

STANDING ORDER NO 230 - AMENDMENT

Motion

HON DEE MARGETTS (Agricultural) [2.19 pm]: I move -

That Standing Order No 230 is amended by inserting after paragraph (b) the following paragraph -

- (c) A Bill that has a schedule containing the text of an agreement to which the State is a party that, upon its enactment, would ratify and give statutory effect to that agreement stands referred to the *Environment and Public Affairs Committee* when debate is adjourned under paragraph (a).

This motion has been debated in a number of contexts in this House; it is basic commonsense. We are all aware of reports, such as the one by Michael Keating. That report recommended to the Government that it should no longer use state agreement Acts as a vehicle for large projects. Several reasons were given, one of which was that business wanted this and that, and that state agreement Acts were not good enough. There were many reasons for the recommendation. I agree very strongly with Michael Keating that it is a good suggestion. However, it has not happened. I am not entirely sure why that is the case. I assume that the Office of Major Projects does not want to give up the mechanism. Given that Governments or parts of government have found it impossible to wean themselves from the outdated idea of long-term agreements with private proponents, the very least any Parliament should do is to make sure that any agreement is one that will bring net benefits to the State.

There has been enormous debate about a range of agreements signed by the Government in recent months. On most occasions there has been public querying of the stated benefits to state revenue and employment. Some proponents have been queried about the accuracy of their public presentations. In some ways it is like headhunting a chief executive officer for a local council. Unfortunately, when an arm of government in Western Australia - in this case the Office of Major Projects - has a view of how it wants the State to develop, such as the types of heavy industry it wants and in what locations, it has sought likely proponents to support its view. Such an arm of government sees its role as convincing proponents to invest in a particular venture that it wants. That means that the Office of Major Projects has felt it necessary, on behalf of the State, to buy an investment. The office keeps increasing the attractiveness of the options until a proponent has an offer it cannot refuse. In some instances there have been offers with infrastructure and special state taxing regimes. Assistance with tariffs for gas or cheap coal has been given. Access has been given to jarrah forests for the manufacture of charcoal; there has been a range of special arrangements. Long-term contracts have been offered to companies in the woodchipping industry. In exchange, the State has offered infrastructure and other assistance.

The single most valuable offer from Governments of this State has been contracts that a proponent can sell at a later date. Proponents can break up their entities and sell off all or part of the business. The emphasis has often been on locking in a contract with the Government. In some instances, proponents can determine what the entity is worth when it no longer decides it wants to operate a development. We should be over that. Considering how fast things change in our modern world, the Government should not be signing contracts with a duration of 63 years. We do not know what position the State will be in in 10 years, let alone in 63 years, and any major mechanism that ties up not only a current Government but also future Governments will experience considerable difficulties, particularly if it includes several private companies. Companies come and go; some go out of business and some get into financial difficulty. Once the State commits itself to a major project and that project gets into major difficulties, the proponent has the ability to "bargain down" the conditions under which the agreement was made. As both parties must agree, the Government often feels that it is in so deep it has to keep putting good money after bad to keep the project going, or not to appear to have made a mistake.

From the Greens' point of view, the State should not be signing these agreements. The Greens' motion should receive support. If the previous Department of Resources Development continues to sign long-term contracts with private proponents or consortia, the Government and the proponents should be aware that Parliament has a role in the process, and they have a right and a responsibility to make sure that the deal is a good one for the State. It could involve hundreds of millions, if not billions, of dollars. Once a state agreement Act is signed, the risk is not necessarily wholly held by the proponent. If the Government considers signing a state agreement Act, the proponent and the Government should be aware that the Parliament will scrutinise that arrangement to make sure that it is in the public interest. A committee is currently looking at the royalty arrangement and the impact on local governments. Many aspects of state agreement Acts have caused controversy. Over time, some of the land has become immensely valuable to the proponent, and yet the proponent pays unimproved rate values in perpetuity. Communities incur costs when supporting a large industry. A number of councils have been pushed to the point of bankruptcy in supporting large industries and they cannot easily obtain reimbursement for those costs because the state agreement Acts do not specify that sort of support or reimbursement, and some companies will provide only that which they are required to.

All in all, as a commonsense approach, if the Office of Major Projects insists on continuing to operate in this manner - that is, trying to pick winners and telling proponents that it has a space for them, whether on the Burrup or at Oakajee or Kemerton - and if the proponents are thinking of coming to Australia and investing in that kind of industry, they would probably have a preference of their own. In my view, it would be sensible for each region to do its own capability mapping for industrial development, identify those areas that are suitable for various kinds of industries, and they would at least be prepared to deal with them. However, the Department of Resources Development has tended to run the show.

We have an obligation to make sure that we are not creating enormous costs in the future, not only in specific infrastructure provision or reduced taxes and charges, but also in revenue forgone; that is, those things that, as part of the agreement, the proponents are excused from paying. That revenue will be lost forever, so it is a real cost. I have yet to see the budget statement that puts a figure on the amount of revenue forgone on an annual basis as a result of the 64 or so current state agreement Acts in Western Australia. I have said for a long time that I am no great fan of accrual accounting, but if accrual accounting were used, those costs would be there. If there is a normal charge for the provision of a particular service, and the State signs an agreement to give a proponent a discount in perpetuity or to forgive that charge altogether, those forgone charges should be reflected in the books, but they are not. There are enormous ongoing costs to the State in the form of revenue forgone and interest that must be paid for a longer period for the provision of infrastructure. Sometimes that infrastructure has been provided only to a single proponent.

Hon Murray Criddle: Do you have an example of where that has happened?

Hon DEE MARGETTS: There is one example in relation to infrastructure. It was not a lot of infrastructure, but costs were involved in setting up the Kemerton industrial area.

Hon Murray Criddle: Did that impact on the local government?

Hon DEE MARGETTS: Yes; there were impacts on the Shire of Harvey as a result of Kemerton. The shire got a slightly better deal in that case. I understand it receives about \$50 000 a year in revenue.

Hon Murray Criddle: Where is the negative impact in that?

