

COLLIE COAL INDUSTRY

Grievance

MR M.P. MURRAY (Collie–Preston) [9.46 am]: My grievance is to the Minister for Regional Development and relates to Collie's future, something I am very concerned about. At his announcement in Collie that it was to become a super town, he was asked about the stand-off in contractual arrangements between two major investors in the Collie coal industry—Perdaman Industries and Lanco Infratech Ltd. Lanco has acquired Griffin Coal for a reported \$850 million and Perdaman has been developing a urea factory that will cost around \$3 billion. These are both great investments for Collie's long-term future but there seems to be a problem with the contracts that were signed before Lanco acquired Griffin Coal. When Griffin Coal was placed into receivership, a company named KordaMentha acted as administrators. It was the understanding of some that after the sale, existing contracts would be honoured. That does not seem to be the case, as it has been reported in the press that coal supplied to the Bluewaters power station was under threat, thus threatening 10 per cent of the state's electricity supply. However, I think there have been second thoughts on this, as well as meetings to work through the problems associated with the supply. This is a positive move but I understand it has yet to be finalised.

I move to the Lanco versus Perdaman issue and ask what the minister has done in his role as Minister for Regional Development and Minister Assisting the Minister for State Development to make sure these companies work towards honouring agreements and to make sure that both parties are able to be profitable and invest in the Collie region. Word is that Lanco is running the Griffin mine at a loss and Perdaman is sitting idle while the courts work through contract issues. It is time the minister and his government intervened in the process to make it clear that both these investors are needed in the south west. It is time the minister personally sat down with both companies and went through their issues with the view to settlement so that they can get on with their much-needed projects. With only 12 months left on the Worsley expansion project that employs 2 000 people, we need the Minister for Regional Development to do something more than swan into town, insult our coffee shops and leave. Will the minister talk with the administrators of Griffin Coal to understand the previous contractual arrangements and what the understanding was when Griffin Coal was sold to Lanco? Will the minister talk to both parties and the administrator to work through the problems associated with the sale of Griffin and its contracts?

As our other energy supplier, the gas industry, has a 15 per cent local supply content attached to the industry, will the minister and his government look at expanding the state agreement act that covers the coal companies to include a 15 per cent reservation policy for the coal energy division of WA? This will give local and intending investors a guaranteed source of coal supply and put a level playing field between the gas and coal industries with the supply of energy. I do not think, due to the minister's infatuation with the north west of the state, that he or his colleagues understand or are interested enough in the south west region to understand the impact on the job market and the economic wellbeing that these two industries will have on the short and long-term future of the south west region.

If one or the other company fails, it will mean a huge reduction of employment and income to the south west region. At the moment, we have people from all over the south west employed in the Shire of Collie working on projects such as the upgrade of Muja A and B, shutdown work at Bluewaters and Collie power stations, along with the previously mentioned Worsley expansion program. Most of the employment in these areas is due to finish in the Christmas period. Many of these workers were hoping to secure further work on the construction and maintenance phases of the Lanco–Perdaman projects. If this work is not available, they will move on and, in many cases, leave the south west. In my view, this will cause financial hardship for many small and large businesses in the south west due to lower disposable incomes and also loss of jobs in the support industries, such as fabrication, civil and construction companies.

Minister, there are many deadlines for contracts and finance provisions to be met over the next month. There needs to be government leadership shown so that these companies can move forward, because the failure of the companies to agree to move toward construction will do irreparable damage to the south west as a place to invest—not only in Western Australia but certainly the world. I ask the minister to immediately take a leadership role—something he has certainly been lacking—and work with both Lanco and Perdaman Industries to make sure contracts are honoured and differences of opinion sorted out. With around \$5 billion of investment hanging by a thread and the world watching, I believe the minister should act. The minister's failure to do so will make his promise of Collie being a supertown and a place to invest ring very hollow, and the word “supertown” very quickly replaced with “ghost town”. No investment! No jobs! No supertown! Your government has already reneged on election promises worth over \$400 million of infrastructure in the Collie–Bunbury region, including the Eelup roundabout, the Bunbury–Albany pipeline, the Greenbushes–Bunbury rail line, the Collie river desalination plant and upgrade project, as well as stealing \$6 million from the Collie Coal Futures Group. Here is a chance for the minister to redeem himself somewhat by making sure both these projects continue—or are going

to see what we have seen in the Ord region, where the rice industry, which was much touted, has now turned into chaff or fodder? I believe that if the minister does not take a positive stand here and work with both Lanco and Perdaman Industries, we are going to be very much —

Mr B.J. Grylls: Your leader was talking to me when you referred to the Ord region. What was your point about the Ord?

Mr M.P. MURRAY: If you will excuse me until I have finished this, I will take interjections if I think they are pertinent.

I am saying to the minister that here we have \$5 billion worth of work in the South West that is hanging by a thread, and the minister has not been seen. I have not heard of the minister being down that way. The companies are at loggerheads. There needs to be a circuit breaker; the minister can be that if he wants to be. How about a bit of focus in the South West? It is the same situation as with royalties for regions funding—it all goes north or out to the eastern areas pork-barrelling National Party seats. It is time the minister came down to the South West. I am very disappointed in the member for Bunbury, the member for Murray–Wellington and also down the bottom end, the member for Vasse. Those members of Parliament have let the South West down by not saying a word. Now is the minister's chance to be a superstar—I do not think he ever will be—but he has a chance here to get at least a kick in the forward pocket and move on and get something done.

