said that stage 2 would follow immediately—here we are 40 years later and stage 2 has finally been put in place by this government!

Mr B.S. WYATT: Does the Premier expect that process to be finished by the end of this year?

Mr C.J. BARNETT: I would certainly expect so, yes.

Dr M.D. NAHAN: What are the people looking at purchasing land interested in growing? Are they looking at large-scale cropping exercises or the continuation of the types of things being grown now?

Mr C.J. BARNETT: Ms McGowan might correct me, but there is certainly one super lot that is most likely to end in sugar production—it could be something else, but it is expected to be sugar—as it has the scale to support a sugar refinery. There are around 17 or so smaller lots that will be similar to the current horticultural lots on the Ord River. There is scope for large-scale sugar production and also further expansion in the existing style of production—melons, seeds and all sorts of things.

Mr M.J. COWPER: The Premier mentioned the refinery. They shut one down there and pulled it apart. Is there any interest in building another one?

Mr C.J. BARNETT: It will depend on who buys the super lot. We certainly need a capacity to have sugar.

Mr M.J. COWPER: It was running at only about a third of its capacity and that is why it shut down.

Mr M. McGOWAN: If the super lot, as the Premier put it, goes to sugar, what will they do with it if there is no sugar refinery?

Mr C.J. BARNETT: I imagine there would be a sugar refinery if large amounts of sugar are produced. They are not going to export sugar cane; they will turn it into a marketable product, a commodity, which is refined sugar.

Mr M. McGOWAN: Wait and see!

Mr C.J. BARNETT: Does the Leader of the Opposition not believe in that project either? That is pessimistic.

Dr M.D. NAHAN: I refer to the major spending changes listed on page 115, including a range of major commitments to the Onslow critical infrastructure package. Could the Premier describe the aim of that package, where the funding will come from and how it will affect the Onslow area?

Mr C.J. BARNETT: Onslow is going through a very exciting time. It is a small town of fewer than 1 000 people, and it will probably have over 2 000 people before too long. Worker accommodation is currently being built for the Wheatstone project near the site. They will be engaged in reasonably serious construction activity well before the end of this year—they are onsite. There will be a state agreement around this project, part of which includes a social benefits package for the local community. It is the first time that has been so clearly incorporated into a major project. Some of it is of an economic nature—airport, water supply, power supply and some social components. I will ask the director general or whomever he nominates to comment on that. Most of the funding for that comes from Chevron, and also \$10 million from the royalties for regions fund. The state government has got involved directly in this project up-front with the company in insisting on both economic and social infrastructure. Perhaps the director general could detail some components of that.

Mr S. Wood: The largest part of the moneys seen on page 115 is effectively part of the negotiations put into a community development package. What comes out of the community development package will be a matter for

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discussion with the shire, Chevron and government in terms of scoping what is required in the town. Separate to that, as part of the overall negotiations, as the Premier has indicated, is money for water, power, the airport, health and other issues.

Dr M.D. NAHAN: Does it include housing for workers on a long-term basis?

Mr S. Wood: As part of the package, there is some housing for the government service component. There is some government employee housing to be had out of that arrangement.

Mr C.J. BARNETT: About a quarter of the workforce will be permanently located with Chevron.

Mr S. Wood: The figure is 100.

Mr C.J. BARNETT: So 100 people will be permanently located and the remainder will be fly in, fly out. It will have a significant impact on Onslow. One of the biggest issues right up-front is water supply. That is the urgent need.

Mr W.J. JOHNSTON: How was the Chevron contribution calculated? Is there now a written policy for corporate contributions to government?

Mr C.J. BARNETT: Each state agreement is a progression in the history of state agreements. For the first time to any real extent there was negotiation between the government and Chevron, and obviously the local government has had a say in that. I have to say well done to the department and to Chevron. We have negotiated this package of local infrastructure and local community benefits. That will basically be included somehow through an appendix into the agreement act. It lays down everyone's commitment, but there is no formula as such. It is a matter of negotiating what is needed in any particular area where a major resource project goes.