Hon DEE MARGETTS: The negative impacts of Kemerton are manifold, partly because the infrastructure for setting up the area was provided largely by the taxpayer. Only one major development took place, and it was assumed others would follow, but they did not. It was set up on the assumption that a number of other heavy industries would come in and set up in the area. That did not happen, so it meant that the project was Barrack Silicone Pty Ltd. The infrastructure cost could not be averaged over a number of industries. There was a chemical factory, but the main industry located there was Barrack Silicon, which did not survive. Barrack Silicon negotiated a low electricity price and also had a long-term arrangement for access to the jarrah forest. Many conservationists believe that that was a major environmental and monetary cost, because it was well below what the jarrah would have got if it were sold on a commercial basis. There is a range of deep concerns about how decisions allowing people to use the forest were justified. We know now that jarrah is not the ideal charcoal for silicon. It was not even the first preference as the best charcoal for making silicon. However, access to the jarrah forest was offered as part of the deal, and it was signed up on a long-term basis.

Hon Ken Travers interjected.

Hon DEE MARGETTS: They may not have done.

Hon Ken Travers: They could have done.

Hon DEE MARGETTS: They could have, except that the rest of the community and the rest of the forest products industry would probably have wanted an open process and to be able to access jarrah for the same figures. It has always been difficult to get a full handle on the prices being paid. Dr Beth Schultz was very interested in tracking the real prices being paid over time for that resource. As well as the jarrah forest access and very low electricity prices, once Barrack Silicon folded, the State, having put so much money into trying to set up Kemerton to attract other industries, was then engaged in helping to bail out that company. Therefore a state debt was simply forgiven or was never paid back. I am glad the member asked me about that matter. All in all, taxpayers have had to continue putting their hand in their pocket to bail out a range of projects into which the State had to keep putting money once it had gone so far in supporting them.

The price of silicon has varied over time. I was enormously encouraged the other day when I heard that a lot of work is being done to reduce the need for silicon in solar panels. I look forward to the time when less energy is put into creating the things that are needed to make solar panels and, hopefully, thereby making that technology more economically viable. Over time it is possible that the price of silicon internationally may be affected by those kinds of breakthroughs in technology. Looking at those projects in hindsight, as far as I am aware nobody

in the Government ever went back to look at those deals. I am sure that anyone in business who signed up to a contract would have a provision for a review at some stage in the event of the necessity to make changes to the business arrangement. Unfortunately, with state agreement Acts, if the Government finds that the circumstances with the business, the commodity, the competitors or a range of other issues have changed, it has not left itself with the ability to go back at a later date and change those arrangements. At the very least, obviously, members of Parliament must be able to ask as many questions as possible up front. However, every time Governments sign up to such contracts, no matter how long they have taken to prepare - sometimes it takes four or five years to put a project down on paper - they always say that the contracts are time specific and they simply cannot allow the time for members of Parliament to look at them. We are almost always asked to rush through those agreements. If the proponents and the Government knew ahead of time that those agreements had to be scrutinised by Parliament before they were set in concrete, everybody would know that it was not a matter of having to deal with them by such-and-such a date. Everybody would know that under the process the Parliament must scrutinise those arrangements.

I attended some hearings of the lower House committee that examined some aspects of the Iron and Steel (Mid West) Agreement Act. I was pretty disappointed at how limited the committee felt it was in asking questions about the risks the State may be liable for in that project. The committee felt able to ask questions about specific costs that had been incurred to that point; unfortunately, it did not appear to take the opportunity to consider the total level of risk to the State or the total potential liabilities and costs of the project as a whole. Quite clearly the Parliament should have the ability to do that. As I said, it would not be a surprise to proponents or to those negotiating those agreements if they knew that was a legitimate expectation of the Parliament.

All we as Greens (WA) are doing is supporting the Government's own proposal. We think it is a good and sensible proposal; it is not outlandish. If the Government continues to think it is appropriate to sign up to long-standing commercial agreements in the future, the very least it must do is put those agreements under the scrutiny of a parliamentary committee to determine whether they are in the public interest. If we were able to do such a thing, we might avoid some of the problems that I believe we are heading into now. I commend the motion to the House.

HON ROBIN CHAPPLE (Mining and Pastoral) [2.40 pm]: I support the motion. I have become aware recently of two fairly significant reports that relate to the inquiry in which we are currently involved. Those reports are report No 31 of the Public Accounts and Expenditure Review Committee, titled "Western Australian Government Financial Assistance to Industry", which was tabled in 1996, and report No 39, titled "Follow-up Report on Western Australian Government Financial Assistance to Industry", which was tabled in 1998. It is interesting that these reports considered most of the issues which have been addressed by my colleague Hon Dee Margetts and which were addressed in the original motion of the Labor Party. That committee, which was in operation for about 18 months, was chaired by Mr Max Trenorden.

[Quorum formed.]

Hon ROBIN CHAPPLE: Report No 31, which was the primary report, made a number of recommendations. I will read out some of the key recommendations that touch on many of the issues that my colleague has been speaking about. Recommendation 1 states -

A detailed cost benefit analysis should be carried out before any decision is made to offer financial assistance to attract industry.

Recommendation 2 states -

The Government should not enter into second or competitive bidding to attract industry to the State.

Recommendation 7 states -

(a) Financial assistance packages involving amounts of \$2million or more should be submitted to Parliament before approval can be granted by the Cabinet.

We will never see that happen. It continues -

(b) When the Parliament is not sitting, financial assistance packages requiring Parliamentary scrutiny should be submitted to the Public Accounts and Expenditure Review Committee.

The intent of the motion is that if that did not happen, there would at least be some scrutiny in this House. Recommendation 10 states -

The threat of locating to another state or country should not be considered a valid reason for granting financial assistance.

How many times has financial assistance been granted on that basis? Recommendation 11 states -

The key factor in determining whether financial assistance should be provided, is the degree to which that financial assistance will return a net economic benefit to the State.

The net economic benefit should be accurately measured prior to financial assistance being offered or granted.

