

ADDRESS-IN-REPLY

Motion

Resumed from 15 August.

DR TURNBULL (Collie) [3.11 pm]: I will speak in detail about the power generation industry in Western Australia, the current state of the industry and the future development needed to cope with the increasing demand for electricity in our expanding economy. The Collie coal mines and power-generation stations are central to the economy of Western Australia. Muja power station provides 52 per cent of all electricity in the south west interconnected system and 4.7 million tonnes of coal are used to generate 72 per cent of the electricity transmitted through the south west interconnected system. The majority of the coalmines in Collie are contracted to Western Power and 7.4 million tonnes of the coal produced by these mines was used in Western Australia in 1999-2000. The annual coal tonnages for the next three years are expected to be between 4.9 million and 5 million tonnes. Coal companies can reasonably expect a stable production level of about 4.9 million tonnes in the near future. However, in the longer term - 2003-07 - the contracts will be up for renegotiation. Regrettably, Mark Chatfield, general manager of the generation division of Western Power, indicated in an address to the coal conference held in Collie that there will be a reduction in the use of coal in electricity generated by Western Power in the years 2003-07. He indicated that tonnages would drop in those years from 4.9 million to 3.5 million tonnes a year. It is apparent that the reasons for this reduction are Western Power's take-or-pay obligation to the Dampier-Bunbury gas pipeline and the number of large base-load electricity users transferring from Western Power to the private electricity producers such as BP Australia Ltd, Worsely Alumina Pty Ltd and Tiwest Pty Ltd. This is a serious situation for Western Australia, because although Western Power's inventory of gas and coal will increase between 2003 and 2007, coal will have a smaller market share. As a consequence, it is calculated that there will be a reduction in the coal used for generation on the south west interconnected system.

What will happen at the Kwinana power station after 2003? It utilises a significant tonnage of coal. Mark Chatfield stated that Kwinana would probably cease to use coal after 2003, and there are a number of reasons for that, such as the recent fire at the station and increasing maintenance and repair costs for the coal section. This means that the annual increase in electricity requirements - about 100 megawatts a year - and the electricity currently produced from coal at Kwinana will be generated by gas. As I have already stated, this will result in reductions in the coal tonnages.

It is in the economic interests of Western Australia and Western Australian electricity users that Western Power not continue to go out to private tender to seek new generating-capacity suppliers for the 100-megawatt annual increase in electricity demand. As Western Power must hold a general tender, its generation division should be able to submit a tender for the supply of that electricity.

Mr McGowan: That requirement is in the electricity supply legislation. Western Power must go out to tender. It is the Government's legislation.

Dr TURNBULL: That is right. Western Power's generation division should be able to tender in that process.

Mr McGowan: I think that is already in the Bill.

Dr TURNBULL: That is what we should be doing, and I will explain why. Western Power should be involved in the installation of the new generating capacity and, once it has won the contract over the private sector, it will be able to utilise the excess contracted inventory of gas in the installation of that new capacity. If gas were used in the installation, there would be less requirement to reduce the amount of coal utilised in the Muja and Collie power stations. Reductions in the annual production of coal tonnages would be counterproductive, as coal companies would not be able to reduce their prices when they do not have the economies of scale generated by increasing tonnages of coal.

Mark Chatfield recognised this in his speech to the Coal Conference in Collie. He said -

To achieve competitive electricity in Western Australia, competition is being introduced into the market and into the provision of future generating plant.

I have already said that Western Power's generation division should also be involved in that competition -

This will encourage the use of natural gas in high efficiency machines.

Again, I support that, and I have already stated that that will be the situation. My argument is that the gas being used should be part of Western Power's inventory. Mark Chatfield continued -

If Western Power does not match this competition, its production of electricity will fall dramatically, -

That is the reason Western Power should be involved in tendering for new generation contracts -

- and it will evolve into a high cost coal based generator, using only Muja and Collie. The private sector will supply growth, and capture the quantity reduction in the current coal contracts this decade, by using gas.

One can see that whether the gas is from Western Power or from the private sector, it is going to try to push coal aside. Mark Chatfield continued -

Unfortunately, this may not lower electricity costs, because Western Power will have no leverage to push them down, and the new entrants will simply price their energy to just displace coal fired plants. Consequently, Western Power also has to use the opportunity provided by retirement of aging plant to refresh its stock of plants and push down the opportunity cost as seen by the new players.

I agree with all of that, but the most important thing is that Western Power generation division contracts itself for the supply of any new incremental gas or coal-fired generating capacity that is needed, either to replace Kwinana or to generate for increased demand, and eventually, perhaps, to replace Muja A and B. Between 2003 and 2007 several major changes will occur in the industry. It is possible that the Kwinana station may go offline and Western Power may have an inventory of coal and gas. It is important to maintain, or to not allow to drop too far, the current tonnage level of coal between 2003-07. In order to do that, Western Power needs to utilise its gas inventory in its own facilities. Mark Chatfield's concluding remarks emphasise that need.

