NATURAL GAS (CANNING BASIN JOINT VENTURE) AGREEMENT AMENDMENT BILL 2015

Second Reading

Resumed from 10 September.

MR F.M. LOGAN (Cockburn) [10.19 am]: I will be the lead speaker on the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015 on the basis that the shadow spokesperson is currently —

A member interjected.

Mr F.M. LOGAN: Thank you, Leader of the Opposition; that has been clarified. I am not the lead speaker on this bill; I just happened to be the first member to get to his feet!

Mr C.J. Barnett: It's like being dropped down the batting order!

Mr F.M. LOGAN: Exactly; I am now number five in the batting order! The shadow Minister for State Development, the member for Cannington, will, hopefully, be back in the house before the conclusion of the second reading debate on the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015 to provide the opposition's arguments. But while he is unavailable, I will begin the opposition's response to the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015.

Firstly, I make clear to the house that the opposition will not oppose this bill to amend a state agreement. The house and the Minister for State Development are well aware that the opposition will not oppose any state agreements that come before the house, because, ultimately, they are agreements between the elected government of the day and whoever the partners to the agreements are. That is not the position, of course, of some political parties, particularly the National Party that is in alliance with the current government. The National Party seems to have a bit of a problem with the issue of governments striking state agreements and then respecting what the government of the day has done. I draw your attention, Mr Acting Speaker, to the behaviour of the National Party and its response to the agreement struck between the Premier and BHP Billiton over the fly in, fly out camp outside Newman. Clearly, the Leader of the National Party, although being a member of cabinet, does not respect the official position of the government of the day in its striking of an agreement. I compare that behaviour with the way we are dealing with this bill today. The opposition has made it very clear that when a legitimately elected government of the day strikes a state agreement, it must be respected, and when that agreement is brought into the house, it must be agreed to.

Although we as the opposition may not like a particular agreement or parts of an agreement, we will always agree with the position of the state government on the basis that to not do so undermines the validity and capacity of the government of the day. The government of the day may well be the opposition in a couple of years' time. It is critically important for the good governance of the state, and the ongoing capacity of the state government to make agreements, for those agreements to be respected. The National Party may be very well meaning in protecting the interests of the residents and businesses of Newman. I am not contesting the National Party's reasons for doing it; I am contesting the National Party's manner of going about arguing the case for the residents and businesses of Newman by challenging the Premier and the government of the day being able to strike an agreement, or at least putting roadblocks in place. I compare that scenario with the way we are dealing with this bill.

Although the opposition will not oppose this bill, we believe many of the issues raised in it should have been addressed prior to the passing of the Natural Gas (Canning Basin Joint Venture) Agreement Bill 2013. I draw the Minister for State Development's attention to the finalisation of the agreement with the traditional owners. The advice provided to us by the Minister for State Development and the member for Kimberley is that agreement has been reached with the Noonkanbah people over access to exploration leases and the use of the land for tight gas drilling exploration activities. I find it pretty ironic, given Western Australian political history, that the first group of people to agree to exploration on their land was the Noonkanbah people. It obviously brings everyone's minds back to the Court Liberal-National government and its very forceful and violent attempts to gain access to the Noonkanbah pastoral station for the purposes of oil exploration in the 1970s and 1980s. The confrontations are well documented and were made into a movie. They are well documented by historians and the people of Western Australia.

Dr A.D. Buti: And by Stephen Hawke, former Prime Minister Bob Hawke's son.

Mr F.M. LOGAN: Yes, I think Stephen Hawke made a documentary about the whole thing, as well as playing an active role in the confrontation between the then government and the people of Noonkanbah. The protestors successfully turned back the exploration program that was being forced on the people of Noonkanbah and their pastoral association during that period on the basis that there was no recognition of native title or the Noonkanbah people as the owners of the land on which the exploration was to be undertaken. The irony of it is that the Noonkanbah people were not opposed to development; they wanted the development to occur on their

land in the way in which they wanted it to be undertaken, and with the recognition that they are the official owners of that land who should have been compensated if the land was to be used for oil exploration.

Mr C.J. Barnett: There is an interesting sequel to that. At the signing of the agreement with them at James Price Point, there were a number of environmental protesters. Mr Watson, who was in the famous photo, was being attacked by them on the beach for changing his views, and he very bravely marched up to them and said, "At Noonkanbah we had no choice; this is now our choice", and asked the environmental protesters to leave the land. The media chose not to report that, but I thought it was the most dramatic moment of James Price Point.

Mr F.M. LOGAN: That is a great example of the rightful empowerment of the traditional owners of the land upon which we stand today. That is exactly it. They stood up for their rights when they had to, when they were being undermined by a previous government, and continued to stand up for their rights when they were being challenged once again in the example just given by the Premier but by a different group of people. That, I think, is another reason for the opposition, although supporting this bill, criticising the fact that these matters have not being dealt with until now and were not dealt with prior to the passing of the Natural Gas (Canning Basin Joint Venture) Agreement Bill 2013. Although agreement has now been reached with the Noonkanbah people, the area of exploration leases also goes into land under the traditional ownership of the Yawuru people. Those discussions are ongoing because they have not yet been resolved.

A further reason for our being critical of the bill, although supporting it, is that some of the ongoing discussions are specific to some of the content of this amending legislation. The native title rights negotiation, particularly in light of the current proposal in this amending bill to allow Buru Energy and its joint venture partners to suspend obligation to relinquish ground under the Petroleum and Geothermal Energy Resources Act 1967, should have been resolved. That matter has also not been resolved between the joint venture partners and the Yawuru people. The existing exploration permits have a finite date to them. It has been pointed out by the Yawuru people that when those permits run out, they have the right, under the existing legislation, to further negotiate on access to the land and the way in which exploration is undertaken, and on any other benefits and issues that may arise from that. Our concern is that this amending legislation may impact on that right, because it will basically get rid of the end period of the permits and they will just continue according to the periods set out in the legislation. We point out to the Minister for State Development that the joint venture partners should have had these matters in hand before the Natural Gas (Canning Basin Joint Venture) Agreement Bill was registered and passed by this house in 2012–13. That is one of the criticisms that we have about this amending legislation. I would like to hear from the Minister for State Development how he believes the joint venture partners will resolve that matter when this piece of legislation is passed by the house.

The third issue is that the purpose of this amending legislation is to assist the joint venture partners in their drive to establish a successful gas field in the onshore Kimberley region. The joint venture partners—Buru Energy, Diamond Resources (Fitzroy) Pty Ltd and Diamond Resources (Canning) Pty Ltd—are only three of the companies that have leases in that prospective oil and gas Kimberley region. Many other companies have acreage around the Buru site and obviously want to be involved in, or are currently involved in, geophysical assessment of the prospectivity of those leases. When we dealt with the original state agreement act, I put the question to the Premier: What about all those other companies? Will they also get a state agreement act? I think the Premier said, flippantly, "Yes, we might give them a state agreement as well." I put it to the Premier and the house that that is not a constructive way in which to establish a successful gas field in the Kimberley. I can understand why the Premier and the government of the day have entered into this state agreement with Buru Energy. Buru Energy is more advanced and probably has greater capacity than many other tenement holders in the Kimberley and is the beachhead for successful gas and oil exploration in the onshore Kimberley region. However, to simply reach agreement with one company, as opposed to all the other companies that are looking for oil and gas in the Kimberley, is not a good example of how we should establish a major oil and gas field in Western Australia.

[Member's time extended.]

Mr F.M. LOGAN: I would therefore like the Minister for State Development to add to the points I have made about what is the future for other companies that are looking for oil and gas in the Kimberley, particularly in the areas immediately around those companies that have been highlighted as part of this state agreement act.

The fourth issue I raise on behalf of the opposition is that I cannot understand why this state government is not taking a more holistic approach to the development of tight gas and shale gas in Western Australia and providing greater support to the people who are exploring for tight gas and shale gas. At the moment, the government is literally just standing back. The explorers are doing geophysical surveys and are ending up, quite often, in confrontations with landholders. They are the recipients of a backlash about the rights or wrongs of fracking. They actually are not getting any benefits or kudos from the move towards onshore oil and gas exploration. Sure, the Department of Mines and Petroleum is encouraging tight gas and shale gas exploration in Western Australia

by providing geophysical data. We also have the amendment to the state agreement that is before the house at the moment, and the previous state agreement. However, beyond that, there has been very little support from the state government. I cannot understand why the government is not providing more incentives—rather than just state agreements—to encourage exploration companies to look for tight gas and shale gas in Western Australia, in a structured way. It should be a clear objective of the Western Australian state government that it wants domestic gas to be made available from onshore resources, and it should be right behind that by providing incentives for companies to find tight gas and shale gas, develop it, and put it into the marketplace.

Further, I cannot understand why there is no encouragement and support for the design and manufacture of exploration rigs in Western Australia. We build very successful, exportable drill rigs in WA for the minerals industry. The drill and exploration rigs for onshore, deep-well shale gas and tight gas are much larger than the normal drill rigs built for mineral exploration in Western Australia at the moment. They are huge compared with existing mineral rigs. There is capacity and certainly willingness to go into that market. It is something that is holding back exploration in Western Australia. Those rigs are expensive and not easy to come by—most of them are already tied up in the United States. The explosion of tight gas exploration in the United States has effectively sucked up all the available rigs, but it has also spurred huge investment in manufacturing in the United States to build those rigs. Given the availability of those sought after types of drill rigs in Australia generally and in Western Australia in particular, I cannot understand why a state government committed to shale gas and tight gas development has not provided incentives and encouraged the design and manufacture of onshore drill rigs specifically for that exploration in WA. Why do we not do that?