These are the recommendations of a very eminent committee. Recommendation 12 states -

Prior to financial assistance being offered or granted, a method of evaluating the effectiveness of each financial assistance package should be built into the agreement with the proponent.

Recommendation 14 states, in part -

- (a) The transparency and accountability measures detailed elsewhere in the Report should apply to Agreement Acts.
- (b) All Agreement Acts should stipulate a time limit for the life of any government financial assistance and the amount of financial assistance, including revenue foregone.

There are three more recommendations. Recommendation 20 states -

- (a) The Public Accounts and Expenditure Review Committee should oversight financial assistance to industry.
- (b) The Public Accounts and Expenditure Review Committee should be provided with additional resources and expertise when it is reviewing financial assistance.

Recommendation 23 states -

Every 6 months, a consolidated report containing all current financial assistance packages should be tabled in the Parliament.

Recommendation 24 states -

No organisation seeking financial assistance shall be granted such assistance if it is not prepared to divulge the relevant information to the appropriate authorities.

The committee sat for some 18 months and comprised Mr Max Trenorden, MLA; Mr Larry Graham, MLA; Mr B.R. Blaikie, MLA; Mr M.F. Board, MLA; and Mr C.M. Brown, MLA. Interestingly enough, very little occurred as a result of that report, even though it was laid on the Table of the Legislative Assembly. A subsequent follow-up report was prepared in 1998 by the Public Accounts and Expenditure Review Committee, which again was chaired by Max Trenorden and comprised Mr Larry Graham, Mrs M.R. Holmes, MLA, Ms Alannah MacTiernan, MLA and Mr I.F. Osborne, MLA. It was a very eminent report. Not much has happened. Where do we go from here? Recommendation 5 of that report states -

- (a) That in the absence of the portfolio-based standing committees, the Parliament establish a specialist standing committee to scrutinise and make recommendations on financial assistance packages.
- (b) That the Parliament determine the financial package threshold requiring scrutiny.

This has never come to fruition. In the absence of those deliberations and that level of scrutiny, this Chamber, as the House of Review, is duty bound to at least scrutinise state agreement Bills to ascertain those sorts of issues in line with the committee's findings. With those comments I support the motion of my colleague.

HON KEN TRAVERS (North Metropolitan - Parliamentary Secretary) [2.47 pm]: I acknowledge that the Government considered going down this path in dealing with state agreement Bills. However, equally, on reflection we have considered the matter further and we will oppose this motion. The Government accepts that, from time to time, there will be occasions on which in the view of the House it is necessary to refer agreement Bills to a committee for further consideration. The House will need to look at the matter on a case-by-case basis and consider all the issues in front of it at the time the agreement Bills come before it. That is the approach the Government will take. It is also fair to say that the approach the Government has taken in dealing with state agreement Bills is to consult widely, to involve stakeholders in the development of agreement Bills and to try to bring people into the process at an earlier stage than has occurred in the past.

We should acknowledge also that state agreement Acts have served this State very well. It is also fair to acknowledge that state agreement Acts, although sometimes promoted as a mechanism for somehow denying accountability, actually enhance accountability. Agreements reached through state agreement Acts could often be reached outside the state agreement Acts process; however, state agreement Acts enhance accountability by requiring the agreement to come before the Parliament. The Parliament is given the opportunity to reject state agreements on matters that the Government could separately have entered into. Hon Dee Margetts made

reference to the issue of the silica plant at Kemerton. Without researching the matter in great detail, I do not think that the member disagreed with me when I said that it is possible that the Government could have entered into a long-term contract, as Governments regularly do, outside the state agreement Act, and that this would have had the same impact. However, by putting it into a state agreement Act, the Parliament was given the opportunity to reject it if it did not think it was in the broader interests of the State. That provides greater security and bankability. I remember having a conversation with a member of the other place who is old enough to remember some of the arguments and times of Charlie Court, when state agreement Acts were first brought in, and some of the history of and background to that process. If I went into those details, I would be straying too far from the motion we are discussing today. However, members would find it interesting to consider some of those issues.

The other issue that has been raised by implication is that of the Keating recommendations. As is the case with all reports, those recommendations are available for the Government to consider. Others will also comment on them. Often after reports are tabled in this place, further information is provided and presentations are made. Members will often give the reports further consideration and reflection and then make a decision. That is something that the Government needs to consider with the Keating recommendations.

A number of companies and other groups in the community are of the view that state agreement Acts serve us well and provide the opportunity for developments to occur in this State that would otherwise not occur. That is something that the State Government must constantly monitor and consider. I earlier mentioned that the need for an agreement Bill to go to a committee must be considered at that time. Members often talk about the lead-up time. The time between a company making its final decision to go ahead with a project and the project getting under way is fairly short, relative to the lead up to making that decision. We need to be cognisant of those sorts of issues.

The motion seeks to amend a standing order so that Bills involving state agreements would automatically be referred to a committee, without a report date even being provided. The only standing order of a similar nature deals with uniform legislation and has a 30-day reporting period. This amendment does not have that. If it were passed, projects could be delayed; the State would seriously run the risk of losing projects. Each time a Bill containing a state agreement comes before the House, the House has the opportunity to refer it to a committee if it believes that there is a need for it to be considered in greater detail.

Hon Dee Margetts: When was the last time the Government said it would let that happen?

Hon KEN TRAVERS: It is not just up to the Government; it is also a decision of the House. Logic dictates that in most instances the Government will be of the view that the agreement it has reached is in the best interests of the State and that it conforms to its stated policy. Obviously, whichever party is in government will generally be happy with the agreement because it will have gone through the negotiation process. Members need to be reminded that a state agreement Act often involves a whole range of negotiations and that it is a package. Members must either accept or reject the legislation as a package, because if they undo part of the package, the Government might as well start from scratch. It is a question of the will of the House and not the will of the Government. It is for the Government of the day to convince enough members in this place or the other place that the state agreement is a good idea and to proceed with it. The Government would always entertain discussions with other parties if the other parties felt it necessary when a state agreement Bill was introduced into the House.