In the longer term, a new coal-fired generating capacity will be required by about 2007. It is obvious that the coal industry is facing further reductions in the price of coal. Both companies in Collie, Wesfarmers Coal and Griffin Coal Mining Company Pty Ltd, recognise that. It is also recognised by the workforce and they know that the competition will come from gas and the combined cycle gas generation which could be used for base load generation. Both companies are prepared to discuss with Western Power the impending coal inventory that Western Power will hold. They are discussing ways of assisting in making sure that the above ground coal pile that is exposed to deterioration is as small as possible.

The coal companies are looking at other markets for coal. It would not be wise for any company to rely on only one customer - in this case, Western Power. The companies have put a large effort into trying to find other customers. One important area is the mineral sands industry. Metallurgical experimentation with synthetic rutile plants has ascertained that Collie coal is very effective in synthetic rutile roasters. That is a good but small market. The companies are also looking at proposals put forward at the Collie Coal Conference. One was for an aluminium smelter and the other was for a paper pulp mill. I see some members smiling to themselves when I mention an aluminium smelter. Many people remember former Prime Minister Bob Hawke going to Collie in 1984, standing in the park, taking a piece of paper from his pocket which he said was a telegram, and announcing that there would be an aluminium smelter in Western Australia. Aluminium smelter technology has changed significantly and they are now regarded as almost boutique items. The smelters in the Hunter Valley in New South Wales are quite small, discreet, unobtrusive and very efficient. The aluminium smelter option must be explored. A designated 300 megawatt coal-fired generating power facility located at the new Collie power station would certainly improve the efficiency of the station. It would run 24 hours a day on baseload. It is feasible that the price of electricity could be reduced significantly, even though the fuel source would be coal.

The paper pulp mill is a serious proposal on which an enormous amount of work is being done. Location of such a plant in Collie next to one of the power stations would provide a good synergy of heat usage in cogeneration. Cogeneration is the only way that Western Australia can get the best return from its energy resources. It is important to look at possible locations for a new paper pulp mill, because this could influence the siting of woodchip facilities. Collie is closely related to the major blue gum plantations of Western Australia. Areas around Collie - McAlinden, Boyup Brook and Wilga - have thousands of hectares of blue gums and it is potentially a very good value-adding industry for Western Australia. Many of the blue gum plantations are owned by Japanese and Korean companies. In this new era of greenhouse gas awareness it is becoming apparent that the most important thing when value-adding a product such as woodchips in preparation for the manufacture of paper is to locate the production as close to the source of the woodchips as possible so as not to incur the transport of excess tonnages of water or materials which will not be involved in the final product.

The paper pulp mill proposal is very important; it could go anywhere from Boyup Brook to Wilga, to Collie or to Muja. These four sites all have advantages and disadvantages, but they will all need power generation; and if the paper pulp mill were located next to a source of power generation, it might gain an advantage from the generation of electricity, and certainly from the generation of the heat that is involved in that process.

These are important issues in the coal industry that we need to talk about. The coal industry is on a sound basis for the near future, but we need to look at the long-term planning, particularly between 2003 and 2007 when the contracts will be up for renewal, when Western Power will have large inventories of gas and when Kwinana

power station may be at the stage where it will cease to use coal. Therefore, planning is important, and it is vitally important that our Government continue to manage that planning.

I turn now to some other important issues in my electorate. The dairy industry restructure has been a very drawn out and painful process. It was forced on Western Australia not by competition policy but also by the fact that the dairy market support scheme that had been in place for 15 years would conclude on 30 June 2000. Under that scheme, States other than Victoria paid money to the Victorian dairy farmers to help them develop their industry, and in return those farmers did not enter the domestic markets of the other States. The driving force behind the changes that are now taking place is the threat that milk from Victoria will enter the markets of New South Wales, Queensland and Western Australia. Most of the dairy farmers in my electorate have recognised that the dairy support scheme that has been put in place by the Federal Government will give them another eight years of some protection from the forces that will affect them as a result of the total deregulation of the dairy industry.

Milk is a unique product in that it needs to be processed, and it is very important that we have the capacity to process the milk that is produced in Western Australia. I have assured the dairy farmers in my electorate that this Government is prepared to provide any support that it can to help increase the number of milk processing facilities in Western Australia, which may be in the form of dairy farmer-owned cooperatives. It is exciting that the Peters-Brownes Group has developed new export markets for high value added dairy products such as chocolate, ice cream and yoghurt, and we are pleased that it is starting to enter the Japanese market.