[4.50 pm]

Mr W.J. JOHNSTON: I refer to the eighth dot point on page 116, which refers to the department facilitating key state initiatives et cetera. On how many occasions has the department met with the North West Shelf joint venture regarding providing domestic gas supply beyond current contracts, as recommended by recommendation 5 of the sixth report of the Economics and Industry Standing Committee? Has the joint venture provided any commitments to ongoing domestic gas supply? What is the expected time line for the completion of these discussions?

Mr C.J. BARNETT: I do not know how often the department has had that discussion. Government and the department are extremely close to the North West Shelf joint venture on all issues; we hope it finds a bit more gas in the Carnarvon basin—that would be a good thing. I would expect there will be some sort of rollover of that domestic contract, probably at a higher price, and that would be the major issue. But that is a matter for the department; it is also a matter, more directly, for the utilities—obviously Verve and Alinta as buyers of gas. They are commercial arrangements. Bear in mind that in 1995 the North West Shelf contract was disaggregated, which completely changed the commercial environment.

Mr W.J. JOHNSTON: I wish to clarify the answer. In respect of that committee recommendation, how many times have there been discussions?

Mr C.J. BARNETT: I am not going to divulge how many times a department meets with a major proponent of industry in this state. If the member has a specific question about a policy matter, I am happy to answer that, but I am not going to entertain commentaries about who met whom and who talked to whom. There is a continuous dialogue with the North West Shelf joint venture; I meet with its representatives on a regular basis, and have done so for the past 20 years.

Mr W.J. JOHNSTON: Do we have a time line for an expected conclusion of a renewal of the state agreement as recommended by the committee?

Mr C.J. BARNETT: The committee does not run the agreement of the state.

Mr W.J. JOHNSTON: Of course; that is why I am asking the Premier.

Mr C.J. BARNETT: The state has its energy utilities, bearing in mind that there are other major customers of the North West Shelf such as Alcoa; it is a commercial arrangement—and, yes, we would expect to roll them over.

Mr W.J. JOHNSTON: Has the department modelled the effect of the withdrawal of the joint venture's domestic gas supply on Western Australian industry as those legacy contracts roll off?

Mr C.J. BARNETT: I do not in any sense expect the North West Shelf to no longer supply domestic gas.

Mr W.J. JOHNSTON: So is that a yes or a no?

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Mr M.J. COWPER: I refer to the seventh dot point on page 116 of the *Budget Statements* that relates to the recently established Western Australian government Trade and Investment Office in Singapore. Although it is early days, I wonder whether there has been any significant interest as a result of the establishment of that office, and what is the planned focus of that office?

Mr C.J. BARNETT: The member for Riverton could probably provide a better answer than I could!

Mr M.J. COWPER: He wrote it!

Mr C.J. BARNETT: Yes, earlier this year, we established and opened a Singapore Trade and Investment Office for Western Australia. That is important for Singapore, and it is also seen as a major, I guess, office within the South-East Asia area. Mr John Osborn is setting it up. At the opening, which I attended, we also had the Director General of the Department of State Development, the Public Sector Commissioner, the Director General of the Department of Sport and Recreation, and the Director General of the Department of Culture and the Arts present, along with the member for Riverton. At that opening, meetings were held with the responsible industry minister and also with the Prime Minister of Singapore. The approach that Western Australia is taking is to progressively develop what I would call a special relationship with Singapore across a whole range of areas. Probably the first and most tangible link will be through investment in the resources industry, and discussions are taking place about an investment fund perhaps being established and listed on the Singapore stock exchange to engage in resource investment and risk-resource investment in this state, or indeed anywhere else in Australia. I also recently read a report about some sporting and arts links that are already underway. Recently, people from the Perth Fashion Festival and the Department of Culture and the Arts attended the Singapore fashion festival, and I think that will be a reciprocal relationship. Therefore, it is going to build; it will have a business component, obviously, and maybe that is the easiest part to build up. There is already a very strong relationship, as the member knows. Perth has the largest Singaporean population outside Singapore, so there are lots of connections socially and through education, health and business, but we want to build on that. I think it is more important to Western Australia than maybe it is to Singapore; nevertheless, we will continue, and I think we will get that special relationship in place. I encourage members of Parliament from both sides to take time to visit Singapore and to build links there; if they wish to do so, through the Department of State Development and the office there, we would be pleased to facilitate that process. It is a good idea.