I think I have covered members' points. Obviously, members opposite will take the opportunity to remind the Government of its position in the past. I hope I have adequately explained that we acknowledge our previous position. It is one of those areas in which, upon reflection, the Government realises it did not adopt the best approach. However, what needs to be taken into consideration alongside that is that the Government, as has been clearly shown with the state agreement Acts it has dealt with, is seeking to consult widely with stakeholders at an early stage. The Government is seeking to address some of the concerns it has had in the past by the way in which it develops state agreement Acts. I am being careful not to be overly critical of former Governments, because these issues change and move over time. I am quite sure that whoever was sitting on the Treasury bench would have gone down a similar path of considering community expectations and the like. It would not matter which party was in government; it would adopt a similar approach to state agreement Acts. The Government does not enter into state agreement Acts lightly; it does so when it is clearly seen that such a mechanism will be in the best interests of the State and that it will be the best mechanism by which the Government can attract investment. One advantage of the accountability mechanism of a state agreement Act is that the Parliament has the final say. If there is not bipartisan support from at least the major parties in this State, it is likely that a state agreement Bill will be rejected by this place. As I said at the outset, the Government will oppose this motion.

HON NORMAN MOORE (Mining and Pastoral - Leader of the Opposition) [2.59 pm]: It seems that the Labor Party is on the road to Damascus.

Hon Dee Margetts: Unfortunately.

Hon Ken Travers: My only response is that we will take the high road and you can take the low road.

Hon NORMAN MOORE: The Labor Party tried to take the low road when in opposition. Now it is in government it has recognised that it should be on the high road, which is the road we have been on anyway.

When Governments change, all that really changes is that people move from one side of the House to the other. Of course, there are some variations at the edges, but, generally speaking, most things remain the same. One thing that is important is that the major parties be consistent in their views and policies. I was very concerned when the previous Labor Opposition was giving the impression that for some of these state agreement Acts and other matters, it would not give the ongoing bipartisan support that had been enjoyed for many years and that it might start chucking out a few. That was the strategy of the Labor Party before the last election to try to ensure some Greens preferences. It was clear that the Labor Party would not do in government much of what it did in opposition. It said things that it felt would enhance its prospects of receiving Greens preferences. As it transpired, it did very well with Greens preferences and, indeed, other preferences at the last election. The Labor Party received enough preferences to ensure a quite handsome victory.

I was pleased to hear the parliamentary secretary tell us that the Government has seen the light on this issue and that its position now is to adopt a sensible, conservative approach to the sorts of contracts the Government enters into. I hope that when the Labor Party again goes into opposition, which will happen in due course, it does not turn around and start saying that it thinks these matters ought to be sent to committees or that perhaps we should not have state agreement Acts at all - which some Labor members have said. I hope that the Labor Party can develop a consistent approach to this issue and stick with it.

The reason I say that is the state agreement Act is a very important mechanism that has been used by Governments in Western Australia for many years to attract generally large-scale projects. Many countries in the world seek to attract the capital of major companies. We are in a very competitive situation. It is important for investors to understand what the rules are. We must be able to say to a company what will be the rules if it comes to Western Australia, and that if it abides by the rules, the project can proceed. There is nothing worse than to send a message to the investing community that the rules in Western Australia might change or that if the Government changes, the rules will change. It is imperative that we ensure that people understand that within Western Australia is a process that is supported by both major parties in the political arena.

Obviously, Hon Dee Margetts and I have different views of state agreement Acts. However, we also have different attitudes to development projects. Every time she speaks I get the impression that she does not want anything to happen in Western Australia other than the closure of what already exists. That position ignores the reality of the Western Australian economy, which is based on resource development projects. This is a resource-rich State. The revenues and wealth that are generated in Western Australia are largely a result of the mining and petroleum industries, which involve the mining and extraction of raw materials, in some cases the downstream processing of those resources, and their sale into the world markets where they are required. I would prefer it if the Western Australian economy's secondary and manufacturing industries were much more developed. One of the tragedies of some state agreement Acts is that Governments over the years have been too willing to excuse companies from their downstream-processing obligations because they have told the Government that, at the present time, they are not viable. I know that the former Premier, I as the Minister for Mines and Hon Colin Barnett as the Minister for Resources Development spent a lot of time in discussions with companies that were seeking variations to their agreements to get out of having to engage in downstream processing. Richard Court was very strong in his advocacy of the need for downstream processing in Western Australia. If there is something about state agreement Acts that has not worked all that well, it is that we have not been able to establish the secondary and manufacturing industries to which Western Australia is entitled. I do not quite know how that will happen in the future.

Hon Ken Travers: That is also a bipartisan issue, which goes back to Ian Taylor -

Hon NORMAN MOORE: I am not suggesting that it is not. All I am saying is that I am pleased that the Government has this view. Clearly the Greens have a different view. Their view is that we do not need state agreement Acts because nothing should happen; everything should be left in the ground untouched because otherwise we might make a mess. That worries me because I do not know what the children of the next generation will do for jobs, and what employment will be provided for Western Australians if we take the view that we can do without the resource sector. The Greens (WA) have a similar attitude to most industries: we hear them talk about agriculture, horticulture and fishing, and any other industry that has a vague impact on the environment, as though we should seriously worry about them. Ultimately, various industries create employment. As a result of the nature of our economy, a significant amount of industry has a direct impact on the environment, but we have government agencies to look after environmental issues: it is their job to ensure a balance is struck between the needs of the economy and the environment. Western Australia has been well

served by major projects delivered under state agreement Acts. This has been the case over many years. Listening to Hon Dee Margetts, one gets the impression that all state agreement Acts have been one-sided and that companies have raped the State; that is, that companies have demanded circumstances that have been to their great advantage and to the disadvantage of Western Australia. I do not agree with that view. The benefits provided to Western Australia through most projects subject to state agreement Acts have been significant indeed.