Another important issue in my electorate relates to the Western Australian Tourism Commission's "Partnership 21" document. I and the people of Boyup Brook, Collie, the Ferguson Valley, Dardanup, Donnybrook and Boddington have studied that document very closely. That document focuses on and tries to foster a contribution from industry towards the marketing of Western Australian tourism products. However, because its focus is in that direction, it has not addressed the small tourist bureaus of the inland country towns. The inland country towns that I have described, and those in other areas of Western Australia, do not have a tourist-operator base that can provide the necessary income to support those bureaus. Therefore, as I have said clearly in my electorate, we will need to find some other method of continuing to make the financial contribution that the State had previously made to those tourist bureaus. The shires of all these areas are making large contributions at the moment, and they will need to continue to do that.

The reason that inland country towns must continue to have tourist bureaus is that tourism has three important components: International tourists, interstate tourists and local tourists. The "Partnership 21" document quite unashamedly targets the marketing of our tourism product to international and interstate tourists. It is important that we capture as much of the international and interstate market as we can, because that provides a financial return to Western Australia from outside our State. However, the fact is that the largest tourism spenders are the Western Australians who travel around our State. They are the people who want to visit areas such as Collie, Boyup Brook, Dardanup, the Ferguson Valley and Donnybrook, and, when they arrive, they want to get some information about the local area. Therefore, the local tourist bureaus must continue to get recognition and support from our Government.

I wish the House well in its deliberations in the next few weeks.

MR KOBELKE (Nollamara) [3.39 pm]: I would like the opportunity to move an amendment, but I can assure the Leader of the House I will not. The amendment would be that we regret to inform the Governor of the appalling state of government in this State. We have only to look at a range of issues to see just how badly the Court Government is performing: The finance brokers scandal, in which a minister has been derelict in his duty; the range of serious crime that is associated with the evidence of corruption in certain sections of the Police Force; and the Government's and Premier Court's total inability to deal with a range of issues affecting the services that are essential to ordinary Western Australians. Time after time the Government has failed Western Australians on important issues.

This Government crows about increasing expenditure on law and order and on policing our suburbs. It has. It has done a good job in building new police stations. However, when one considers the recurrent expenditure available to put officers on our streets, we find the budgets have been cut. The police do not have enough money to ensure their vehicles are maintained and out on the roads. They do not have the petrol and the wherewithal to do the job and protect the citizens of Western Australia.

The Minister for Health trumpets about expenditure in health. However, we hear story after horrifying story about failures in our health service due to the lack of funding by this Government. While the Government has built a hospital at Joondalup, the people are fearful of going there. The Government has mismanaged the whole affair. We find that in so many instances privatisation is failing. It is not delivering services at the standard expected by the people of this State.

The Government has expanded its revenue substantially. The general government expenditure in this year's budget, which includes government trading enterprises, is approaching \$10b. When \$10b is spent in a year a lot of good things are happening. I do not deny that. We have many wonderful programs and many committed people doing good things. However, in the fundamental issues of corruption, law and order, policing, schools, and government administration that looks after people - such as people who invest with mortgage brokers - this Government fails the fundamental test and is unable to deliver. It is difficult to work out why the Government has failed time after time when it has so much money that it could have good people in the public sector and services that come up to standard. Under its economic management we have had record deficits in the budget. At the time of a huge inflow of money the Government is running a deficit budget. It is hard to explain.

The Government's privatisations have poured billions of dollars into the coffers. Where has it all gone? It has not brought benefits to the ordinary citizens of Western Australia. According to the McCarrey report the repayment of debt was supposed to mean an extra \$300m to \$400m every year would be available for the provision of services. That has not happened. Privatisation was supposed to save hundreds of millions of dollars that would go into improving services. It has not happened. The Government has sold off AlintaGas, Westrail and other agencies simply to try to cover the hole in the deficit. The Government's mismanagement is causing us to sell off quite valuable assets. That will lead to higher costs to the consumers - the citizens of this State - as long as this Government is in power and failing as abysmally as it is.

When we look at contracting out we see the Matrix deal, in which the Government sold off an asset worth between \$200m and \$300m on the basis that it would save money. Despite the Government's cooking of the books and shifting figures around, it is clear it is costing far more. The cost as a result of the mismanagement of the Matrix deal is in the order of \$1m each month.

The Government may have saved some money in the contracting out of school cleaning, but we have complaints from all over the State that schools are filthy. We do not have an adequate standard of cleanliness in our schools. One would think that basic hygiene and cleaning was fundamental in an education system. It is not for this Government. Contracting out and cutting prices has meant that in many cases we no longer have clean schools. The dilemma is that we have record revenue due to a high level of economic activity and increased taxation rates under this Government. However, instead of improved services we have a record government deficit and a deterioration in core government services across so many areas. The Government's response is to sell off more of the State's prime assets to try to cook the books to make it look as though the Government's budgeting is not as bad as it is. People who look to the underlying figures will see the deficit regardless of the conjuring by the Government to shift money around and to pour funds in from asset sales to cover the hole in the budget.