Mr W.J. JOHNSTON: In order to open the office in Singapore, the office in Kuala Lumpur was closed. Has the Malaysian government made any representations, either formal or informal, regarding the state government's decision to close the Trade and Investment Office in KL? Has any business, either Australian or Malaysian, made any representations, either formal or informal, regarding the government's decision to close the Trade and Investment Office in KL?

Mr C.J. BARNETT: The prime funding for the Singapore office actually came from a decision this government made to close the office in the United States. That money has been used—I think it was \$550 000 or thereabouts—for the budget of the Singapore office. As part of that, yes, we closed the representation in Malaysia or we are in the process of doing it. I think Mr Giles Nunis is going up there to conclude the arrangements. There has been correspondence with the responsible minister in Malaysia; they understand and accept our decision, so there has been no difficulty with that. Indeed, much business in Malaysia is done, as the member knows, out of Singapore in any case. They would have been two very close offices. I think it is more appropriate for the state to have the office in Singapore rather than Malaysia. That is not an adverse reflection on Malaysia; it was just simply that they were very close together.

Mr M. McGOWAN: My question relates to the eighth dot point on page 116 in respect of the Browse LNG precinct. What is the requirement of that precinct to provide gas into the domestic market, as is currently a requirement under regulations put in place in 2006? Will there be a 15 per cent obligation for domestic gas? Has the Premier discussed with the project proponents alleviating them of the 15 per cent domestic gas requirement?

Mr C.J. BARNETT: Yes, there will be a requirement on Browse for domestic gas. It would be based around the 15 per cent principle. We have to also think where the immediate demand for natural gas in the Kimberley is; it is not there. It would require a pipeline connection to Port Hedland to integrate into the distribution. Like any major project, there are different issues to look at. There may be issues about the timing of that. That obligation may not cut in immediately; it might be one of the negotiating points. The Leader of the Opposition said domestic gas requirements were required from 2006; I acknowledge that past Premier Alan Carpenter did a good job on that, but I also want to place on the public record that there have always been domestic gas regulations. The North West Shelf had one from day one when it first produced in 1984. The obligations on domestic gas date back to the 1980s.

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Mr M. McGOWAN: Is it the Premier's expectation that there will be a pipeline from James Price Point to Port Hedland?

Mr C.J. BARNETT: Otherwise the domestic gas cannot be used—other than a small amount being used for power generation in Broome itself.

Mr M. McGOWAN: Is it an ironclad guarantee that that will be in place?

Mr C.J. BARNETT: No, I did not say that; I said that to have an effective domestic gas application we have to be able to physically move the gas, and, apart from a small usage in Broome, it would require a pipeline to Port Hedland to integrate into the pipeline system leading to the south west.

Mr M. McGOWAN: The Premier misunderstood my question. That is a requirement of the arrangement, to allow the joint venture partners —

Mr C.J. BARNETT: No, we have not done that, and we have not concluded the negotiations because at this stage we do not yet have a committed project for the Browse LNG precinct.

Mr M. McGOWAN: But is that the Premier's expectation of what will be a requirement?

Mr C.J. BARNETT: Obviously, if domestic gas is there, it will not be hard to find someone to build a pipeline to run the gas down to Port Hedland.

Mr M. McGOWAN: I suppose the reason I asked this question is that it has been speculated that there are other ways of doing it, one of which is to allow for additional gas to come out of other projects to offset not building a pipeline from James Price Point to Port Hedland—options of that nature. Is the Premier ruling those out?

Mr C.J. BARNETT: I do not rule anything in or out, but to get the value of what is a significant amount of domestic gas would require a pipeline to be built at some stage.

[5.00 pm]

Mr M. McGOWAN: Further on the Browse precinct issue, I asked the Premier in an earlier division of the estimates hearings about what has been expended or what will be expended in relation to whether the James Price Point LNG project is actually constructed. Is the Premier able to provide any more information in this division and with this agency about the total cost to the state, and the state's obligation, irrespective of whether it is built? If it is not to be built, what will be the state's spend?