MR B.J. GRYLLS (Central Wheatbelt — Minister for Regional Development) [9.54 am]: Here I was thinking we were going to have an important debate about a very important issue to the state —

Mr M.P. Murray: So \$5 billion is not important!

Mr B.J. GRYLLS: The member for Collie–Preston has taken the opportunity to give me a nice little touch up about a whole range of issues. It is interesting that he spent about two minutes of his time talking about the Perdaman issue, which is important, and then spent the rest of the time contradicting the other members of his party who say I do not spend enough money up north. He said I am spending all the money up north! I do not exactly know how the Labor Party comes to an agreement on this, member for Collie–Preston, because we think that we are distributing the money fairly evenly across the state. We make no apology for there being a very strong focus on the north west. Our focus is very clearly on the Pilbara Cities development of the Kimberley. That is not to say that we do not have a very strong focus on Collie. I know that it is important for the member for Collie–Preston to stand up in this debate today, because he is under a bit of pressure in his seat. There has been renewed focus by government on the seat of Collie. The member regards that as his seat only; he has never really had to do too much there, but the fact that a little is now happening means the member has to stand up and raise a grievance in the Parliament. That is good. I look forward to a very hard-fought contest for the seat of Collie at the next election; it will be a very good thing.

The member for Collie–Preston will have the opportunity to repeat the statements he has made today; he will be able to make them down there as he tries to protect his seat. Again, that is a good thing. The people of Collie welcome the fact there will be a difficult stoush for whomever wins the seat of Collie–Preston in the future, and we welcome that.

I will move onto the issue, because it is important. The member for Collie–Preston is quite right when he says that both projects are very important. Collie is a very important economic driver of not just the South West region but also the state, and it is disappointing that with the collapse of Griffin Energy and the purchase of the Griffin assets by Lanco that we have now got to the stage that Lanco and Perdaman, the proponents of those two major expansion projects for Collie, are now at loggerheads and are in the court. It is not for me in the Parliament to run through that process. That has been widely covered. The criticism of the member for Collie–Preston was that the government was sitting on its hands. I want to take the time to assure the member for Collie–Preston that we are not, and that better than me meeting regularly with the two players, Lanco and Perdaman, I keep in very close contact with the Department of State Development. I am happy to inform the member for Collie–Preston that the Premier himself is meeting regularly with Lanco and Perdaman to try to solve the impasse and provide a solution. As Minister for State Development, the Premier has jurisdiction over this issue, but more importantly the level of importance placed on this by the government —

Mr M.P. Murray: Handball!

Mr B.J. GRYLLS: I am not handballing at all. I would love to do it, but I am happy that the Premier has made this a very clear priority of his leadership and government to try to broker this. I can think of no better person to try to bring those two parties together than the Premier. The important part of this issue is that under the Collie Coal (Griffin) Agreement Act 1979 there are some obligations for the holder of that resource to have some domestic contracts. I do not believe it is an option for a move to full export. It is in the realm of that state agreement that I believe the resolution to this issue lies. The member for Collie–Preston needs to understand that we are certainly not sitting on our hands. There was no sitting on our hands when the government moved, I

think, in record time to develop Shotts industrial park and to give Perdaman the opportunity to pursue a financial close to the project —

Mr M.P. Murray: All the work was done by the Labor Party! You put a sign up.

Mr B.J. GRYLLS: You did no work!

Mr M.P. Murray: You put a sign up!

Mr B.J. GRYLLS: No, we did not. We have completed that industrial park in record time.

Several members interjected.

Mr B.J. GRYLLS: Now, I want to take the issue —

The SPEAKER: The member for Collie–Preston has made the grievance; the minister is responding to it. We do not need anybody else trying to contribute to this particular grievance.

Mr B.J. GRYLLS: I want to run through some of the state agreement obligations that come with the Collie Coal (Griffin) Agreement Act 1979. Lanco has been advised in writing by the Premier that in considering any approval of contracts for the export of coal, the state agreement minister, who is the Premier, will amongst other matters consider a number of factors: existing reserves of coal within the company's coal mining leases; the reservation under clause 5 of the state agreement; the adequacy and certainty of supply to existing domestic contracts and markets; any other approvals required for the mining and export of coal; and the implications of any decision, not only for Griffin Coal's ability to effectively discharge its obligations under the state agreement, but also for the commercial reputation of the state and for the special standing accorded to state agreements as a resource development bid. It is crystal clear from the state agreement that Lanco, in purchasing the Griffin assets, has some obligations under that state agreement. As I have said, they are now in contractual dispute about that; that is before the courts. But I am very confident, and speak to the Premier regularly about this; I have been briefed on Lanco and Perdaman. I am very comfortable in the Premier's hands-on determined role to ensure that we get a solution for this. The Premier has spoken regularly about our excitement at the downstream processing aspects of the Perdaman urea project and the excitement that brings to that area to see some high level sophisticated downstream processing. But it is also exciting to see a new Indian investment from Lanco into the coal industry in Collie, with major expansion plans. Both those things are good for Collie and good for the state.

The Premier has taken very much a hands-on approach and made it very clear what he believes the obligations are under the state agreement act. We are in a contractual dispute in the courts. We will let that play its course. My understanding is that by the end of this year or early next year, that should have come to fruition, and hopefully we can quickly move on with the development, as the member for Collie has said.

I will just finish off, in my last 20 seconds. For the member for Collie to stand up in the Parliament and talk about Collie becoming a ghost town is very, very disappointing. That is typical, base opposition policy. Collie is not going to become a ghost town. We are very, very excited about its future. The coal resource is a very important resource for that area. We are seeing lots of interest in international investment in that area.