With this in mind I have kept an eye out to find out where the wastage occurs and where the money is going if it is not going into providing services, which clearly is the fact. Someone raised a concern about the amount of money the Government spends on private law firms. Although that is not my special area of responsibility, because I was concerned about this I decided to put some questions on notice. I was also concerned at the allegations that because only one or two law firms get most of the work there is a potential conflict of interest when different government agencies are represented, sometimes by the same law firm. There could be a conflict between two government agencies, yet the one law firm represents both parties. That is a major issue in the law, and large law firms take steps to try to make sure that does not happen. Given the appalling management in this Government, I am not convinced we do not have an issue with some of these major law firms and a conflict of interest. That is because they pick up so much government work.

I put a question on notice to all ministers asking them for all expenditure on law firms for every agency in 1997-98. I thank most ministers for giving me a full response. Some ministers took some time to respond. The Minister for Energy was not willing to provide information on AlintaGas or Western Power, so they are not part of my figures. The Minister for Housing was not willing to provide figures on the Ministry of Housing. The Minister for Primary Industry and Fisheries gave total amounts spent on private law firms in legal fees but would not give any breakdown of law firms or projects. I gathered all that information together. I have summarised the major recipients of that money into a chart, which reads as follows -

Provider of Service	Total 97-98	Total 98-99	Two year total	% of total for 2 years	
Crown Solicitor's Office	\$1 339 364	\$913 302	\$2 252 666	9.1%	
Ministry of Justice	\$582 791	\$580 934	\$1 163 725	4.7%	13.8%
IN ORDER OF PAYMENTS					
Freehill Hollingdale & Page	\$2 175 086	\$2 680 516	\$4 855 603	19.6%	
Skea Nelson & Hager	\$948 032	\$1 432 339	\$2 380 370	9.6%	
Mallesons Stephen Jacques	\$1 165 734	\$952 539	\$2 118 274	8.6%	
Blake Dawson Waldron	\$320 824	\$948 229	\$1 269 053	5.1%	
Minter Ellison	\$504 838	\$717 986	\$1 222 825	4.9%	

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Clayton Utz	\$229 142	\$342 986	\$572 128	2.3%
Phillips Fox	\$190 704	\$290 624	\$481 328	1.9%
Corrs Chambers Westgarth	\$240 039	\$202 454	\$442 493	1.8%
Jackson McDonald	\$138 010	\$292 011	\$430 022	1.7%
Ken Pettit	\$200 100	\$187 115	\$387 215	1.6%
Pullinger Stewart	\$177 127	\$191 583	\$368 710	1.5%
Jenny Pickworth	\$137 595	\$145 590	\$283 185	1.1%
Hammond Worthington Prevost	\$102 644	\$127 094	\$229 738	0.9%
Geoffrey Miller	\$183 500	\$250	\$183 750	0.7%
Dwyer Durack	\$85 161	\$7 587	\$92 748	0.4%
Kott Gunning	\$23 348	\$50 791	\$74 139	0.3%
Parker & Parker	\$63 618	\$6 745	\$70 363	0.3%
Totals	\$8 807 657	\$10 070 677	\$18 878 334	76.4%

I qualify the comments I make on those figures on the basis that these are the answers I received from ministers. As I have already indicated, two ministers did not give full answers for all of their agencies and some information given by ministers may be incorrect. With that proviso, the figures show that in those two years a total of nearly \$25m was spent on legal fees. Included in those figures was money spent by government agencies for lawyers who came from the Office of the Crown Solicitor and the Ministry of Justice. It may be that they were entered as different names by different departments, but if we put them together as government lawyers we find that nearly \$3.5m, or 13.8 per cent of the total, was spent on government lawyers. Another qualification I make is that certain government agencies may use their own lawyers or Crown Law and not bring it to book, so it is probably a higher percentage. I accept that. However, the answers I was given show that over 86 per cent of expenditure on lawyers went to private firms.

The Government always uses private firms. At times there is a need for special expertise that is not available within government, and sometimes the volume of work makes it necessary to use private firms. I have no issue with that. However, I am concerned that 86 per cent of the Government's legal costs, with the provisos I have set out, are paid to private firms. I am also concerned that the work has not been spread evenly among those firms. At the top of the list is Freehill Hollingdale and Page; it received \$4.855m in that two-year period, which is 19.6 per cent of the total. The next firm on the list is Skea Nelson and Hager which received \$2.38m, almost 10 per cent of the total. Mallesons Stephen Jaques, which is the Attorney General's old firm, received \$2.1m, or 8.6 per cent of the total. Blake Dawson Waldron, a national firm, received \$1.2m, or 5.1 per cent. Minter Ellison received \$1.2m; Clayton Utz, \$572 000; Phillips Fox, \$481 000; Corrs Chambers Westgarth, \$442 000; and Jackson McDonald, \$430 000. The list goes on and the amounts become smaller. I find it remarkable that well-known law firms, some of them national firms of considerable size, such as Clayton Utz, Phillips Fox, Corrs Chambers Westgarth and Jackson McDonald, during that period each received about \$0.5m, yet Skea Nelson and Hager, a firm I have never heard of, picked up almost \$2.4m in the same period.