Mr C.J. BARNETT: If the project is not built, the benefits package totalling \$1.5 billion will not apply. A lot of misinformation has been put around the Kimberley that it does not matter where the gas goes; it will still get the benefits. That is not true. There will be no compensation or benefits package. The state has committed about \$250 million towards that. Interestingly enough, the commonwealth government, the big beneficiary, is yet to commit a dollar. It has not committed one dollar towards it, yet through the petroleum resource rent tax, company taxes, income taxes from employees and the like, it will be the big beneficiary. We might be able to give some information on how much has been expended so far, but obviously that money has gone; it has been spent. The state will not abrogate its responsibility for health, education, employment, training and the like; we will do that to the greatest of our ability, but this project allows, in addition to whatever the state or commonwealth government might do, an additional \$1.5 billion over the first 30 years of the project to be spent in that area. I think that would be of enormous benefit to the local community, particularly Aboriginal people, and would be a very significant act of self-determination and economic independence. I will ask Ms Gail McGowan if she can provide any update on what has been spent so far on the project.

Ms G. McGowan: There are two components to date; from 2009–10 through to the current state in 2011–12, total expenditure has been \$40.4 million, of which we have had reimbursement from Woodside of some \$16 million, so net expenditure has been \$24 529 076 to date. I will qualify that by saying some further funding was provided by the previous government that is not included in those figures. That has been primarily on funding the Kimberley Land Council through negotiations on strategic environmental and other studies, and the administration costs. In terms of the agreement that was entered into with the KLC on behalf of the Goolarabooloo–Jabirr Jabirr native title claimants, upon execution of that agreement of June 2011, \$5 million was paid for the Goolarabooloo–Jabirr Jabirr body corporate establishment and operation and a block of land in the Blue Haze estate was provided to build the Goolarabooloo–Jabirr Jabirr body corporate office, and an estimated \$2.1 million was spent on a Broome housing and land package. There are two further stages relating to securing land for the precinct; a further \$30 million of state benefits will become due and then, upon securing a foundation proponent, 2 900 hectares of land in a form of tenure that is to be chosen will become part of a land swap deal. That is from the state as part of the native title claim. There are also other state government benefits, on securing a foundation proponent, that relate to funding for the regional traditional owner body; a regional

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economic development fund; a regional Indigenous housing fund; a regional education fund; a cultural preservation fund; the Kimberley enhancement scheme; jointly managed conservation reserves; additional land for traditional owners outside the immediate precinct area; and land reform. In addition to that, there are proponent benefits.

In total, the state benefits amount to some \$256 million plus the land swap. Proponent benefits come to well over \$1 billion, but most of it becomes payable on securing a foundation proponent. We have just completed the notice of satisfaction for the administrative body that is being set up, so the \$5 million of body corporate expenses is due and payable. I think about \$1.5 million has been paid out so far, and we will now move on the block of land and the housing and land package, but that is the total of the benefits payable at this stage, until we secure a foundation proponent.

Mr M. McGOWAN: Sorry; I did not get a total figure.

Ms G. McGowan: At this stage, in terms of the benefit agreement, it is \$5 million plus a block of land, plus the equivalent of \$2.1 million of housing and land packages in Broome.

Mr S. Wood: But the net figure paid out from 2009–10 through to now is \$24.5 million.

Dr M.D. NAHAN: There are some issues in the news with the Roy Hill project's employment migration agreements. Does the state have any involvement with those in respect of Roy Hill, or does the Premier have any views about the effectiveness or otherwise of those arrangements?