Some of the early projects were even more significant for Western Australia than some of the later ones. The Hamersley Iron, Mount Newman and Goldsworthy agreements of the 1960s - through which companies were allowed to access our iron ore and had the pleasure of paying royalties - required the companies to build towns, roads, power stations, hospitals, schools, churches and entire communities at no expense to the State. I spent some of my life in the Pilbara in the early days of those developments. Those companies created significant communities at their expense. These were well-established and constructed communities with excellent facilities. They were so good, in fact, that they made other towns in the north west look like paupers' picnic areas in comparison. This created problems for the Government of the day because company schools, such as in Tom Price, were airconditioned while the Marble Bar government school was not because the Government did not aircondition schools in those days. As a result of what happened at Newman, the Government of the day decided to provide such facilities for its own employees and people using government schools, hospitals, police stations or whatever. The rest of the north west has received good spin-offs from the provision of superior facilities by mining companies. The same situation applied with housing. The housing in Tom Price in the 1960s was of a quality not experienced before by many people who lived in it. The quality was superb. This led to an upgrading in the quality of government-provided facilities for people living in the north west. The Hamersley Iron, Mount Newman and Goldsworthy mining companies were required to spend a lot of money to provide basic community infrastructure, which companies developing in urban areas simply need not deliver. Western Australia has benefited greatly from the creation of towns like Newman, Tom Price, Paraburdoo, Goldsworthy - it no longer exists - Pannawonica and Leinster. One could go through a list of towns created as a result of mining company development and resource projects, most of which were the result of state agreement Acts. The companies were required to provide fundamental community infrastructure as part of those agreement Acts. This was vastly better than the fly in, fly out arrangements we see today, in which virtually nothing is seen on the ground apart from a large hole. There is no decentralisation at all. If I had anything to be critical about in recent times, it is that we seem to be bending over a bit too far backwards to facilitate what companies are asking for and not demanding enough in return. I recognise that the circumstances of the day will dictate the extent to which the Government can extract concessions from companies, but it is important for the Government to recognise that the State has these resources, that they will always be there and that there will always be a demand for them. Therefore, even if the Government must be a little more patient than normal, that patience might deliver something better for the State than has sometimes been the case.

Just recently we debated the Barrow Island Bill, and I made my views on that very clear; that is, I did not think the State was getting enough out of it.

Hon Dee Margetts: But you voted for it.

Hon NORMAN MOORE: Yes, because it was better than nothing. I was given a choice of voting for or against that agreement, and I took the view that we should agree to that agreement because it is better than not having an agreement at all.

Hon Jim Scott: The agreement could have been rewritten.

Hon NORMAN MOORE: Agreements can be set in concrete, obviously. It takes two to tango, and an agreement cannot be changed without both sides agreeing. However, my view about Gorgon is that if circumstances were to change, it may be possible to negotiate some variations to the agreement. I am in fact meeting Ian Macfarlane, the federal industry minister, this week to put to him as strongly as is humanly possible that the federal Government, which will be the major beneficiary of the Gorgon state agreement Act, involving some \$15 billion or \$16 billion, should invest some of that money in basic industrial area infrastructure in the Pilbara. I do not care whether it is at Maitland or at Burrup. However, if the Commonwealth were to put some money into that, it might make it possible for the company, ChevronTexaco Australia Pty Ltd, to relocate to the mainland.

Hon Ken Travers: On that point, if you need any assistance with information, I am sure the state minister would happily assist and provide it to you.

Hon NORMAN MOORE: I thank the parliamentary secretary for that very kind offer. However, I do not know what the guys opposite have been doing about this, and I do not know to what extent the State Government has been pressing this case with the Commonwealth. I suspect that the federal minister would take more notice of the Premier of Western Australia than he would of me.

Hon Ken Travers: The Premier has been pressing it with the Prime Minister; the state minister has been pressing it with the federal minister.

Hon NORMAN MOORE: I hope the Government did a better job on that than it did on putting forward the public interest argument on competition policy issues. I cannot believe that the Government lost \$40 million and it did not even put in a submission. As Hon Barry House extracted from the Minister for Racing and Gaming the other day, the submission on the public interest issue relating to - whatever that issue was -

Hon Dee Margetts: Liquor licensing.

Hon NORMAN MOORE: - liquor licensing was a verbal submission. I say to the parliamentary secretary that if that is the best the Government can do, I will just take my chances with the minister myself.

Hon Ken Travers: I was hoping that we could be bipartisan on it, because I think that strengthens the state case; but go ahead.

Hon NORMAN MOORE: The parliamentary secretary may recall that during the debate on Gorgon I said that the Opposition would do whatever it could to assist, and we will do that.

Hon Ken Travers: That is why I was, in a positive way, trying to say that if you need anything for that meeting, let us know, and I am sure the minister will provide it. I was not trying to make a political point; I was being genuine.

Hon NORMAN MOORE: I guess one of the problems I have is that it is a very rare occasion indeed when the parliamentary secretary does not seek to make a political point; and when he does not seek to make a political point, I sometimes miss the comment and the nuances of it. The point I am trying to make is that state agreement Acts are capable of being amended when circumstances change, and it is important that we recognise that.

Hon Dee Margetts: Not by us, though.

Hon NORMAN MOORE: What does the member mean by "Not by us"?

Hon Dee Margetts: We can't amend state agreement Acts.

Hon NORMAN MOORE: Of course not, because the Greens (WA) are not involved in a state agreement Act.

Hon Dee Margetts: I am a taxpayer.

Hon NORMAN MOORE: Of course the member is. However, the Government made the decision on her behalf. It makes lots of decisions on her behalf. If the member does not like them, she should go and live somewhere else - it is a very simple solution - and I am quite happy to recommend where she might go.

Hon Ken Travers: And contribute to the airfare?