I was interested to know why a small Perth law firm was given so much business. Upon inquiry, I found that Skea Nelson and Hager, with its principal lawyer Rohan Skea, was registered and began business only in January 1996. In that two-year period to which the answer relates, the firm received \$2.4m. Not bad for an up and coming young law firm. Of that amount, \$1 071 000 was for work carried out for the Health Department. I further asked the Minister for Health why more than \$1m was paid to this firm during this two-year period. I asked how much was paid to Skea Nelson and Hager, and the earlier answer I received was confirmed. I asked for details of the specific nature of the work for which the payments were made. The response was –

Legal advice on expression of interest/request for proposal (EOI/RFP) process for proposed privatisation of Armadale Health Service.

I asked how this work was awarded to Skea Nelson and Hager, and was told –

The Health Department of Western Australia did not appoint Skea Nelson and Hager for legal advice on EOI/RFP process for proposed privatisation of Armadale Health Service but received certified copies of invoices from Treasury, which it processed for payment.

Treasury committed more than \$1m of Health Department funds to pay Rohan Skea and his company to look into the privatisation of the Armadale hospital, and it never happened. That is nice work if people can get it. The firm was paid a cool \$1m for advice on a potential privatisation of a health service, which did not go ahead. In comparison, other national law firms provided advice across a range of agencies in the same two-year period and were paid in the order of \$0.5m.

In Perth the current rate of payment for legal advice is \$250 an hour, although advice on taxation and specialist matters may cost more. However, when an arrangement is made with a law firm to provide assistance over a considerable period on a major project, it would be normal for the Government to negotiate a rate considerably

below \$250 an hour. However, using \$250 an hour as a standard fee, the \$1m paid to Skea Nelson and Hager represents 4 300 hours work. Members are asked to believe that Rohan Skea and his company did the equivalent of two years work by one lawyer, working more than 40 hours a week, on that privatisation process. It is hard to believe the firm did that much work on a process that did not go ahead, but we are asked to believe that. I was keen to know how the firm was engaged. Were expressions of interest called or was there a competitive tendering process that allowed someone to pick up more than \$1m for advice on something that never happened? I cannot get much in the way of an answer to my question about the tendering process, and my freedom of application is being shuffled around the place and delayed.

I then looked at the six-monthly reports on government consultants which the Premier tables in this place. The figures in those reports are often inaccurate, major items of expenditure are regularly omitted, and the tabling of those reports is considerably delayed. The Premier tabled only a few weeks ago the report to 30 June last year; in other words, the reports are tabled more than 12 months after the periods on which they provide details.

The health expenditure to Skea Nelson and Hager is not mentioned in the six-monthly report on consultants – neither the \$1m nor parts of that amount. It simply slipped the Government's mind! It makes me more suspicious when the Government cannot be open in its reporting to the Parliament. People were engaged as legal consultants and we know from two answers to my questions that Skea Nelson and Hager picked up more than \$1m in that period for this one contract. However, it is not mentioned in the reports. I then looked at the report for the six months to 30 June 1996. In that period Skea Nelson and Hager was working for the Government on the BankWest sale and was paid \$366 514. It also worked on the Matrix Finance Group car deal and for that advice was paid \$152 275. In the first six months of 1996, a company that was registered in 1996 picked up \$518 789 for advice given on these two deals. Over the the two years 1997-98 and 1998-99, major national law firms engaged by this Government received just \$0.5m. In a similar period a new law firm which had just put up its shingle in St Georges Terrace picked up more than \$0.5m for assisting the Government with two deals.

The six-monthly reports on consultants contain a range of discrepancies. Some of the amounts set out in the answers to parliamentary questions do not appear in the six-monthly reports. Also, payments to Skea Nelson and Hager included in the six-monthly reports are not included in the answers to parliamentary questions. There clearly is some deceit on the part of the Government, and it is trying to hide the total expenditure on consultants and law firms, particularly Skea Nelson and Hager. I combined the two sets of figures I was given. I have not double counted any of them. Some of the amounts provided in the answers matched exactly the figures quoted in the six-monthly reports. However, in many cases the Skea Nelson and Hager payments listed in the reports were not included in the answers to the parliamentary question, and in other cases the expenditure listed in the answers to parliamentary questions was not included in the reports.