Mr C.J. BARNETT: I know that the Minister for Training and Workforce Development, Hon Peter Collier, had discussions with federal ministers about arrangements such as this some two years ago. I have also had discussions along the lines of bringing in skilled workers from overseas—not into the mining industry, but mining services, running accommodation camps and the like—with both Kevin Rudd and Julia Gillard. The state government is supportive of bringing in skilled overseas workers to work on major construction projects only on the understanding that Australians with those skills cannot be found in sufficient numbers to work at those locations, and that is clearly the case. It is also important to recognise that, although 1 700 jobs sounds like a lot of jobs, it is only for a limited period, during construction, and comprises only 20 per cent of the construction workforce. Those workers will come and go according to the particular stages of the project. Obviously everyone wants to see Australians filling those jobs, but unfortunately it does not always happen, for various reasons, including age of workforce, and lack of mobility. Australians do not travel to where the work is and maybe part of the reason is that the Pilbara is isolated and has tough working conditions; there is no doubt about that, but there is good money to be made. Interestingly enough, a few weeks ago I stayed in a fly in, fly out camp for a night and in the morning went and had breakfast, firstly with an older group of fly in, fly out workers and then with a younger group. Both groups were quite resentful and offended that there should be a public debate about fly in, fly out jobs; they said that it was their choice and that they liked the lifestyle. Given that we have that project, Fortescue, BHP's expansion, Rio's expansion, Wheatstone having barely started and Browse getting underway in a couple of years' time, we are going to need to bring in guest workers. As long as the first condition is met, that we cannot find Australians for the work, and as long as the second condition is that they are paid full wages and given Australian working conditions, I do not think we should oppose that. Indeed, it is part of our growing link to Asia. We have to accept, when these major projects are largely the result of Asian-backed investment and Asian buying, that we have to allow them to participate in these projects. I think that is the only way they will get built.

Mr W.J. JOHNSTON: I refer to the table on page 117, "Outcomes and Key Effectiveness Indicators". Given that the Anketell project, the Browse LNG precinct and the Oakajee project have all been significantly delayed, how is the figure of 85 per cent for agreed milestones for the 2011–12 estimated actual calculated?

Mr C.J. BARNETT: I think we can only comment on percentages, success rates and the like on what is achievable. It is interesting because often in industry, particularly during the time of the last government, a lot is said about delays in government approvals and the like. It takes two to tango; it takes government to get approvals in place and it takes private sector proponents to actually make a final investment decision and get on with the project. I must say that for each of the projects the member has mentioned—Anketell, Oakajee and Browse—government is actually well ahead of the proponents. I cannot make people invest money and, listening to the details on the Browse LNG precinct, it is clear that government has done the hard work on that project. The government negotiated the acquisition of the site and led the negotiations with Aboriginal people. Similarly, with Anketell, government is doing all the preparatory work to allow private sector investment for that development. Indeed, with Oakajee, government is doing a lot of the work. I am not being critical, but the delays in these major projects are not on the side of the Western Australian government; they are on the decision-making time lines of the investors in the projects. I do not blame them for that; they are complex projects and some of them need to have their costs brought down, particularly Oakajee, and there are many players and many

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complexities. That is the nature of major projects. I doubt that there has been a major project in Western Australia's history that has gone ahead according to the original timetable. That is why I spend so much time working on, particularly, the Oakajee and Browse projects, and I expect, increasingly throughout the remainder of this year, the Anketell project.

[5.10 pm]

Mr W.J. JOHNSTON: How is the 85 per cent figure calculated?

Mr C.J. BARNETT: I will ask the director general to comment on how the performance indicators are assessed. From my point of view, the department is doing an outstanding job in progressing major projects. I did not mention the Ord River project, which after decades of delays is underway, and other projects like Perdaman—there is a whole host of them. The department is well ahead of the game.

Mr S. Wood: In terms of scoping for any project, we work out what we have undertaken as part of those projects that are within our control, and that is then a globalised figure on the performance indicator.

Mr W.J. JOHNSTON: So if there is a slippage in the project that is beyond the department's control, that is not considered a slippage on a milestone?

Mr S. Wood: Again, if we use the example of Anketell, if there cannot be a coalescing of sufficient money to deliver the project, it is not a part of our performance indicator.

Mr I.C. BLAYNEY: I refer to the first dot point on page 116, and the placement of the \$339 million equity injection for Oakajee port development into a special purpose account. Can the Premier explain how this relates to the intended time line for the port?