Mr P. Papalia: Too lazy.

Mr F.M. LOGAN: Member for Warnbro, I am saying that there is not a holistic approach to the development of shale gas and tight gas in WA, and the inaccessibility of drill rigs is part of the reason for that.

The third point I raise about the government's failure to take a holistic approach to onshore gas exploration relates to the encouragement and use of industry and university–led innovation in geophysical problem-solving. If undertaken and funded properly, it could make WA a world leader in tight gas and shale gas exploration. We have some of the greatest university geophysical assets in the world. Curtin University and the University of Western Australia are world leaders in geophysics. People from many countries come to Western Australia simply to draw on our knowledge base. We are in the process of trying to establish onshore shale gas and tight gas development; why is the government of Western Australia not leading investment into and tapping into the knowledge and innovation that can come out of the world-class research currently in universities located not very far from this house? Why are we not doing that? Why are we not encouraging some of the junior explorers, companies such as Buru Energy, and multinational corporations such as Mitsubishi to work closely with the geophysics departments at UWA and Curtin University to find innovative solutions for extracting tight gas? Western Australia could be a world-leading hotspot for resolving a problem that many, many countries are trying to solve—that is, to find a solution to maximise the amount of gas they can get from shale gas and tight gas. For example, there are vast amounts of gas tied up in tight gas fissures and shale gas fissures in the United Kingdom and in China that they are struggling to access. Western Australia is a world leader in resource development, and we could have an opportunity, by the development of this industry, to export our knowledge, capacity and technical know-how to countries around the world. It could be an industry in itself. It is not simply about geophysics—as I pointed out as part of my criticism, we are not taking a holistic approach to shale gas and tight gas development—it is also about manufacturing opportunities that can arise from the industry as well.

On behalf of the opposition, that is the fourth criticism I make of not only the bill but also the government's approach to shale gas and tight gas exploration in Western Australia. Nevertheless, as I pointed out, unlike the National Party with its approach that undermines the state's sovereign risk, state agreements and the state's ability to reach agreement with companies, we have no problem supporting this agreement. We acknowledge the right of the government of the day to reach agreements in the manner of the legislation before the house today, including the amendments—bearing in mind we have put on the record a number of criticisms about the current approach by the Buru joint venture partners and the government in negotiations with traditional owners in the Kimberley. Nevertheless, as I pointed out, we support the bill.

DR A.D. BUTI (Armadale) [10.46 am]: I rise to make a contribution to the debate on the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015. I looked back in *Hansard* at the debate on the bill that came before the house in 2013, and I hope that the Premier will not need to repeat the comments that he made in reply to the second reading debate; he said —

> The member for Armadale made a short and bitter presentation, as usual.

I do not think that will be the case today—hopefully that will not be the Premier's determination. As the member for Cockburn mentioned, the opposition supports the bill before the house, but we have a number of legitimate

concerns that, hopefully, the Premier will address in his response to the second reading debate or when we get to the consideration in detail stage of the bill.

The member for Cockburn mentioned the issue of the National Party on state agreements and sovereign risk. Of course, traditional owners have often needed to reach agreements on various matters, and if agreements are not reached, there can be consequences, especially with regard to native title rights, but it appears that National Party members can just disagree and not honour their obligations as ministers of the Crown and continue without any consequences. It is interesting that we have a minister of the executive who refuses to agree with what is presumably a cabinet decision—whether that minister is a member of the cabinet or not—who retains that portfolio.

Looking back at the 2013 discussion on the Natural Gas (Canning Basin Joint Venture) Agreement Bill 2013, the Premier may remember that he gave the member for Cannington a great plaudit. The Premier criticised the rest of us, maybe justifiably or maybe not, but he said that the member for Cannington was the only one who had done some work and who understood the bill. I think that the member for Cannington carries that plaudit around as a badge of honour—well, I think he does—and he might be able to use it in his next campaign—who knows? Anyhow, the member for Cannington spent some time on the native title rights of the traditional owners. He raised the issue about whether the bill before the house at that time, which led to the state agreement, was ultra vires of the Native Title Act. I have had a quick look at the consideration in detail stage of that bill, because I think the Premier mentioned in his response to the second reading debate that the issue could be possibly taken up in the consideration in detail stage. I am not sure that it was. Basically, the issue relates to future acts. As we know, under the native title regime, state governments and other parties that may have some effect on native title have to comply with the Native Title Act. It really relates to the whole issue of future acts. The definition of "future act" is found in section 233 of the Native Title Act 1993. As we know, this is a commonwealth act that has precedence over any state act and would make any state act that was inconsistent with it invalid. I am not saying that this bill is invalid at all; I am just raising the issue about the traditional owners. Our understanding is that the Noonkanbah people are in favour of the activities that will result from this legislation, but that the other traditional owners are not necessarily in favour of them. The Premier stated in his second reading speech —

> As part of the obligations towards exploratory activities within the title areas, the joint venturers are required to conduct comprehensive consultation with the appropriate traditional owners to ensure they are well informed about the activities involved.

That is because under the future acts regime, as detailed on the website of the commonwealth Attorney-General's Department —

> Proposed actions or developments that affect native title are classed as 'future acts' under the *Native Title Act 1993*.
>
> Future acts include acts done after 1 January 1994 —

So, of course, this is included —

> … that affect native title. Future acts can include the making, amendment or repeal of legislation, and the grant or renewal of licences and permits, for example mining and exploration licences or permits.
>
> The future acts regime in the *Native Title Act 1993* establishes procedures to be followed so that the future act can be validly done. The procedures differ depending on the type of future act. Most relevant in the resources sector is the 'right to negotiate' given to native title parties.
>
> The *Native Title Act 1993* allows states and territories to legislate alternatives to the 'right to negotiate' or to seek an exemption from the 'right to negotiate' in specific circumstances.

The issue, of course, becomes the right to negotiate. What we have before us is a future impact on native title rights because this bill seeks to extend the time frame of the original Natural Gas (Canning Basin Joint Venture) Agreement 2012, which of course is a state agreement. This bill will enable an extension to the key dates in that state agreement. Of course, that affects the future acts or the native title rights of the traditional owners. The Premier said in his second reading speech —

> The joint venturers have provided funding to the three native title parties to engage independent specialists for advice regarding the environmental aspects of the joint venturers' activities. Based on this independent advice, the joint venturers have received support from the Noonkanbah people …

But they are continuing discussions with other traditional owners. That obviously does not invalidate the bill before the house. I think the member for Cockburn mentioned that it would have been more appropriate or more in keeping with the spirit of the whole future acts regime if an agreement had been reached with all the traditional owners, and that if agreement is not reached, alternative avenues may need to be taken, but they may

also not be exactly what traditional owners wish. The Premier said that they have a right to negotiate and that discussions are still continuing, but what happens if the traditional owners do not end up agreeing? What will be the status, then, of the state agreement? That is very, very important. The government, of course, has an obligation to allow the proper development of natural resources in Western Australia. Obviously, the economic imperative of that has become more important as we move to a new phase in our economy from the so-called mining boom. The state government, of course, has an obligation to facilitate any opportunity to explore and cultivate a rich source of natural energy or natural resources for the economic benefit of Western Australia, and also further afield with the energy benefits that would result. However, as a result of native title, the state also has to comply with the native title arrangements.

As I mentioned, the member for Cannington, who is responsible for this bill for the opposition, raised this issue in the 2013 debate on the 2012 bill. I am not sure that his specific question about whether that bill was ultra vires of the Native Title Act was answered in the consideration in detail stage or whether the government had advice on that. I assume that the government and the proponents of this venture have both received native title advice on whether they meet their obligations under the act. If that is the case, I would encourage the Premier to provide that advice to this house so that we are able to then continue with the debate in the consideration in detail stage on the native title implications of the original act and, of course, the amendments in this bill, which basically extend the impact on the future acts and therefore the native title rights of Indigenous people. The member for Kimberley made a contribution to the debate on the 2012 bill. As the Premier rightly pointed out, she was not a party to the agreement. She was just making the point about the necessity for consultation, which is very important.

Another bill that is on the notice paper today but which we will not be getting to—I do not know; maybe we will get to it—is the Noongar (Koorah, Nitja, Boordahwan) (Past, Present, Future) Recognition Bill 2015. That bill has come to this house after extensive negotiations with the Noongar people, which resulted from a federal court case that recognised the native title rights of the Noongar people to the metropolitan region of Perth. The opportunity and the necessity to negotiate with the traditional owners is very, very important—it is incredibly important within the legal framework and processes of the Native Title Act and also with respect to the morality and justice of our interactions with traditional owners. The Noongar recognition bill is, of course, in response to the federal court decision, but in many respects this is a reconciliation act whereby the government has recognised the need to make symbolic gestures. I understand that there is a financial agreement, but there is also a symbolic recognition factor. That is because the government, I assume, has understood that it is important to recognise the legal, historical and moral rights of traditional owners. That is also very important when looking at the development of the Kimberley region.

If one looks at Australia as a whole or even internationally, often the problem—it is not restricted to Western Australia—is that governments of any persuasion are always keener to and find it easier to reach agreements with Indigenous people when they do not need them for economic reasons. However, when the economics become very important, there is a temptation to sometimes overlook the rights of Indigenous people, whether that is native title or some other measure. Even the federal government's Native Title Act, which was brought in by the Keating government, is a watered down representation of the Mabo decision. The Native Title Act, for the future acts procedure, is really just a procedure for non-Indigenous people or non–native title holders to work with traditional owners to ensure that development, exploration of resources et cetera can proceed.

The Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015 is very important. I do not disagree with anything that the Premier mentioned in his second reading speech. I have laboured; I hope the Premier does not think, as he thought back in 2013, that this is a negative or bitter contribution. I am trying to be reasonable in this contribution.

Mr P.C. Tinley: So reasonable that you put him to sleep!

Dr A.D. BUTI: The member means boring!

Mr P.C. Tinley: I would not say boring—more calming.

Dr A.D. BUTI: Okay, calming. I must admit that even I would concede my contribution in 2013 was negative.

Mr P.C. Tinley: Admit nothing, comrade!

Dr A.D. BUTI: Within the confines of Parliament I have parliamentary privilege! No legal case will be taken against me.

I worked for a number of years with the Aboriginal Legal Service of Western Australia so I hold very strong views on the need for governments to ensure that they do what they can to enhance the relationship between Indigenous and non-Indigenous Australians and also that the legal rights of Indigenous people are not trodden over in the pursuit of what is considered to be the overall economic development of the state. As the Premier mentioned back in 2012, we have moved on. I provided a historical context on native title in Western Australia and I do not think that we can be proud of our developments in native title. Things have improved, but in many

respects, governments have been brought to the table because of the legislative framework. If the Mabo decision had not happened, of course, we would have kept the legal fiction of terra nullius.

[Member's time extended.]

Dr A.D. BUTI: We would have kept the legal fiction of terra nullius that obviously could not have been sustained if one looks at historical facts.

The issue with the Mabo decision that still has not been addressed properly by any government of any persuasion—the Premier talks about sovereign risk—is about the sovereignty of Australia. No Parliament will go down that road because it would test the legitimacy of Parliament itself. The issue with the Mabo decision is that once we remove the fact that when Europeans came to Australia, people were here, it puts into question the whole legal foundation of the establishment of Australia. That is a legal historical fact but, of course, no government will change that, although there will be symbolic gestures that might include certain constitutional recognitions of Indigenous people as the first peoples of Australia. Under international law, when a subsequent colonial power comes to a country or territory and people are already established there, the only ways that they can legitimately become the new authority is either by invasion or from a settlement by treaty. In Australia we did not have an agreement; we did have, arguably, an invasion. There has been no agreement because there has been no treaty, so there is an issue that relates to the sovereignty of Australia. That is something that I suppose I will discuss further in university lectures rather than in the confines of Parliament because we are not going to move on that. It is a debate that can be had another time.

As the member for Cockburn mentioned, we support this legislation, but the issue of the future acts and the impact on the traditional owners is something that we and the government must be mindful of.

MR P.C. TINLEY (Willagee) [11.06 am]: It is good to be able to make a contribution yet again on not only the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015, of course, but also a resource project in a bold new world—a bold new area of tight gas. In our previous contributions, prior to this amendment bill, on the original Natural Gas (Canning Basin Joint Venture) Agreement Bill 2013, we talked about the potential for shale gas and tight gas resources. The potential of the resource is probably driving a lot of us—more out of hope than evidence at the moment—on the value of this new find and the size of the Canning Basin. I will not be one to speculate on the size of it because no-one has yet proven, at two kilometres down in the shale sediment, that they will be able to release the gas at the volumes that they predict. Much of the modelling of the Canning Basin deserves a very wry eye indeed and a long rub of the chin before we can say it is anything like rivalling the Carnarvon Basin or other deposits and offshore deposits that have yielded and will continue for several years to come to yield some great benefit to the people of Western Australia.

The fact that we are here with an amendment to the legislation not two years after the passing of the Natural Gas (Canning Basin Joint Venture) Agreement Bill 2013 underscores a couple of issues for me that are worthy of putting on the record. They are, firstly, going into a state agreement too early and it is obviously subject to significant debate, I am sure, about the timing of when the state should enter into an agreement with a particular proponent; and secondly, the overall value of state agreements at this point in the development of the mining jurisdiction of Western Australia. To speak to the first issue, the very fact that we have to amend an act that we agreed to less than two years ago indicates that we do not have enough flexibility in our state agreements, in my view, to allow the state government to undertake variations to the state agreement without having to come back to Parliament, although some would say that the nature, length and depth of a variation is of significant interest to Parliament. For minor variations, one wonders whether the state agreements provide that flexibility.

This is simply a request for an extension of time until they can get their assignments done. That is effectively what this is doing. It also intangibly provides the joint venture partners, Buru Energy and Mitsubishi Corp, the opportunity to further support their share price and capital raising. I do not have the numbers to hand, but when the state agreement was signed by the government in 2013, Buru's share price went through the roof. That is not insignificant when we consider the implications of the Crown effectively supporting and/or guaranteeing the rights and certainties of the project over the resource and beyond and, in many cases, circumventing—that might be too strong a word—other acts, including even the Mining Act and the Environmental Protection Act.

I turn to the flexibilities and appropriateness of state agreements in the modern day. Typically, globally we find state agreements only in developing countries, although some of the Canadian provinces still use state agreements. In Australia, Western Australia is by far the greatest user of state agreements, with Queensland the second largest. The total number of current active state agreements managed by the Department of State Development is 60. Of course, people looking at the history of this will remember the 1963 state agreement as being the first one, with Hamersley Iron, I think it was.

Mr W.R. Marmion: Correct.

Mr P.C. TINLEY: Yes, I was correct!

Mr C.J. Barnett: The earliest one was actually back in the 50s with the BP refinery in Kwinana.

Mr P.C. TINLEY: Yes, under "Miscellaneous"; sorry, I did not get that far down the list.

Some are now defunct and in this Parliament we have terminated and amended agreements. I have forgotten which ones; the Premier or the minister might remember off the top of his head. We amended the BHP ones to allow the tied infrastructure arrangements on those state agreements to be applied to an alternative project. I am thinking of the power station at Jimblebar up in the Pilbara that was a tied piece of infrastructure for a particular purpose. We had to amend the act to allow power and other infrastructure to be applied—port and rail was also part of that, I remember—to alternative projects without fear of penalty or transgression of agreement.

I wonder what has changed since the late 50s and the 60s through to the 70s, and about the utility of state agreements into the future. I think that the Natural Gas (Canning Basin Joint Venture) Agreement Act 2013, which we are amending today—I would also be keen to hear from the Premier, the minister, or anyone else who might know—is probably the earliest a state agreement has been entered into without a substantiated resource. If we think about it, the joint venture does not know what it has; it has a suspicion about what it has. It is exploring it and we gave it a state agreement that underscores its financial viability in the market. Unlike other companies with which the state has entered into agreements, this company does not have a proven track record on working with tight gas and does not have a big balance sheet. One would put a significant question mark next to its ability to exploit the resource, should it find the resource at the levels it is suggesting in its press releases. I put on the record that this is in no way a criticism of Buru Energy or its joint venture partner; all I am saying is that this is in the context of where this state agreement fits in the life cycle of a business—the exploration and/or exploitation of a one-time natural endowment in the state of Western Australia. There is risk for the state in entering into a state agreement with a company on this basis and at this early stage of investment.

I can understand how the state would be attracted to an instrument such as a state agreement for an early-stage explorer, for two reasons. One reason is that this is the way we have always done it. We have a long history with and understanding of state agreements and I would hazard a guess that we are probably a world leader in structuring and managing state agreements. The second reason is that we have no alternative. The only alternatives we have to give a prospective miner and/or resource company any sort of certainty over its activities is the Mining Act, the Environmental Protection Act and various other acts, and they provide a certain amount of risk around the exploitation of the resource. To come back to the basic tenets of why we would want to enter into an agreement up-front or as early as possible with a proponent, there are three pretty clear reasons: firstly, to encourage development of the state's natural resources for obvious economic benefits; secondly, to control development so that we can put a temporal ring fence around the extent of exploration and/or development of the particular tenement and to make sure that it is carried out in a way that is consistent with the wishes and policies of the government of the day; and, thirdly—this is one thing that occupies a lot of our time—to maximise the economic benefit or "rent", as they say, collected by the government on behalf of the people of Western Australia. Those three basic tenets exist to provide certainty for the proponents, to control the development, and to maximise return on the one-time-use of the available resource. I wonder whether it is now not time for an evolved, mature jurisdiction such as Western Australia to contemplate an alternative or several alternatives to ensure that we use state agreements only in ways that very clearly provide the best possible flexibility for the future, the best possible security for the proponent, and the best possible return for not only the economic benefit of Western Australia, but also all the people who are involved and interested in a particular development. The silent witness, if you like, to development is, of course, the environment. We need also to ensure that the environment has a voice and is considered in the exploitation of the resource.

Mr C.J. Barnett: I hear what you're saying, but this is a long-term greenfield project in an area where there is no infrastructure. That's the driving force of the state agreement.

Mr P.C. TINLEY: I was just about to make that comment myself, Premier, about the fact that the only justification, in my view, for applying a state agreement to this particular project is that the argument could be made that this is a completely new industry. Back in 1963 when we contemplated the origins of iron ore and the uncertainties and lack of infrastructure that existed then, it was the force of will, personality and determination, if you like, of the entire Parliament and governments of different persuasions that brought the iron ore industry to its current maturity. That is the only reason one could apply that sort of thinking to tight gas exploitation. It is a new industry. There is much that we do not know about tight gas and its exploitation, and there is so much we do not know about its future needs, so it is not surprising, I should imagine, that we are back here amending the Natural Gas (Canning Basin Joint Venture) Agreement Act 2013. One thing that also crops up from time to time—less so in a mature jurisdiction such as Western Australia—is the absolute preservation of the global brand around sovereign risk to make sure that we continue to project to the world that Western Australia is, indeed, entirely open for business, but on our grounds.