If we count those, what do we find? For advising both Treasury and R & I Holdings on the sale of BankWest, Skea Nelson & Hager was paid nearly \$600 000. It received over \$564 000 for the work undertaken over some time on the Matrix vehicle fleet lease. It was engaged to advise the Department of Transport on the bus fleet management tender, for which it received over \$1m for several years' work. It advised the Minister for Energy on the Kingstream Steel Ltd report, for which it picked up over \$85 000. It was also involved in the Westrail sale scoping study, for which it received nearly \$40 000. It advised on the AlintaGas sale, for which it picked up over \$62 000. When those amounts are added up, we find that Skea Nelson & Hager received \$3.94m between January 1996 - its commencement date - and June 1999, which is the last date for which I have figures.

Mr Omodei: Who do you think should have got the money?

Mr KOBELKE: The minister should have been listening. I am saying that this amount is far higher than that which is received by major national firms that provide legal advice to the Government. Firms like Mallesons Stephen Jaques, Blake Dawson Waldron, and Clayton Utz - perhaps the biggest law firm in Australia - did not get a fraction of that amount. These companies have the legal expertise. This is a Johnny-come-lately.

A company that was set up in January 1996 received nearly \$4m over three and a half years for legal advice. As I have already indicated, it was paid for all the political work. It was for the sale of BankWest, the Matrix leasing deal, the bus fleet management, the sale of AlintaGas and the scoping study for the sale of Westrail. They were all political deals. Everyone knows that there are law firms on the Terrace that are close to the Government. That is life. Because some firms have expertise in the areas required by government, one can understand that certain law firms - Freehill Hollingdale & Page is a clear example - will pick up a lot of government work. One expects that. They have the expertise and would win a lot of that work against any competitor.

Mr Prince: Minter Ellison for the area of local government.

Mr KOBELKE: Absolutely. How can a company like Skea Nelson & Hager, which has just put up its shingle, receive \$1m from the Health Department for the Armadale hospital, which did not even go ahead? The Matrix car deal, which has been a disaster -

Mr Prince: Are you saying that it is not competent to advise?

Mr KOBELKE: No, not at all. I am asking how it got all that work and was paid so much money.

Mr Prince: Simply because it is a new firm does not mean it lacks competence.

Mr KOBELKE: I want to know about the tendering process. The firm might have brought in very expensive consultants who were the best in Australia. If so, did the Government get the best value for money? A number of national firms with major offices in Perth have the expertise and the depth of experience to provide advice to government in these areas. If members look at this area of privatisation in the book of law firms in the library, they will not find Skea Nelson & Hager. They will find half a dozen other companies in Perth which advertise their expertise in this area. That firm has expertise in other areas mentioned in that book. I understand it is very good at conveyancing. If it had a minor part to tidy up and do the conveyancing for these big deals, one could clearly acknowledge it has expertise. The Government needs to explain the tendering process and why so much work was given to this company.

I am pursuing that matter through freedom of information processes to determine whether it was justified. If it was justified, that is great. However, my job in opposition is to seek an explanation when I see something that appears to be wrong. On the surface, this has a smell about it. It is now up to the Government to substantiate that there was a proper expressions of interest or tendering process and that it received value for money. It will be very hard to justify the Matrix and Armadale hospital deals. How can the Government spend millions of dollars on something that either makes a loss or never goes ahead? I will be pursuing those questions and hope to receive answers from the Government in due course. However, if the problems I am having with my FOI requests are any indication, the Government is trying to cover up this matter and is not willing to justify the value of this expenditure.

In the few minutes I have left, I will contrast this with the fact that Western Australia has the lowest paid workers. Although the Government is willing to hand over millions of dollars to mates and to people who provide legal advice - which we know did not stack up as being good for the State in a couple of instances - what is it doing about the people who need the most assistance and who are doing it tough in Western Australia? Under this Government we have workplace agreements that have given us the lowest minimum wage in any State of Australia. However, this State trumpets the fact that it is a leader in exports and in many areas of economic development. If we are not the leader in Australia, we are on a par with Queensland. When it comes to the benefits of that flowing through to the ordinary men and women in Western Australia, we find that the Government has contrived to give us the lowest minimum wage in Australia. If the minimum wage for a person on a workplace agreement in Western Australia is compared with the minimum wage for a person on a federal award working a 38-hour week, we find that people in Western Australia are \$50.80 a week worse off. That means that a lowly-paid worker gets \$2 641 a year less than a person employed on the minimum wage in a federal award for a 38-hour week. That is scandalous. For a State which spends millions on lawyers - with little to show for it - and which has a marvellous economy and huge prospects for the future to treat so abysmally those people who are struggling to survive and look after their families is an indictment of this Government. It is a shame on this State that this Government is willing to push down the minimum wage, as it has deliberately set out to do, to disadvantage people. The following figures reflect the minimum wages received by a person on a workplace agreement as opposed to those on a federal award -