Mr C.J. BARNETT: Following on from the last question, I cannot say when the Oakajee project will proceed. Given that Oakajee is not a single project—it is a province—it is significant that the Karara mine, which has over \$2 billion in investment, is now getting to the commissioning stage and that some \$400 million has been allocated for the northern transmission line; so elements of the Oakajee project are coming together. Development of the port and common-user infrastructure is something that the state and commonwealth government agreed to jointly fund. The state cannot predict exactly when port construction will start, as the major component of the project is building a very large breakwater and then dredging to give improved access to the port. We cannot put an exact year on that, and rather than having forward estimates and budgets being bounced around all over the place, we have simply put that money in a special account within Treasury, which can be activated when required. I hope that is sooner rather than later. That preserves the state commitment and I think also the commonwealth commitment to the project.

Mr B.S. WYATT: The \$4 million in the 2012–13 budget estimate looks as though it is unspent money from the current financial year. Is that part of the planning spend?

Mr C.J. BARNETT: Yes.

Mr W.J. JOHNSTON: I refer to the table on page 117, "Outcomes and Key Effectiveness Indicators". Which of the five per cent of state agreement proponents are currently not complying with their reporting obligations? Are there state agreement proponents that are currently not complying with their obligations who also did not comply with their obligations last year; and, if yes, which proponents are these? Finally, what are the consequences for state agreement proponents who regularly fail their reporting obligations?

Mr C.J. BARNETT: Again, and I am guessing, but there are something like 60, 70 or more state agreements, some of which are not necessarily active. An example would be the Mitchell Plateau bauxite agreement in the Kimberley, which still has a live state agreement. I am not necessarily saying that is one that has failed to report; I think there has been a report on that, but I think the member would find that is one in which delays might occur. Another one would be the state agreement over the Yeelirrie uranium deposit. Basically, BHP has put that project on hold. We do get that flow backwards and forwards, but we get good reporting with all the major companies and the major projects; and where there is a delay it is usually dealt with by the government. Some of the requirements in some of the earlier agreement acts are a bit dated now. They require companies to make repetitive reports, and often we will excuse that or extend the time period. Again, I ask the director general if he wants to comment.

Mr S. Wood: I would need to check whether the five per cent relates to a timing issue as opposed to a direct compliance. My feeling is that it relates to a timing issue and for various reasons quite often some of the agreements slip on time, in particular.

Mr W.J. JOHNSTON: Is that something the department can clarify subsequently?

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Mr C.J. BARNETT: I will look at that. I am not about to produce lists of companies that might have been below or delayed in that process. Often there are complications and often government is quite content. As I said, some of the reporting requirements laid down in old agreement acts would not be considered relevant today. A fairly pragmatic approach is taken to that. I will not name companies or projects, but I will provide some further explanation on that five per cent.

Mr W.J. JOHNSTON: I will accept the information that the Premier is proposing to provide. I am not asking for the names of the companies, but it would be good to know whether a person or a company is regularly failing to comply. The director general rightly says that sometimes it is only a matter of timing and not something more extensive, but it would be good to know the nature of this.

Mr C.J. BARNETT: I will give an explanation for that five per cent by way of supplementary information
[*Supplementary Information No A13.*]

Mr B.S. WYATT: What is the FTE cap for the Department of State Development set in 2011–12?

Mr S. Wood: The FTE cap is 182.

Dr M.D. NAHAN: The Ravensthorpe mine shut down for a while. I have heard rumours that a Canadian firm bought it. Is that operating again?

Mr C.J. BARNETT: The company is called First Quantum Minerals. BHP shut down its Ravensthorpe project following the global financial crisis. Members may recall that the state government provided up to \$5 million of assistance to the area because the economy around Ravensthorpe was highly dependent on one big project. That included putting in new power supplies, civic improvements and access into the Fitzgerald River National Park so they could grow their tourism industry—that is ready to be opened, I think. I had my doubts about whether the project would recover. First Quantum is Western Australian based but it mainly works offshore. Although it is listed in Canada, its principal owners are based here. I recall meeting them and they said their specialty was buying mines that had closed or had not performed technically and applying their engineering skills to get the mine working. They spent a lot of money on it; they changed a lot of the processes and they have got it up and operating. I do not know whether it has reached nameplate capacity yet—it is probably pretty close to it—but it has quietly gone about its business, which I think is good news. I think it vindicated the state in providing that \$5 million to get that community through and to deal with some of the issues, whereby a lot of small businesses had set up to service the industry and would have collapsed. It was not the obvious decision to make at the time, but it has worked well, and Ravensthorpe is now operating and exporting through Esperance port.