Various iterations have come and gone of attempts by state agreements to offer an economic return to Western Australia. One of the factors that has to be considered in balancing the tension between the establishment of a state agreement and its enforcement is how we contemplate delivering the benefits we want from it. The subject of local content is often debated here. When some of those earliest state agreements were being nutted out, the state had to offer the security of tenure required by the companies when that might not be feasible under the general legislation. We have used state agreements to override legislation that currently exists, such as the Mining Act's public interest discretion in, from memory, section 111, and also for the state to retain some discretion when considering tenement applications. I have a note here that the former Minister for Resource Development, the Premier of the time, said that state agreements provide certainty by removing discretion over the application of existing acts. The Premier was aware at that time of the idea that we would override things such as public interest discretion. I think the farmer's veto still exists under the Mining Act. The veto was considered to have restricted exploration in Western Australia. I am not sure whether it has been removed.

Mr C.J. Barnett: No, it is still there. It has probably restricted gold exploration in the south west. There's a lot of gold that is just sitting there because no-one is going to go and explore for it.

Mr P.C. TINLEY: It will not happen until somebody finds a way to keep the grapes alive while they do it!

The Worsley state agreement gives jurisdiction to the Mining Warden to dispense with the requirement for the landowner's consent, when it is unreasonably withheld. The state agreements can override other provisions, and we must be mindful of that. The Premier raised the issue of the south west. There is still an active group talking about mining coal in the south west, and trying to find a way to preserve everything south of Sues Road as a special jurisdiction that will never be exploited or explored. These are issues that future governments will have to consider as resources become harder to find and require deeper and harder technology.

[Member's time extended.]

Mr P.C. TINLEY: I turn to the idea of local content. I remember that the Western Mining Corporation agreement for Mt Keith contained some very strong downstream processing requirements that Western Mining had to try to get out of. The bureaucracy pushed very hard to ensure that the company, as a developer, stuck to those requirements, even though some of the things it wanted to get out of in that specific state agreement were catered for in other areas. The company made the case at the time that it already had processing facilities at Kwinana and Kalgoorlie that should be taken into account. The issues around these types of things make me wonder whether it is not time to consider the true cost–benefit analysis of state agreements and look for some alternatives by amending existing legislation and/or by coming up with a clear idea of what else is happening around the world that might be better applied to meet those three criteria, to give certainty to developers of the project and make sure that the state's interests are managed and the government has control over the particular development and can exercise some discretion over the flexibility applied to it.

When we come to the cost–benefit analysis and we talk about things such as local content, we face significant difficulties in evaluating a major project that has so many intangibles. This is a very good example. We simply do not know. The Canning Basin could prove to be one of the easiest exploration and exploitation projects when it goes into its production phase or it may well be a massive headache for us because it is so easy to release the gas, and it has great results. In fact, some of the numbers that are being talked about refer to petajoules of gas being available to us. That will be another issue again.

I was looking at one of the previous iterations of the Productivity Commission examining the costs and benefits of state agreements. The Industry Commission is a predecessor of the Productivity Commission. An article I referred to states —

> The Industry Commission … reported a tendency for government use of multiplier analysis to overstate the benefits flowing from projects. The analysis often failed to take into account the opportunity cost of a project. A decision may also be influenced by the incentives of the government agency recommending the adoption of a State Agreement. The DOIR —

That is, the former Department of Industry and Resources —

> which assumes this role in Western Australia, has significant responsibility for the facilitation, negotiation, regulation and management of State Agreement projects. When making a recommendation, the DOIR is implicitly evaluating the performance of the agreements it manages. It is in a position of conflict.

That is indeed the case. The article continues —

> Ultimately the greatest obstacle to the accurate evaluation of a State Agreement is the insulation of agreement provisions from demand and competitive pressures.

Demand and competitive pressures will always be in attendance, and will blur the lines defining the true value of a state agreement. When the Premier responds to the second reading debate, I would like him to say how he believes this agreement, as it stands, will attend to future return. There is nothing in this state agreement that would lead me to believe that the state will have the capacity to understand the true value of the resource, and the likely outcomes for a direct return to the state of Western Australia in royalties and/or downstream support, in the form of local content. These are commitments that have been in previous state agreements, and I would like to see them put into this one.

To recap, the concerns I have are that state agreements of themselves can be inefficient and unwieldy. They do not articulate the full value and we have to use a significant amount of guesswork to identify the true value of a particular agreement in the developer's proposition. They are also used as a legal efficiency, to overcome so many other acts that are there for specific purposes and are being waved away. The power of veto for landowners and public interest provisions are being waved away on the basis that a state agreement overrides them. By the Premier's own words, in an interjection on the member for Cannington during debate on the original Natural Gas (Canning Basin Joint Venture) Agreement Bill in 2013, the government does not need Parliament to even ratify an agreement. Now that would be interesting. The only option available to Parliament is to reject it—not modify or amend it. If it did so, according to the words of the Premier—I do not know whether he was speaking in a fit of pique—we do not need Parliament to ratify this particular agreement, because the agreement is signed and the government, in its crown right, has undertaken and bound the state to it. I have real questions about that statement about the sovereignty of Parliament and whether Parliament is in fact even redundant in this process. Again, that further underscores what I believe is becoming an arcane process in the use of state agreements.

On that basis, we are now, less than two years after ratifying the original state agreement, amending it, basically to give the proponent more time to do its homework and identify the quality and capacity of the resource. I hope that we do not have to come back again in two years to amend it, as we had to do with the state agreement for Barrow Island to give the proponent a further 35 hectares of space to lie down. The key issue I have with this agreement is whether it should have been further amended to ensure that there was no necessity to come back to Parliament. Clearly, the government does not see the need for Parliament when it enters into an agreement—certainly, the Premier does not. It is legally efficient in so much as it can override everything else—in for a penny, in for a pound—without any oversight, it would seem.

As we have said, the opposition supports this amendment bill. We wish the proponents well. As I said, Buru Energy has undertaken significant risks. Mitsubishi Corporation, which is a massive player in the resource sector and a long-term investor in Western Australia, of course has backed it. I am not sure that they would have been as strident in their attempts to exploit this field had they not had the state agreement. I put it to the government that we probably need to have a wideranging review of the impact and value of state agreements. It would be a worthwhile body of work, even if we did nothing. We have had state agreements since the 1950s. We have had as many as 70 on foot at any one time. We currently have 60 active within the state. I dare say that we would have more state agreements than any other jurisdiction in Australia, and probably the world, but certainly in Organisation for Economic Cooperation and Development countries. It is not an immature or fledgling jurisdiction. We need to consider a wideranging and deep review to ensure that state agreements of the future deliver on the three ambitions of these sorts of things, while also protecting the interests of the people of Western Australia.

MR C.J. TALLENTIRE (Gosnells) [11.33 am]: I rise to speak to the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015. I begin by observing that the need for this extension to the agreement must in some way be due to the fact that the companies involved have struggled to communicate to the local communities and the broader Western Australian public the merits of their particular proposal. There may also be issues around the financing and the technical feasibility of the project. However, fundamentally, we have a problem in Western Australia at the moment with community support for the particular project that has been proposed and, in general terms, the broader community has a lack of confidence in projects that relate to shale gas fracking. I think a reason for the extension of this state agreement is to give the companies the opportunity to eventually convince the Western Australian public of the merits of their proposal. I think the government is doing a particularly poor job. I am critical of the companies as well; I do not think any of the companies involved in shale gas projects are doing a particularly good job in allaying community concerns. However, the government in particular is doing an outrageously poor job, and I will demonstrate that point.

The Minister for Mines and Petroleum in this place has accused protesters of sabotaging wellheads in the area, and he made a big point of that. He made a statement in this place accusing protesters of sabotaging the various wellheads. I have received advice—I note that the minister is representing the Premier in the chamber at the

moment, so I hope he will be able to comment on this issue—from the director of Environs Kimberley, a well-known and well-respected community environmental group operating out of Broome that has taken a key interest in all things to do with the Buru Energy proposal. The director pointed out to me that in 2013 a gas leak occurred at the first well to be fracked in the Kimberley at the Yulleroo 2 project. The Minister for Mines and Petroleum denied in Parliament that there was a leak in 2013 at Yulleroo 2, so that is on the *Hansard* record. Environs Kimberley found, through various freedom of information requests and information, that the Minister for Mines and Petroleum eventually admitted that there was a leak in 2013, and again that is in *Hansard*. The minister also admitted in Parliament that the first well to be fracked in the Kimberley had leaked in 2013 and had not been inspected by officers from the Department of Mines and Petroleum since 2008. Seven years went by without any form of inspection by the DMP. Then a leak was found in the same well in 2015, but at that time Minister Marmion blamed a third party protester for the damage without any evidence of that being the case. The minister saw fit to blame protesters for the leak in 2015 but has been unable to provide any evidence of that. It is outrageous that the minister refuses to defend his accusations thrown at community members, yet he leaves the chamber. I think that is disgraceful.

Mr C.J. Barnett: A valve was smashed open and the gas was just left to emit into the atmosphere.