As at 1 st June 2000	Minimum Wage under a Federal Award for Difference 38 hour week	Minimum Wage under a Western Australian Workplace Agreement for a 38 hour week
Weekly Wage \$50.80	\$400.40	\$349.60
Annual Wage \$2 641	\$20 820	\$18 179
Hourly Rate \$1.33	\$10.53	\$9.20

MR BLOFFWITCH (Geraldton) [4.08 pm]: I have listened to the member for Nollamara, and how he can be such an expert on these law firms is beyond me. Normally a contract is won by a law firm as a result of the reports that it has completed previously. The parties read them and say, "That is a very comprehensive report. I like the way these people report. I will go with this firm." To suggest that companies should not have received the work without any knowledge of how that company operates is an insult to all the law firms mentioned today.

Mr Kobelke: I singled out one firm because, compared with the others, it does not stack up.

Mr BLOFFWITCH: Has the member ever read the reports of Skea Nelson and Hager? Does he know whether the company is good, bad or indifferent? No, he does not, and that annoys me. People make assumptions because they see figures of \$2.9m or \$3m and say that that company is getting far too much. The member never thought that it could be because of the quality of the work. Do not ever think that, because that would be giving credit to the company instead of castigating it.

I will now draw the attention of the House to my home town of Geraldton.

Mr Shave: It is a very good town.

Mr BLOFFWITCH: Geraldton is a good town. At the moment, however, it is going through a slump. Grain prices are as low as they have ever been in Australia. Crayfishermen earned a good quid this year, but with the rural scene in recession, the town is dying. Seventeen shops have been vacated in the past six or seven months because they cannot make a quid, and that is serious. For 10 years we have been sweating about whether a steel mill will be built in the Geraldton region. When I spoke to Mr Zucs from Kingstream Resources last week, he told me that the mill will be built at Geraldton. The quicker that happens and adds a few more thousand people to the town who will contribute to the economy, the better off all the businesses and the people of Geraldton will be. I look forward to that happening.

I also look forward to a deepwater port being developed at the industrial site at Oakajee. Who knows what future industries will be established there as a result of the port. Geraldton is closer than Esperance and Perth to the Asian and European markets. It costs \$10 000 a day for a ship to sail. Asia is three days from Esperance and a day and a half from Perth, which equates to a saving of \$15 000 for ships to take their product out of the deepwater port at Oakajee. I was pleased to hear that the Government is talking about building the port because we will need fairness and equity when dealing with other people who want to use the port. If one company built it, it would charge like a wounded bull for anybody else who wanted to use it; that is not the way we should operate. We should give fair access to everyone so that anybody who wants to establish an operation there will have the opportunity to do so. One of the benefits will be that people north of the City of Geraldton who do not have a water supply will have scheme water, because a major water supply will be made available.

Mr Shave: They deserve scheme water.

Mr BLOFFWITCH: They do deserve scheme water. We can give it to farms, but we cannot give it to residential lots north of the City of Geraldton, which is unfair. We must wait for the development to happen. I am more confident now than I have ever been that something will happen shortly.

Mr Shave: They have a very good local member there.

Mr BLOFFWITCH: One does one's best, but the atmosphere is not the best when walking down the main street and businesses are closing. I feel sorry for many people who have done their best to survive but who have decided that they could make more money on the dole. They have decided to close the shop, sell the stock and get out.

Mr Shave: It is heartbreaking.

Mr BLOFFWITCH: It is heartbreaking. Hopefully we will see a big improvement. Geraldton has some wonderful services: The new heated swimming pool is first class; it has a waterslide for the kids and a fun area for the kids to play.

Mr Barnett: We do not have one of those in the western suburbs.

Mr BLOFFWITCH: Tough luck! There is now a water polo pool, so local teams can play in the state competition. Previously they could not play in that competition because the teams from Perth would not swim in a non-heated pool.

Mr Barnett interjected.

Mr BLOFFWITCH: No, not from the western suburbs, the member is right.

Mr McGowan: What about the synchronised swimmers, what are they doing?

Mr BLOFFWITCH: Geraldton has plenty of areas to practise these things. Our girls' water polo team would be one of the best in the Australia. Two or three girls from Geraldton have represented Australia. I had a great deal of pleasure of betting with the member for Kalgoorlie when the Geraldton team played the team from Kalgoorlie; I won two bottles of wine. That shows how well the Kalgoorlie team compares with the Geraldton team. I was very pleased that that happened and in the end the member for Kalgoorlie said she would not bet with me any more because the team from Geraldton wins too easily.

Mr Shave: What about footballers? Geraldton produces very good footballers.