[5.20 pm]

Mr B.S. WYATT: Just to follow up on that, the Premier said that there was \$5 million of assistance. Was that all spent?

Mr C.J. BARNETT: Yes, I think it was. The major components—I am relying on memory here—were power supply, because there had been problems in Ravensthorpe with the power supply; in addition to the \$5 million, both the state and the commonwealth committed \$20 million to improve road access into Fitzgerald River National Park; and there were various assistance packages for small businesses that had set up specifically to service the mine. I do not know whether we can provide any further information. It was detailed at the time through media announcements. But it has worked out well. Indeed, lithium is now being produced in Ravensthorpe. It has always historically been quite a prospective area, with, I think, copper in the old days. It is quite a rich little pocket of minerals.

Mr W.J. JOHNSTON: I refer to the fifth dot point on page 116. On how many occasions has the Minister for State Development met with Perdaman Industries? Has the minister made any commitments to Perdaman Industries on coal supplies? Is it the intention of the state government to announce a policy on domestic coal availability?

Mr C.J. BARNETT: I cannot count the number of times I have met with Perdaman—numerous, numerous, numerous times. What Perdaman is trying to achieve is exactly what we want to see in Western Australia; that is, taking a relatively low-value resource and producing it, through chemical transformation, into a high-value product in the form of urea fertiliser. Their process is to take coal, gasify it, and then combine it with nitrogen from the atmosphere, and off you go. It is a difficult project. It is based at the Shotts industrial estate. The department has worked with the Department of Regional Development and Lands in establishing that estate. The state government has made a commitment to common-user infrastructure, which relates to the establishment of the Shotts industrial estate and bringing on services there, and also to strengthening bridges and also, I think, some port works, and I think that came, from memory, to around \$60 million, which can be used by Perdaman

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and other industries should they locate there. Obviously that will be activated, or most of it will be activated, should Perdaman go ahead.

The issue that is holding them back is coal supply—the member is right. Both of the two major coal mining projects come under state agreements, and there are obligations for reserving coal for the domestic market. Collie coal was never seen to be likely to be exported, but now there is some desire to do that, and indeed some export has been taking place for a number of years. It is primarily a commercial matter, and the state government—I in particular, and also the director general—has been working hard to try to keep a commercial reservation of their coal supply, and negotiations are currently going on, particularly with Yancoal, to see whether that can be achieved. The state is supporting that, but we are not going to intervene in a commercial relationship.

Mr W.J. JOHNSTON: As a supplementary to that, we have now a domestic gas reservation policy. Is it intended to have any sort of formal or understood policy in respect of domestic coal?

Mr C.J. BARNETT: We do have coal reservation under the agreement acts.

Mr W.J. JOHNSTON: But it is not intended to go further than what is in the agreement acts?

Mr C.J. BARNETT: The agreement acts are pretty good. They reserve coal for the state, bearing in mind that when those agreement acts were done, there was no knowledge of natural gas in the north, so they are pretty tight agreements, dating back to the 1950s, I think, or maybe even earlier. But they reserve the coal, and they give the minister the power to not approve exports. So that is the real leverage. If someone wants to export, there is a big incentive for them to make sure that they are also supplying the domestic market.

Mr W.J. JOHNSTON: Of all those meetings with Perdaman Industries, how many were at the Liberal Party leaders' forum meetings?

Mr C.J. BARNETT: Certainly I have attended meetings with businesspeople, not at the leaders' forum, but in conjunction with the state conference. The state conference does make appointments, and I have participated in those—I am sure Labor members of Parliament do the same. Has Perdaman been at that? I really cannot answer that. But I can tell the member that I think I have probably met at least 30 times with Perdaman, and all those meetings have been, to the best of my knowledge, in my office or in Perdaman's office. I am sure that the head of Perdaman has attended Liberal Party events, and I may well have had a meeting with him at one of those, but of no great consequence; any serious discussion has taken place in my office.

The appropriation was recommended.