Mr C.J. TALLENTIRE: I have just gone through that. Unfortunately, the Premier has only just re-entered the chamber. The gas leak was first detected in 2013. This information was provided through a freedom of information request. Initially, the Minister for Mines and Petroleum denied that there was a leak in 2013 at the Yulleroo 2 wellhead. Then, through FOI, and later recorded in *Hansard*, it was confirmed that there was a leak in 2013. The minister then admitted in Parliament that the first well to be fracked in the Kimberley had had a leak in 2013, and we found that it had not been inspected by DMP officers since 2008. There also was a leak in 2015—I will go into this in a bit more detail so it will assist the Premier—that Minister Marmion blamed on protesters. He came into this place and talked about sabotage, even though that wellhead had not been inspected for seven years. The information from Environs Kimberley states —

> The 2015 leak was found by a concerned member of the public and this was reported in the media. It is now my understanding that the DMP and police do not have any evidence that the claimed damage to the wellhead in 2015 was actually done by a 3rd party. A person has been charged with trespass in relation to filming the leak with a gas meter.

This responsible citizen—a community member—went out to a wellhead to record the leaking that the Department of Mines and Petroleum should have been on to, and the Minister for Mines and Petroleum saw fit to accuse that person of sabotage. A responsible, community-minded person went out there to point out a failure on the part of the company and the Department of Mines and Petroleum to detect a leak, and that person has been accused of sabotage. It is disgraceful. No attempt has been made by the government to correct the record on this matter.

Mr C.J. Barnett: I do not know about the individuals, but it has been concluded that the leak was the result of a significant physical impact on the valve, not something that could have occurred just by deterioration. So, someone or something gave that valve a whack with something pretty heavy. That is what happened. That is what was concluded.

Mr C.J. TALLENTIRE: That is what the Premier is claiming, but there no evidence of it. The information I have is that there is no evidence of it.

The fact is that the department failed to inspect that wellhead for seven years. That is where the failure was. If the department does not send officers to inspect things, how can it then be claimed that everything is working well there? This leak occurred in 2013. Was there any question that there was some sort of attack or sabotage involved in the 2013 leak? I do not believe there was. In 2015, the Premier claims it was the result of some sort of sabotage, yet he has not provided any evidence. The Premier is claiming it was the result of some sort of bashing of the wellhead, but there is no evidence of that. The only charge that has been brought forward is a charge of trespass, and that was on someone who wanted to film the leak.

Mr C.J. Barnett: No; the report on physical damage has been forwarded to the police. That is where it is currently at.

Mr C.J. TALLENTIRE: What charges have been laid?

Mr C.J. Barnett: No; the report of physical damage to the valve is being concluded and forwarded to the police.

Mr C.J. TALLENTIRE: It is a claim the Premier is making. The only charge that has been laid is of trespass. There has been no charge of vandalism.

Mr C.J. Barnett: I am not talking about charges—you are. The evidence of physical impact and damage is about to be forwarded to the police—it will be. They will decide —

Mr C.J. TALLENTIRE: It is about to be? That is convenient. The Minister for Mines and Petroleum came into this place, claimed acts of sabotage and almost named someone as being a saboteur, then it turns out that they were there filming a leak. That is not the same thing. The Premier is playing around with the facts.

I go on with the information I received from Environs Kimberley, which reads —

> What is really incredible is that in response to questions in parliament, Minister Marmion says that the last time the Yulleroo 2 well was inspected prior to the January 2015 leak was in 2008. So despite this well having been fracked in 2010 and leaking in 2013 it wasn't inspected for 7 years.
>
> We have also done 6 FOI's on the proposed fracking just to get basic information. Much information has been denied, redacted or only available for viewing under supervision in the Department of Mines and Petroleum's offices.

Environs Kimberley is trying to get the facts on this so that it can counter the Premier's false claims. All it is receiving is redacted FOIs. It gets its information back and it is heavily redacted, so it is not in a position to provide the full facts it wants to gather. The only thing we know is that only one charge has been laid—a charge of trespass; what an outrage! That was a charge of trespass against someone who was just doing what I think was actually a very responsible thing in filming the leak by way of a gas meter. I think they must have had some sort of device that could detect the amount of gas coming out, and they were filming it. Surely that is a responsible thing to do, yet this government sees fit to accuse them of trespass.

It is highly responsible to point that out when the department cannot even get its own staff to go out there and detect leaks. Staff did not bother to go there for seven years. Gas was leaking in 2013 and 2015, so people went out there with their meters and detected the problem. They are effectively doing the job that the government should be doing. The government failed to do that job, and then the Premier accuses those people of trespass. That is where we are at on community liaison. An incredible controversy is brewing around shale gas fracking in the Canning Basin and the midwest and south west regions and this is the best the government can do. When we would think the government would be intent on allaying community concerns, all it does is accuse people of trespass when they go out with their gas meters. That is where we are at.

That brings me to the Labor Party's approach, which is to recognise the very high levels of community anxiety on the subject of shale gas fracking. I am pleased to say that at our state conference, held in the middle of this year, we had the following part of our platform revised. On unconventional gas and fracking —

> WA Labor condemns the Barnett Government's risky and reckless approach to shale and tight gas fracking, which is not supported by the WA community, and is not based on rigorous environmental assessment or adequate regulation. This approach puts put groundwater, farmland, communities and public health at risk.
>
> WA Labor acknowledges that communities have expressed strong opposition to gas fracking in their regions.
>
> WA Labor supports a scientific approach to the regulation of fracking, and will conduct a public inquiry to examine environment, health, agriculture, heritage and community impacts (including full analysis of lifecycle greenhouse gas emissions) prior to any fracking activity (including future exploration).
>
> WA Labor will place a moratorium on the use of fracking until such an inquiry can demonstrate that fracking will not compromise the environment, groundwater, public health or contribute adversely to climate change.
>
> WA Labor supports strong, enforceable measures to protect groundwater aquifers from pollution, contamination or depletion by industrial activities including the oil and gas industry.
>
> WA Labor will target renewable energies in order to combat climate change and diversify regional economies to create employment opportunities.

Does the Premier want to say something?

Mr C.J. Barnett: I was just going to ask whether that policy includes a moratorium on current fracking programs.

Mr C.J. TALLENTIRE: It is pretty clear that we want an inquiry to look into such things as leaks from existing wells. If we have a regulatory framework that cannot provide some degree of protection from leaks from wellheads that are there at the moment, we have a serious problem. Regulatory failure is occurring. The Premier has done the whole industry, I think, a great disservice by saying, "Oh well, the regulatory framework the DMP has can deal with this at its present level." The Premier has now agreed that there should be a full environmental impact assessment, should a project ever be scaled up to a commercial size. That position makes sense, but because the Premier has done such a brilliant job of putting the community offside in the Kimberley, the

midwest and south west, there is clearly a need for a very extensive public inquiry. There are leaks at the moment, we cannot even get inspectors out there in less than seven years—only then under duress because a community member has detected a leak—and it is clear that there is a real failure.

The Standing Committee on Environment and Public Affairs of the upper house released a report, entitled "Implications for Western Australia of Hydraulic Fracturing for Unconventional Gas", a matter of days ago that makes reference to the potential scale of the gas in the Kimberley. I understand that, yes, there will be a state agreement act, but it is an important way to look at this resource. The upper house inquiry claims that there are 225 trillion cubic feet of recoverable shale gas. I do not know exactly what that figure means, but I assume it is a massive amount of gas. That figure comes from the United States' Energy Information Administration's analysis and projections in its 2013 report "Technically Recoverable Shale Oil and Gas Resources". It is an assessment of 137 shale gas formations in 41 countries outside of the United States. That is obviously a well-researched, technical document, and one that would be reliant on the very best geological survey work. I understand that Buru Energy currently has four wells that it is responsible for, and those wells have in some way been used to size up that area or that reserve as being around 225 trillion cubic feet of gas. Buru is still in the exploration phase, so I do not know how accurate that figure is, because the nature of these projects is such that we need to do some background work to check the size of them.

[Member's time extended.]

Mr C.J. TALLENTIRE: The report of the upper house Standing Committee on Environment and Public Affairs is very interesting. One of the issues that the committee looked at in some detail was social licence. I fear that social licence is being eroded very badly, with attacks being made on people who simply want to be part of an investigation into a gas leak. I think that will only further damage the prospect of companies in the Canning Basin gaining that social licence. That is particularly damaging for the companies involved and for what we might describe as a nascent industry.

The report highlights that the negotiations with the traditional owners of the area, the Yawuru people, are ongoing, and that there have been some tensions in the relationship between Buru Energy and the Yawuru people. It notes that the Yawuru people are the traditional owners of an area of approximately 530 hectares, which covers the Roebuck Plains area and the Thangoo pastoral leases in the Kimberley—it is Yawuru country. It notes that 32 communities in the Kimberley are involved in consultation. It highlights also the concerns of the Yawuru people. The Yawuru are concerned about the lack of information that is specific to Western Australia. It seems that a lot of the information that is being used to support fracking and allay community concerns is not Western Australian-specific but is generalised and comes from the United States and other shale gas provinces. There is a lack of familiarity with the industry, and that is natural enough. There are fears that the groundwater or the land will be contaminated by the chemicals that are used during hydraulic fracturing. There is also a desire to be meaningfully included in the process. Those are some of the key concerns of the Yawuru people as highlighted in the report of the environment and public affairs committee.