Hon NORMAN MOORE: In fact, I am happy to pay for a one-way ticket. The point I am trying to make is that state agreement Acts ought to be seen by Governments and proponents to have an element of flexibility so that as circumstances change, so too can the state agreement change. This motion asks us to provide a standing order that requires every state agreement Act to be referred to the Standing Committee on Environment and Public Affairs as a matter of course. I do not support that for a number of reasons. When a state agreement Act comes to the Parliament it is made public. It is the most public contract that the Government probably ever enters into, and Governments enter into many contracts on a daily basis that nobody would ever have the faintest clue about. Those contracts are certainly not made public or brought into Parliament and tabled for people to read. A contract has just been entered into for construction work on the Geraldton Regional Hospital and we have not seen it yet. Those contracts are mentioned in Parliament only when somebody asks questions about them; we do not see them as a matter of course. However, state agreement Acts sit on the Table of the House and are available to anybody who wants to read them. It is a public, transparent document and the whole community knows what is contained in the agreement. That is only proper because, as members know, state agreement Acts override and modify other Acts, which is the reason for them. They enable agreements to be reached without the need to go through every administrative requirement of every Act of Parliament in a way that could make sure that nobody ever reached any agreement.

Hon Dee Margetts: Often you cannot find where the tariffs are involved.

Hon NORMAN MOORE: Then that is for the member to ask the question in the House. If the Government does not respond, it is in the capacity of the House to reject a state agreement Act. The member said it does not happen. To my knowledge it has not happened but it could, because this Chamber is changing. I suspect - I might be told that I am wrong - that had members on this side of the House been sitting on the other side and brought in the Gorgon state agreement Act and had the Labor Party and the Greens (WA) been sitting over here with the numbers - as they now have - then it would have been rejected. That is surmise and I may well be

wrong, but I recall clearly the attitude of the Labor Party before the last election on these sorts of issues and that the green vote was an absolute necessity. This Labor Government closed down the forest industry and put thousands of people out of work because it wanted the green vote. The green vote is more important - well it was at the last election - than anything else.

Hon Jim Scott: It was the western suburbs vote actually.

Hon NORMAN MOORE: Labor did not do badly there either - perhaps not the Labor Party but other sundry people.

Hon Dee Margetts: The liberals for forests -

Hon NORMAN MOORE: Strange animals they are too.

Hon Kim Chance: He is not going to use the words.

Hon NORMAN MOORE: I was going to use their names but I thought I should not.

It is not beyond the realms of my imagination that a state agreement Act some time down the track will be rejected by this House; it is quite on the cards and more likely now than it ever has been in the history of this Parliament.

Hon Jim Scott: Do you mean there might be some proper scrutiny?

Hon NORMAN MOORE: When Hon Jim Scott says things like that he denigrates the capacity of this House to do a good job. It does a good job and it is doing a better job every year in respect of scrutiny of legislation. However, legislation does not have to be sent to a committee for that scrutiny to take place. That is one way of doing it and it is a good way of doing it. However, debating a Bill in the Committee of the Whole is also a good way of doing it. As I said to Hon Robin Chapple when we dealt with the Gorgon Bill, if a member can highlight an issue during the committee stage that demonstrates the Government will not answer a question and we are entitled to more information, then I will agree to sending the legislation to a committee during the committee stage.

Hon Dee Margetts: You don't get a committee stage of the Bill with a state agreement.

Hon NORMAN MOORE: No, we do not.

Hon Ken Travers: We went into committee on the Barrow Island Bill.

Hon NORMAN MOORE: I am talking about referring state agreements to a standing committee. It went to the Committee of the Whole. Before the Bill was debated, when Hon Robin Chapple asked me whether I would agree to send that Bill to a standing committee, I said no, but that if an issue was raised by him during committee debate and the Government failed to provide a satisfactory explanation, I would support its referral to a standing committee.

Hon Ken Travers: That is fair cop.

Hon NORMAN MOORE: That did not happen. Referral to a committee was not warranted on the basis that the Government was not answering questions on issues that Hon Robin Chapple told me would be exposed. The point I am trying to make now is that at some stage a state agreement Act might be referred to a standing committee because answers are not provided in the Committee of the Whole. This motion seeks to send state agreement Bills to the Standing Committee on Environment and Public Affairs as a matter of course. I do not know why they should be referred to that committee. State agreement Acts are not only about environmental issues. They are about jobs, investment, overseas markets, undersea pipelines etc. They are also about the environment.

Hon Jim Scott: They're about public affairs.

Hon NORMAN MOORE: The terms of reference of the Standing Committee on the Environment and Public Affairs are essentially about the impact of public affairs on the environment. That is the main purpose of that committee. I understand that the Greens want to refer legislation to an environmental committee to stop something happening. I am not prepared to support that. However, an occasion may arise in the future when a financial issue in relation to a state agreement Act is best dealt with by the Standing Committee on Legislation or the Standing Committee on Public Administration and Finance. On such an occasion the Liberal Party might support referral of a state agreement Bill. However, at the end of the day, we must understand that, even if these Bills are referred to a standing committee, it is not up to the Parliament to negotiate the contract. We elect Governments to make decisions on behalf of the public. I am satisfied that Governments should have the capacity to enter into agreements with companies for all sorts of things, such as to buy exercise books or chalk - which I do not think schools use any more; it has been a while since I was in a school. When anything is bought for the school system it is done through a government contract.

Hon Ken Travers: Whiteboard pens.

Hon NORMAN MOORE: Thank you. That applies when schools buy whiteboards or computers. The Government is competent to enter into agreements with companies such as Gorgon, BHP Billiton or Rio for an iron ore project. It is not for the Parliament to seek to renegotiate a contract. As the parliamentary secretary quite rightly said, every agreement is reached as a result of negotiations. In order to reach agreement, it is sometimes necessary for give and take. If it transpires that a parliamentary committee is entitled to take back a bit of the give and give back some of the take, the whole contract could collapse. It is far better for those contracts to be entered into and agreed to by Governments. It is up to the Parliament to ratify them.

At the same time, I acknowledge that it is imperative that the Parliament be given all the information that can be made available to allow it to make the right decision to accept or reject the contract. I do not support the mandatory requirement that state agreement Acts be referred to the Standing Committee on Environment and Public Affairs. However, I support the continuation of state agreement Acts and their being made public through the parliamentary process. I support the ability of this House to properly scrutinise agreement Acts. When it is considered necessary by the House, I support sending agreement Acts to a committee for a particular purpose; I do not have any problems with that at all. I am not opposed to scrutiny per se; I am just opposed to agreement Acts being sent to this committee as a matter of course.