Mr BLOFFWITCH: Geraldton does produce good footballers. That is the beauty of country areas; everybody plays sport.

Mr McGowan: You would have been a ruckman, wouldn't you?

Mr BLOFFWITCH: No, I was a rover. The town is very much associated with sport, whether it be hockey or netball - thousands of young girls play netball every Saturday morning. They received a grant and built an indoor netball court so that they can now play in the state competition. Previously they did not have sprung floor indoor courts so the state competition teams would not come and play. This shows the types of things one is up against in a regional area. Fortunately we have got there. We have our indoor pool; a beautiful new museum on the waterfront, which is lovely; a nice new police station, which hides a lot of police instead of getting them out in the street; and a very good junior and senior high school. The high school is totally integrated with the TAFE college.

Mr Shave: There is a lot of heart in that town. I wish the Government would put more money into it.

Mr BLOFFWITCH: It is good to hear the minister say that. The Government is putting more money into it. The Minister for Education will look after the high school and the hostel, which I am pleased to see, and the Minister for Health will give \$32m for a hospital to be built at Geraldton. Geraldton has done well and will continue to do well; however, it needs another type of industry to be established. When the rural industry collapses - the price of wheat at the moment is about \$120 a tonne, which does not cover the farmers' costs or the chemicals they put on the ground -

Mr Nicholls: The member might be interested to know that the prices are worse now than they were in the Depression.

Mr BLOFFWITCH: They are the worst they have ever been. We can thank our American cousins for their massive subsidies. Going into an election year, America has poured billions of dollars into subsidising their wheat quotas, which lowers the price of wheat throughout the world. The Australian farmers who are trying to compete with that in a free market find it very difficult. The milkos are crying at the moment, and I do not blame them; however, they should look at the rural scene and see how badly off those people are. It does not make a farmer feel good to harvest a crop and end up with a deficit of about \$60 000 to \$80 000 a year; it is a great concern. Hopefully we will see an improvement in the price of grain. Perhaps after the election the Americans will play the game more fairly and we will have a chance to get a reasonable price for our wheat.

Law and order has improved in Geraldton as a result of having police in the police station rather than their being transported from other areas. They are targeting the areas near the nightclubs where there is a lot of trouble because of bashings and other things.

Once they target the area, and they have been doing so for the past couple of weeks, it all stops; it always goes back to normal. It is similar in Northbridge and those troubled areas in Perth, but those streets will become safe again with that police presence. That is exactly what we need. In my opinion we do not need them manning booze buses, we need them on the streets to protect the citizens of this State. There should be more of that. I know it is said that they are using very junior officers, but even a junior officer walking along the street has a presence and has some impact on the people who perhaps think of misbehaving. Because of that presence, they do not misbehave; they try to behave themselves, and I am very pleased to say that things generally are improving.

We built a new police and citizens youth centre which, I might add, will be the best in Australia. It will have a climbing wall, Blue Light disco facilities and a recording area where kids from the jazz band and local singers can have a disc cut and can promote it. It will give country kids an opportunity to have what is readily available in Perth.

Mr Shave: I have some friends in Geraldton and they tell me that this police effort has been closely aligned to a major effort by you to have some of these issues resolved.

Mr BLOFFWITCH: I have been screaming for the past 12 months for something to be done about the transfers. I have also been saying that I do not think we need police officers to look after prisoners who are locked up in jail - prison officers should do that, and they are doing that. That is why we will have more officers on the beat. I am pleased to see that happening.

I compliment everybody who works as part of the volunteer brigade in Geraldton, whether at Rosella House or the Yamatji patrol. They do a wonderful job. I have talked to the Lotteries Commission and I think we will obtain some funds from it, which will make the life of those volunteers a little easier. Hopefully things will improve in and around the Geraldton community, although nothing will really change until a new industry develops or the price of wheat picks up.

Mr Johnson: You will ensure things improve because, from your description today, Geraldton sounds like Utopia to me.

Mr BLOFFWITCH: I can go out in the morning and 20 minutes later I am back with four or five crayfish or I can go out for half an hour and catch a jewfish. Where else in Australia can one do that?

Mr Grill: Are they legal size?

Mr BLOFFWITCH: As a member of Parliament I do not catch cackers, I catch legal size. Nothing would be worse than for me to be picked up catching an undersized cray.

Mr Grill: Do you carry a gauge with you?

Mr BLOFFWITCH: As all members will know, when the season starts we have a gauge that is one centimetre larger; after 1 January it is reduced to the normal size. It is the same for marron. Geraldton is a lovely place to live. We need a little more done to boost the economy. The Government cannot do much about that but I hope we get behind this Kingstream issue and make it work. I am very pleased with the efforts of all the volunteer groups and I look forward to it hopefully being a better year next year.

Debate adjourned, on motion by Mr Barnett (Leader of the House).