I want to deal now with the potential for groundwater contamination. Recommendation 7 of the committee states —

> **The Committee recommends that the Government ban the use of benzene, toluene, ethylbenzene and xylene during any hydraulic fracturing operations undertaken in Western Australia.**

These are some of the chemicals that we find in the so-called "slickwater", or fracturing fluid. These chemicals enable the water to get into the cracks and crevices in the rock so that when it is pressurised, the rock cracks, and that leads to the gas being squeezed out. Why we would ever want to contemplate using those chemicals is beyond me. There may be technical reasons for why those chemicals need to be used in the fracturing process. However, we need to find alternatives to those particular chemicals and thereby eliminate the risk of groundwater contamination. I note that the Buru Yulleroo 2 wellhead is very close to the groundwater supply wells for the town of Broome. Therefore, I can understand why there is great community anxiety about this matter.

If we were to find a potential shale gas province in an area in which the groundwater was very saline, was already contaminated in some way, and was not potable, I wonder whether there would be the same concern about the composition of the fracturing fluid and the potential for groundwater contamination. However, from what I hear, the areas in which it has been determined that it is commercially feasible to extract shale gas are areas in which the groundwater is very precious and of a high quality. That is certainly the case in Broome, and it is also the case in the midwest and the south west. Therefore, until shale gas can be found in areas in which there is no concern about the potential for groundwater contamination, we will have to constantly ask the question: what is the potential for groundwater contamination, and what will be the consequences of that?

Naturally, the Yawuru people are asking that question. The report from the environment and public affairs committee states in point 10.17 —

> Negotiations with the Yawuru people are ongoing and the process continues to evolve. The Committee will follow any future developments with interest and with the expectation that a mutually beneficial outcome can be reached in a timely manner.

That comment from the committee suggests that there is room for manoeuvre and that the Canning Basin project can be done with support, eventually, from all the traditional owner and claimant groups in the area.

I want to highlight a few of the other recommendations in the committee report. Recommendation 10 of the committee states —

> **The Committee recommends that baseline monitoring of aquifers and the subsequent publication of this data be a mandatory condition of all approvals for hydraulic fracturing operations in Western Australia.**

The baseline data on aquifers is something that we have been desperate to get for many years. However, I think the Department of Water struggles to get the resourcing that would enable it to get baseline information about the water quality today so that we will know in the future whether it has been contaminated. I have concerns about that approach, because it strikes me that once we get contamination of groundwater, there is no going back. It is a matter of knowing what is there now and appreciating that we have a high-quality groundwater resource in a particular aquifer, and asking whether it is best to extract the shale gas and risk contaminating that groundwater reserve, or not to extract the shale gas because it poses too high a threat to the groundwater. There is a lot of conjecture about the likelihood of contaminating the groundwater, because people say that the groundwater is 100 metres, 200 metres or 300 metres below the surface, whereas the shale gas is 2 000 metres or 3 000 metres below the surface. However, the fact is that there is a series of drillings through that groundwater. People are concerned that because a high degree of pressurisation occurs in the fracking process, there may be a breakage, and if that breakage occurs in the zone of a well casing and there is contact with the groundwater, the groundwater may be contaminated. That is the fear.

There are also fears that the methane in the shale gas could be fractured in a way that allows it to potentially percolate up from depths of 2 000 or 3 000 metres into the groundwater zone. I do not think that is as high a risk as the risk of some form of contamination via the well, which is an issue people want to know about. These are discussions we should be having. However, so long as we have issues about the detection of leaks and the failure of the department to be properly involved in leak detection, and accusations of sabotage when there is no evidence of anything of the sort, I think we are setting ourselves up for an even higher degree of community anxiety about this issue.

I know of a company, which I think is called unconventional gas—I have forgotten its exact name—that has begun prospecting in the south west. As soon as people heard the company's name, they were worried that the company's prospecting would lead to a whole lot of shale gas fracking in the south west. I can only guess the government's intentions with that operation. It is a general failure on the part of government and the companies involved that they have not allayed community concerns, and that has taken us to the point at which community anxiety is only heightening.

I want to highlight a couple of the upper house committee's recommendations. Recommendation 8 states —

> **The Committee recommends that the Department of Mines and Petroleum's policy of public disclosure of chemicals used in any hydraulic fracturing activity be formalised in subsidiary legislation.**

I think that is a very worthy recommendation, because people want to know what chemicals are in frack fluid, so that they can see what the real risks to groundwater might be. The idea that frack fluid is somehow protected by intellectual property or copyright provisions does not make sense. I understand that it may be a unique cocktail, but to describe it as such is only going to add to community alarm about the nature of that fluid and the risks that it might pose.

I understand that the companies involved need this extension of time to prepare their case and that is why this legislation extends this state agreement act. If we give the joint venture more time, perhaps it can work towards allaying community concerns; however, on the evidence so far, it seems that with the passage of time, people are becoming more concerned.

MR M.P. MURRAY (Collie–Preston) [12.03 pm]: I rise to speak on the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015 because of the number of people who have emailed me, walked through my office door or caught up with me at barbecues and social functions on the issue of shale gas fracking. It is a tremendously discussed issue in the community, and one that people are not comfortable with at all. In fact, most people very strongly oppose fracking. Maybe that is because all the science has not been worked

through or, as we heard from the previous speaker, that the chemicals used for fracking are banned in many areas, such as public waterways et cetera.

Even though this legislation refers to the Canning Basin area, I want to talk about fracking in the south west. When permits for fracking were issued in the south west, straightaway there was an outcry from residents. I would like to remind the Premier about what happened when there was a community outcry about a potential coalmine in the Margaret River area. The Premier very quickly put the coalmine idea to rest by saying that there would be no coalmines in the south west. Why does the Premier not do the same thing about fracking in the south west, given that there is such community concern? If it is good enough for one, it is good enough for the other. The government cannot pick and choose industries based on the political climate in those areas. When the coalmine was proposed, the member for Vasse was Troy Buswell, and I am sure that he influenced what happened down that way. I do not think we can play politics with this issue. To me, this bill is a forerunner for what will happen in the rest of the state, and that is why I am voicing my concerns. Each area should be treated differently. Look at the uniqueness of the south west, with its forests, rivers, waterways and the very deep Yarragadee aquifer, which is not just a couple of hundred metres deep; in some cases, it is 1 000 metres deep. That is very close to where fracking would take place. I think that is where we need caution; no, more than caution—we should just not approve fracking there.

Previous attempts to get tight gas out in the south west and around the Busselton area in the Whicher Range have been well documented. In the most recent attempt, old technology was used that failed to release the gas. In some ways, I think that getting a company up and running to drill down there was a bit of a snow job; it did not work. I have been told that the company's very early attempts at fracking have now ruined the area for ordinary conventional gas drilling, because the drills jam and cannot get through the previously fracked area because the strata has been broken up. The area is now unviable to drill for conventional gas, which is something people thought could happen in the future. People in the south west have held numerous meetings and film nights. I am not talking about a radical few—I am not talking about that at all—I am talking about communities where people pack the hall out to hear what fracking is about and to voice their protests. I believe that we have to be very, very careful about fracking in the south west.

I am very concerned when the words "there will be community consultation" are used. I see using the words "there will be" as very dangerous. Just recently, in this house, the government failed miserably to consult on the sale of the Perth market area. When I asked the Treasurer about his consultation with south west growers, he said he had had none. If that is the leadership we have, why would these companies even bother to have community meetings? They will be snow jobs at best. It really concerns me: when a government cannot lead by example, why should a company be made to do the right thing? I do not think that there will be community consultation; I think that this will be another issue that is a pain in the government's rear end. It will say, "Let's get it done" and then it will go through the process, but it will not listen to people, because it wants to move on and get companies fracking in the south west as soon as possible. To me, that is a very dangerous practice.

If fracking is to go ahead, we have to be stronger than that and make sure that community meetings, run by people with a vested interest, are fair and equitable, so everyone can have their say. I have been to many community meetings on different issues over the years and I have seen that if people dare to stand up with a strong view against companies, they are shouted down. They do not get another chance to speak, because even if they put up their hands to have a say, they are never picked. We know those rules of debate; it is what happens when companies do not want to hear the nasties from the floor. They do not ask them to stand up; in fact, they shout them down. A concern is that there is not enough strength in the bill to ensure that the community is heard, probably when it is at its most volatile and strongest in that area. It is interesting to note that just recently, a company situated just north of Perth put out a press release stating that it was pulling out of that area—I think it was in Gingin or it might have been in Jurien Bay—because of public perception and pressure from the people in that area. Again, I am not too sure whether that was totally right or whether they had failed in what they were trying to do. I think it was a bit of both. The company has moved to another area. As I have said, the permits that have been given in the Capel–Bunbury area have caused huge concerns in my electorate and to the people of Bunbury. I am just very, very concerned that this bill is a forerunner that will then be laid over the top of that area. I ask the Premier to address this in his reply to the second reading debate, and that, the same as he did with the anti-coal mining group in this area, he will listen when people stand up in the public arena and say that they do not want fracking in their area. What is the point of having a government if the government is not going to listen? However, this government seems to be going down that track most of the time.

I am not going to go on and on because I do not want to be in a position of being called a hypocrite because I come from the mining industry, but I believe that this is different. If anyone wants to come down south, I will certainly take them on a tour of the rehabilitation that has been done of the coal mining landfill areas. They are second to none and have won many, many awards Australia-wide for the rehabilitation that has been done. This is quite different, because we cannot see it physically—it is down under the ground. Although there have been

many sketches and drawings of it, we cannot see it ourselves physically, so we do not have the same vision of what actually will happen down there or what chemicals are being used, might be used or should not be used. How will we get to test for them if, as a previous speaker said, people are being fined for trespass when they go to test even for gas? Imagine trying to test for the chemicals that are there; people will certainly be hammered for that. One of the bills coming before the Parliament is about civil disobedience, which I suppose could include locking oneself to an object or doing those sorts of protests and for which people will be able to be jailed straightaway. We have to be very careful and make sure that everything is in order even before we start. We have had some false starts in the south west and we do not need another one. What we need is genuine consultation with the community, and if the community says no, we should listen to it.