I conclude by saying that Western Australia has been well served by state agreement Acts and the companies that have entered into those agreements. We could have done better with some of them; however, we could have done worse with others. The economy of Western Australia is growing dramatically and will continue to grow on the basis of our resource projects. The economy and citizens of Western Australia are the beneficiaries of the major projects. Until such time as we develop an additional dimension to our economy by having greater secondary and manufacturing industries - which we must seek to achieve - we will remain very reliant on the resources sector for the wealth of our economy. The Opposition does not support this motion but, as I said, it will not be unhappy if, from time to time, a state agreement Act is sent to a committee for a particular purpose.

HON JIM SCOTT (South Metropolitan) [3.26 pm]: It is interesting that Hon Norman Moore has described the change by the Labor Party as a revelation on the road to Damascus; I thought it was more of a dogleg on the road to perdition!

Hon Norman Moore: I was not game to say that.

Hon JIM SCOTT: Yes. It was interesting to listen to Hon Norman Moore. He said that he thought the State had done very poorly from the Gorgon state agreement Act.

Hon Norman Moore: I said I thought the State could have done better.

Hon JIM SCOTT: Does the member think that the State has done okay?

Hon Norman Moore: I said it could have done better. The member should read what I said.

Hon JIM SCOTT: I did, but the member gave the impression that he was not happy with the agreement. He gave that impression openly and publicly on a number of occasions.

Hon Norman Moore: I said I thought we could have done better but that it was better than nothing.

Hon JIM SCOTT: The Greens (WA) think we could have done a lot better; we have grave concerns. These massive infrastructure projects should be referred to a committee. The issues are of huge importance to this State. We are talking about not just a project, but a project dealing with the second most important strategic resource in this State after water. There is no strategic energy use policy in this State whatsoever. We are looking at a massive amount of the State's energy being sent overseas by these companies.

Hon Dee Margetts: At bargain basement prices!

Hon JIM SCOTT: Yes, at bargain basement prices. It is about offloading the resource as quickly as possible to maximise the investment of certain companies. The Premier was off to the United States in a hurry to see whether he could sell even more gas. If we cannot get Governments in this State to think about a strategic approach to energy, perhaps the Parliament needs to do something about that. A committee could assess the strategic requirements of this State, as opposed to the strategic requirements of a couple of large companies. The State is not doing well out of the Gorgon development that is being built on Barrow Island. Hon Norman Moore spoke about which committee the matter should be referred to. Frankly, I do not think we have a perfect committee for matters such as this, because this issue crosses over a range of areas. The House should look more strategically at these projects to ensure that the best outcome is reached.

Hon Norman Moore spoke about the great successes that have occurred in the past. He is quite right; some of those earlier agreements required companies to provide rail lines, ports and different types of infrastructure, but these arrangements seem to have disappeared. I thought that was the whole idea with the agreements.

Companies were given surety of the resource for a long period, and in return the State saw some real development of regional areas, but that has all gone out the window. In reality the most recent state agreement Acts have been pretty dismal failures. When the Oakajee agreement came to Parliament, I recall that it had to be put through in an awful hurry. I recall that debate very well, and what I remember most was that government agencies were working hard to provide all the data for Parliament to make up its mind, but a cross-benefit analysis had not even been done. If the State is to see any benefit, we must first do our homework, and having this type of project examined by a committee would at least provide an idea about whether there were real benefits or not. The way agreements are done today and previously, we do not know that because a lot of other little deals remain hidden. People were provided with very cheap energy, and that subsidy would have wiped out any increased benefit to the State for a long time. These sorts of hidden subsidies need to be looked at whenever these massive deals are done. I note that the Industries Assistance Commission has presented papers pointing out that every time the State tries to pick winners and get involved in issues such as this, there will not be benefits. The parties opposite, and even the new Labor Government, seem to be very interested in the new "leave it to the market" approach, with the Government struggling to put through a raft of competition policy Bills to leave things to the market. Firstly, many hidden subsidies - not necessarily hidden; some are very open - go to this project from the federal Government. If the federal Government is paying hundreds of millions of dollars to the Gorgon proponents to investigate sequestration, we do not know whether that money is taken from money that might otherwise come to the State. We might not have had the cut in competition policy payments, because there would have been more money around.

Hon Norman Moore: Are you opposed to sequestration of carbon dioxide?

Hon JIM SCOTT: I do not know whether I am opposed to it or not. If it works, it is a good thing.

Hon Norman Moore: Do you not think the world should try to find out?

Hon JIM SCOTT: The world should try to find an answer, I agree, but what benefits does the Australian Government get from the expenditure of all that money on a private company? Does the Australian Government get a share in that technology? It should, should it not?

Hon Norman Moore: I hoped that you would be perfectly satisfied that millions of tonnes of carbon dioxide will be going into the ground and not into the atmosphere. I thought you would be pleased about that.

Hon JIM SCOTT: I am very pleased, but why give the money in that fashion without ensuring some sort of return for it, particularly when we are talking about a vast amount of money going into this project? I am pleased that people are looking for answers to carbon dioxide emissions but, in doing that, a lot of other programs have had money taken from them. If the member were to listen to some of the programs on the ABC Radio National *Science Show*, he would know that it has been very clearly shown that this is one of the least valuable programs the Government could have invested in on the basis of its value in reducing carbon dioxide emissions.

Hon Norman Moore: Many scientists say this has the potential to solve the carbon dioxide problem.

Hon JIM SCOTT: Which oil companies do they work for?

Hon Norman Moore: You people are so cynical. Everything you disagree with is being paid for by somebody you do not like.

Hon JIM SCOTT: It just happens that the chief scientist who has been making these recommendations to the federal Government has a very big interest in the areas in which he is recommending investment.

Hon Norman Moore: I am not talking about them. I have been overseas to have a look myself, and I have talked to people involved in research on this matter. They have a view that is quiet different from yours. They actually think it might be a solution to the problems of the world, and you want to ignore it. I cannot work you out. You would be made irrelevant if the problem were to be solved. You want the problem to remain around forever.