MR W.J. JOHNSTON (Cannington) [12.13 pm]: I am the lead speaker for the Labor Party on the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015. I want to start by saying that the reason I was not here when the debate on this matter started this morning was that I was at the first ever market day for the education support school network in the southern suburbs at the Canning Exhibition Centre and Showgrounds. That is a great initiative of two of the teachers there, supported by a large number of the education support schools in the southern suburbs. Andrew Wilson, the principal of the Cannington Community Education Support Centre, is the network principal—I think that is the proper term—for the 24 education support centres in the southern suburbs. Earlier this year one of his teachers suggested to him that they have a market day at the school. They did that as a trial and now, because of its success, those schools have combined for a market day. They kicked that off at 11.00 am, so I was in my electorate this morning with the parents, teachers and students and some community members in the southern suburbs at the Canning Exhibition Centre and Showgrounds and was able to officially welcome everybody along to the first ever market day, which will run until this afternoon. I wish all those schools the best for their efforts in providing an education that allows all students in Western Australia to reach their full potential. The Cannington Community Education Support Centre does a great job under trying conditions because of the budgetary arrangements for the education support centres. On another day I will go through all the details of why the budgetary situation for those schools causes great difficulties for their operation.

Today we are talking about the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015, which ratifies amendments to the state agreement between the state of Western Australia and Buru Energy Limited, its partners and Mitsubishi Corporation. The state agreement concerns the Canning Basin in the Kimberley and allows the joint venturers to see whether they can discover and exploit that natural gas endowment. When the original agreement was introduced to the Parliament, it was actually quite an unusual situation, because it was read in during the last week of Parliament in 2012 immediately prior to the calling of the election and the proroguing of that Parliament. It was an unusual situation for the government to bring in legislation to ratify a state agreement when the bill was never going to be debated. Indeed, it was not debated at that time. The legislation was reintroduced in 2013, obviously in a new form because the 2012 bill had lapsed with the proroguing of Parliament. The bill was declared an urgent bill and we had to rush the debate through Parliament. Interestingly, a number of issues were raised at the time by the opposition on behalf of the community about that state agreement for the Canning Basin. I will just highlight one particular issue, which was the fact that we were fixing a systemic problem but only for this one joint venture.

As I highlighted in my commentary on the bill at the time, the issue is that the current lease management system for oil and gas exploration does not suit unconventional gas resource exploitation. With exploration leases, companies are given a certain period in which to exploit it and they can then get an extension, but for further extensions, they have to give up 50 per cent of the area that they have pegged. That is not a problem when looking for a conventional gas reservoir, because the exploration focus will continue to be narrowed. They might think that there will be some gas in a particular geological structure, so they will go and look. As they get more and more information, they narrow the focus to a smaller and smaller part of their lease, trying to find where the actual reservoir sits. However, with unconventional gas and shale gas, the difficulty is that they probably know that the gas exists in the shale, but the question is whether the gas can be extracted from the shale in an affordable manner. Obviously there is lots and lots of gas in the world, but that is not the issue; the issue is whether the gas can be taken out of the ground at a cost that matches the price.

The challenge for the title management arrangements of unconventional gas exploration companies is very different from the issues that surround other companies looking for conventional gas deposits. We have given the benefits to the joint venture partners for this state agreement that do not exist for other companies that are looking for shale gas in the Canning Basin. It is good for the joint venture partners to have this arrangement, and, indeed, it may well be considered a superior arrangement for the exploration of unconventional hydrocarbons. If it is a better system, it should be available equally to all participants in the market, otherwise we are giving an advantage to one business over another based on the capricious action of Parliament. That does not seem to be a fair way to proceed.

The second issue that I want to highlight from the commentary provided by the opposition on the registration of the original agreement is the question of the future acts under the native title legislation. Remember that we only had 182 hours between when the government declared the bill urgent and the debate coming on for us to consult with the community, which included 48 hours of a Saturday and a Sunday. The other point I want to make is that Indigenous leaders said to the opposition that, in their view, this bill was trying to override their rights to negotiate future acts. I will explain why. Under the normal native title management arrangements, the titleholder would need, as I said, to seek an extension of their title after the end of their initial title period. The Indigenous community believed that the point of negotiation of the extension of their entitlement would be a future act and would therefore trigger Indigenous rights to negotiate those leases again. However, the reading of the agreement between the state of Western Australia and the joint venture partners here would seem to not allow for further negotiations between the claimant parties and the companies. Therefore, the Aboriginal people advised us at the time that their view was that this legislation was ultra vires of the national native title legislation to that extent. I make the point that that is a potentiality. I am no lawyer and I am certainly not a judge, so I am not saying that the legislation is defective in that way. I am highlighting that that is the advice that the Labor Party received.

At the time that the original legislation went through Parliament, we made two points about it. Firstly, we were not going to cause any sovereign risk and this was an agreement that had been validly entered into between the government of Western Australia and the commercial counterparties. It was not in the Labor Party's interest to try to disturb the longstanding practice of this state of recognising the need to completely eliminate sovereign risk. Therefore, we were not going to seek to try to move amendments or otherwise deal with the terms of the agreement. People have to understand that when a state agreement comes to us, we have a bill and an attached schedule. Although there is absolutely no doubt of the capricious power of Parliament to amend the schedule if we chose to, that would then instantaneously create enormous sovereign risk in the state of Western Australia and we are not in that business.

Therefore, we chose not to do it and I say again that we choose not to do that even though there is no question of the sovereign power of Parliament to do it. That is why we never sought, and we are not seeking today, to amend the schedule; that is not going to occur. We do not do that. The point we made is that we were relying on the government's advice that we received incorrect advice from the Indigenous communities because—this is exactly what I said two years ago—if this matter is ever litigated in the High Court or elsewhere and the High Court finds in favour of the argument put to the defence by the Indigenous communities, this bill will be set aside to the extent that it is in conflict with those principles under the national native title arrangements. Again, we put that all on the record. It is no news to the government, it is no news to Buru Energy and it is no news to Mitsubishi Corporation because it is a well-established position of the Labor Party; I am simply stating facts.

Unlike the National Party, which is currently in debate with its Premier and its other cabinet members, we recognise the importance of eliminating sovereign risk. That does not mean that we are not going to critique the government's performance in negotiating this or any other state agreement, but it is a different issue trying to undermine or undo negotiations that the government has concluded. We will not do that; we always reserve our right to point out when we think that the government has got things wrong, but we will not try to create risks for investors in Western Australia based on any capacity to undermine those agreements through the processes of Parliament, and, indeed, the processes of cabinet. I would argue that if the government of Western Australia has entered into an agreement properly and through due process with a proponent, or is executing an activity that is contemplated by a state agreement, it is then a sovereign risk for a minister to refuse to implement the decision of the government. Perhaps the Premier will agree with me on that issue!

We want to make sure that when we are dealing with investors in Western Australia, we give them a secure environment. We always hold our rights to make sure that, for example, as environmental standards evolve over time, the regulation of environmental management evolves over time and as we recognise that health and safety standards evolve over time, we need to allow that. That is why modern, contemporary state agreements do not set aside the other laws of the state. A lot of agreements specifically state that they were to be read to override, but that is not a contemporary approach and when the former Labor government was in power—not that I was a member of the Labor government; I was not even in this place at that time—it took the view that we should not be overriding the other laws of the state. There should be specific agreement about the issues around a project that are subject to the general laws of the state. That is a contemporary approach and I acknowledge that the Natural Gas (Canning Basin Joint Venture) Agreement Amendment Bill 2015 is framed in that way. I am just making the point that there is a difference between the operation of the general laws of the state and why they are different from the terms in an agreement; one is not a question of sovereign risk and the other is, because if investors have agreed, they have agreed. It could be a good deal or it could be a bad deal, but it is still the agreement and it needs to be recognised in that way. The investors in this arrangement have the right to expect the state of Western Australia, no matter who happens to form the government, to be a trustworthy counterparty.

I recently had some discussions with people in the forest industry about the government's sale of softwood forests in Western Australia and the potential risks to state agreement rights that that sale may expose that industry to. There will be incredible and difficult-to-manage risks in going from having as a counterparty the state of Western Australia to an unknown future purchaser of the softwood forests. That is a potential difficulty and sovereign risk problem for the forest industry, which has state agreements in place here in Western Australia. They are arguably some of the most successful state agreements in that they are based on a renewable resource rather than a natural endowment that must, over time, be exhausted. Even though the total amount of natural resources in the world may continue to increase as we get better and better at finding them, any particular deposit of natural resources is going to be depleted over time. At least the softwood forests in the south of the state are a genuinely renewable product if they are properly managed.

I turn now to another issue in respect of the joint venture. Having gas in the ground is not the same as having a project, and the companies involved are intensely aware of that issue. If we look at the offshore industry, the Browse fields were found 35 years ago. Everybody understands that the Browse field is a world-scale gas field, but the companies that found it argue that in 35 years it has never been a commercially viable project. At the moment when we read in the newspapers and business media about the Browse project, there is all this commentary that people still do not think it is a viable project. I know that is not necessarily the view of the current proponents who are in the front-end engineering design process to see if they can get it to work, but I make the point that just because we have gas in the ground, it does not mean we have a commercially viable project. Indeed, having gas in the ground when the Japanese import price of gas is $20 a unit is completely different from now when the Japanese import price is about $7 or $8 a unit. These projects go up and down.

Interestingly, I recently attended a presentation by one of the super majors and the point was made that they are not too worried about whether they make a return on any individual field in any individual year, because they have the resources and the balance sheet to make their project work over the life of the project. If they have a 25 or 30-year project, they take their return over that period, so even if they are not making money out of a specific project in any 12-month period, it does not necessarily stop them investing in the project if they think that it is going to return them money over the long term. On the other hand, there are smaller players such as Santos—the one that is talked about most in the media—with its Curtis Island project. That company is in desperate need of additional capital, so there is debate in the media about whether it might have to sell some of its first-class assets to fund continued investment in Curtis Island until it is fully ramped up. The question then is: even though it might make money over 30 years, how is it going to work out if the company cannot survive the next 12 months? The super majors are not in that position because they have such massive balance sheets they can survive one or two years underwater.

That is an interesting issue, but in respect of the Canning Basin agreement, whilst Mitsubishi might have a massive balance sheet, that is certainly not true of Buru Energy. Just as an example, I am advised that there are estimates that the great northern gas pipeline that would be required to bring this project to fruition would cost $450 million, and it clearly may well end up costing a lot more than that; these things usually do. Buru is clearly not in a position to fund that, so it would have to get somebody else to help it; that is the way these things work.

To get back to the resource, having gas in the shale at these enormous depths in the Kimberley is not the same as being able to produce gas at surface; the company would have to prove up the gas. With a conventional gas field, having found the reservoir, it is relatively easy to do all the testing that is required and all the other things that engineers and geologists understand that I do not fully understand, and work out whether they can get the gas out and how fast it will come out. However, the issue with shale gas is that although the natural gas might be exactly the same as the natural gas that comes out of a conventional reservoir, they have to get it to flow. The gas is in the shale because over millions of years it has not left the shale. That means that the gas must have been there to start with and there must then have been some geological development over tens of millions of years that allowed a cap above the shale so that the gas could not leak out. Methane is actually very light, and if there were nothing to prevent it leaking out of the shale over millions and millions of years, it would actually evaporate and there would be no gas left in the shale. That is the reason we do not have—to my knowledge—any coal seam gas in Western Australia like they have in Queensland, because the methane has over millions of years evaporated out of the coal measures in Western Australia. If there were no cap above the shale in the Canning Basin, there would be no gas in the shale because the gas would have evaporated over millions of years. That is one of the reasons we can be confident that when and if the commercial players decide to start extracting the gas, the gas is not going to leak out other than through the well bore. If it were going to leak out, it would have already, because it has been there for tens of millions of years. That is one of the good things about shale gas. Of course, that does not mean it cannot leak out through the well bore, and there are a whole range of other issues related to that.

Of course, gas from a conventional reservoir can leak out of a well bore; we saw that in the Varanus Island disaster off the Kimberley coast and we saw it most spectacularly in the *Deepwater Horizon* spill in the Gulf of Mexico. Sometimes companies say, "Trust us; we know what we're doing." The problem with that

argument is that the review that was done by the US government into the *Deepwater Horizon* disaster shows that BP acknowledged with its contracting partners that risks existed but decided to take the risk, and in the end that decision was clearly wrong. In the same way, we can look at the *Exxon Valdez* disaster in Alaska all those years ago, when I was a teenager. Companies were transporting oil in single-hulled ships, and that was a big risk. We knew at the time it was a big risk, but because there had never been a big disaster like that, no-one understood the extent of the risk. When *Exxon Valdez* was punctured, there was only a single skin on the ship and the puncture meant that the oil could leak out. That is why all the super majors now carry oil only in what they call double-hulled carriers, because that way, if the outer skin is breached, there is still a second skin on the inside to retain the oil. It is now much harder for those oil tankers to leak.

To go back to the *Deepwater Horizon*, the documentation about the United States government's review of that disaster—these documents are posted on the web, and I am sure that everybody has seen them—shows that there were discussions between BP and its contracting partners about suggestions on handling particular risks, and BP's decisions to proceed in the way that it chose. When something went wrong, there was no way to stop the disaster rolling out in the way it did. Indeed, consider the problems in the Sea of Japan from the 1930s until the early 1970s, with the dumping of mercury near the village of Minimata. Mercury was being poured into the ocean by a chemical company, and citizens in that area were being affected over a 40-year period. Even when the company identified that it was the cause of illness in people in the area and, indeed, the wildlife—cats were literally jumping into the ocean as a result of mercury poisoning—it hid the truth about the cause of the problem. The problem for industry is that there is a bad history of companies doing the wrong thing, so we need rigorous, publicly understood environmental regulation.

When I was a very young child, around the world there was this thing called the anti-pollution movement. Perhaps, Madam Acting Speaker (Ms L.L. Baker), you might remember the circle with the four-pointed design in the middle, almost like a Mercedes-Benz insignia, but with an extra leg on the star.

Mr C.J. Barnett: The Acting Speaker has still got the T-shirts.

Mr W.J. JOHNSTON: Talking about T-shirts, my sister was at university at the time, and she used to wear the T-shirts, so I remember them very clearly. As I said, I am the youngest of a big family, so there were plenty of events, such as my brother participating in the Vietnam moratorium marches. Interestingly, in Canberra during the moratorium marches, the police would say, "Those of you who want to get arrested, sit over there." Rather than having a big fight, they were just told to sit somewhere and they would get arrested. It was a lot easier than in Sydney where there were big fights between the coppers and the protesters. I will add that my brother was not one of those sitting over there. They were interesting times, as a child in that era.

I asked my daughter the other day about the anti-pollution movement, and she did not know what I was talking about, because there is now actually a much higher standard of regulation. The companies tell us that they have a much better view about their social responsibilities, and I accept that, but the point I am making is that companies cannot simply rely on the community accepting their statements of corporate social responsibility being enough to deal with environmental issues. Obviously, fracking is currently the source of a lot of controversy. In fact, the Department of Mines and Petroleum recently put out a press release about a company operating in the south west of Western Australia, to which it had recently issued an exploration licence. In that media release, the Department of Mines and Petroleum described fracking as "the controversial process of fracking". If the Department of Mines and Petroleum thinks that the process of fracking is controversial, we can imagine that many other people in the community may have even stronger views about it.

That is why I want to highlight the forty-second report of the Standing Committee on Environment and Public Affairs in the other place, which was tabled this week. I am about one-third of the way through reading that report, and it is very interesting. The report suggests that the current regulatory regime over fracking needs to be improved. It recommends changes to a number of the regulations on fracking, and changes to the procedures of the Department of Mines and Petroleum and the Department of Water. It recommends the establishment of a gas fields commission, along the lines of the Queensland GasFields Commission, something that I know industry strongly supports, so that conflicts over land access and other issues for the unconventional gas sector can be solved in a clearly independent way. The report makes the point that the Queensland GasFields Commission is not subject to any direction from the minister; it reports directly and only to Parliament. According to the report, the commission has been very successful in reducing conflicts in the coal seam gas industry in Queensland. The standing committee report also recommends the use of recycled water in fracking; increased baseline monitoring to determine future effects of unconventional gas activity; the establishment of a fund similar to the mining rehabilitation fund to ensure that money is available for orphan wells and other issues in the sector; and the banning of certain chemicals in fracking fluids.

It is a very interesting report and I, for one, will be very keen to watch the government's response to it. I see that the minister has put out a media release foreshadowing that he will make a response. I know that under the upper

house standing orders, which are different from ours, the government will still have to respond by sometime in February. Whereas the response period under our standing orders is measured in calendar days, theirs counts only sitting days. The upper house's rules are as opaque as ours, so we can say only that sometime in the future, probably early next year, the government will respond to the report of the Standing Committee on Environment and Public Affairs, and I will be very interested to see that response.

I also note that this upper house committee has effectively endorsed the Labor Party's position on unconventional gas exploration and fracking. The Labor Party stated that the current regime of regulations was inadequate, and that is one of the findings of the upper house committee. The Labor Party's position is that we think that the community has deep concerns about unconventional gas extraction, and that is what the committee has found. The committee has found that there needs to be greater disclosure of information from the Department of Mines and Petroleum. It is really entertaining. I have got through this bit, in which the DMP discusses what it is able to do, as opposed to what it does, because the gap between what it is allowed to do and what it does is one of the issues that will need to be addressed by the government in responding to this report.

The government has made play about the fact that I have previously said, and I will say again now, that Australian engineers are clever people who can manage risk and that, in my view, the risks of unconventional gas extraction can be properly dealt with. That, of course, is consistent with the Labor Party's position on these issues, as was a point made in the debate on the amendment at this year's conference. Our conference amendment did not say that fracking would not occur in Western Australia. We made the point that it will occur only if it is shown to be safe, secure and properly managed. That is what was endorsed by the upper house committee. We are very pleased that the upper house committee has endorsed the Labor Party's position on unconventional gas; that is very good.

Mr C.J. Barnett: What was the bit about the moratorium then?

Mr W.J. JOHNSTON: Interestingly, Premier, a moratorium means a delay until research is done. A moratorium, although controversial amongst some in the industry, is not something that I have a problem with. I was just about to make a point about the time I went with the member for Riverton to Fort Worth as part of the committee inquiry into gas.

Debate interrupted, pursuant to standing orders.

[Continued on page 8678.]