Hon JIM SCOTT: The member is mixing his metaphors. We are not saying that those companies should not go on trying to do that - I agree that they should - we are saying that if the Government is investing in a reduction of carbon dioxide emissions, it should be putting the money where it is best spent; not particularly in a project like this one. I understand that the federal Government will be getting a large amount of money back from royalties, so it probably has a vested interest and may have some reason to spend the money. However, from the point of view of the State, it simply means that some other federal money that might have been spent on other things has disappeared out of the kitty. I am not against those companies investing in sequestration research at all, but when Governments are investing money they should seek to have a share in the proceeds of that technology.

Hon Norman Moore: Good grief!

Hon JIM SCOTT: Why should they not? It is the State's money.

Hon Norman Moore: You should just go and do a bit of reading about this, instead of listening to science programs. Go and talk to some people involved and find out what is actually being done on the ground.

Hon JIM SCOTT: Which people did the honourable member talk to outside the mining industry?

Hon Norman Moore: If you talked to people who are engaged in this in other parts of the world, you would actually come back and say that we should put a lot of taxpayers' money into this, because it may solve a significant environmental problem for the world. All you can do is ask why the Government is putting any money into it. I cannot work you out. You know your biggest worry is that someone will solve the environmental problems of the world and you will have nothing to do.

Hon JIM SCOTT: I would love that.

The reality is that the experts I have heard speaking on this issue do not have a vested interest in one area or another, unlike the people Hon Norman Moore spoke to, all of whom come from the mining industry.

Hon Norman Moore: That is not true. You don't know who I talk to. You just made an assumption.

Hon JIM SCOTT: Hon Norman Moore has told us where he went; he made a speech on it.

Hon Norman Moore: That is right. If you want a list of who I talked to, I will give it to you.

Hon JIM SCOTT: That would be very interesting.

Hon Bruce Donaldson: How did you achieve being the sole fount of knowledge on the environment?

Hon JIM SCOTT: I have never pretended to be the sole fount of knowledge. However, I am prepared to listen to views from outside the energy industry.

Hon Norman Moore: And ignore any views that are different from yours.

Hon JIM SCOTT: I know members opposite find that a little difficult because that is where their vested interests lie.

I am trying to wind up my speech. An important aspect of this debate is the position in which these state agreements leave the State. It is up to us as members of Parliament to ensure that the State gets a decent deal from these state agreements. We cannot do that with the way in which these agreements go through this place. The Parliament needs to have a more strategic overview of them. That can be provided only by a committee examining in depth the real cost benefits of these agreements to the State. If we cannot do that, we will badly let down the people of the State whom we represent. Hon Norman Moore's approach is about not wanting to properly scrutinise these agreements and not wanting to frighten anybody off. We are elected to this place to represent the whole State, not just a handful of big boys who put money into Hon Norman Moore's party.

Hon Norman Moore: Would you mind repeating that last bit about money?

Hon JIM SCOTT: We have not been elected to this place to represent only the big boys who put money into Hon Norman Moore's party; we are here to represent the whole State.

Hon Norman Moore: Actually they don't; that is one of our greatest problems.

Hon JIM SCOTT: They don't?

Hon Norman Moore: No. We don't have the trade union movement either, as the Labor Party has; or Greenpeace, as you have, which extracts money from all sorts of people.

Hon JIM SCOTT: The Greens (WA) have never received any money from Greenpeace.

Hon Norman Moore: We are beholden to nobody, unlike the Labor Party, which is beholden to the unions.

Hon JIM SCOTT: I ask Hon Norman Moore to have a look to see how much money Greenpeace has given to us over the years. I am sure he will be pleasantly surprised to find that it is nil; neither have we asked for any money. However, I dare say that certain companies involved in the energy industry in Western Australia have given lots of money to the Liberal Party. I have seen the figures. I took the time to look at them.

Hon Norman Moore: They are available for the public to see. There is public disclosure now.

Hon JIM SCOTT: That is right, up to a point; except for the companies that give the largest sums through the clearing house.

Hon Norman Moore: Which ones are they?

Hon JIM SCOTT: Hon Norman Moore knows that the Liberal Party has organisations such as the 500 Club and the like.

Hon Norman Moore: Those people give money from their own pockets.

Hon Ken Travers: Is there no corporate membership of the 500 Club?

Hon Norman Moore: I do not know. I would not have a clue. I am not directly involved.

Hon JIM SCOTT: How do we know? It is pretty much irrefutable that the Liberal Party receives money in that way. I have not made it up. As Hon Norman Moore said, it is on the record. I am saying that I want to see these agreements properly scrutinised. I am not against projects that I believe are good for the State.

Hon Norman Moore: So why are you taking a different point of view from the view of the past? You have opposed everything I have ever seen come into the Parliament. Why do you say you would support something in the future? What has changed your mind?

Hon JIM SCOTT: Can Hon Norman Moore tell me how well is the Jervoise Bay project going that I opposed? How well is the Oakajee project going?

Hon Norman Moore: Oakajee is not going.

Hon JIM SCOTT: That is right. I opposed those projects because they were white elephants that would never work. The Greens examined them properly; the Liberal Party did not.

Hon Norman Moore: Are you some sort of genius?

Hon JIM SCOTT: Jervoise Bay is years out of date. It was supposed to be finished a long time ago. It is way over time. The Liberal Party has not solved it.

Sitting suspended from 3.45 to 4.00 pm

Hon JIM SCOTT: I support the motion, because it is about accountability. However, it is about more than just accountability. It is about looking at these sorts of major infrastructure projects in a strategic way to the benefit of this State.

HON DEE MARGETTS (Agricultural) [4.02 pm]: I thank all my fellow members of the Legislative Council for their contribution to today's debate. This was a very revealing debate in many ways. My colleague Hon Robin Chapple mentioned the reports of the Public Accounts and Expenditure Review Committee, chaired by Mr Max Trenorden, on government financial assistance to industry. I have looked at those reports in some detail over time. I agree that many important issues have been brought up in those reports. Those issues have also been brought up on a number of other occasions over time. It is clear that anyone who has been engaged in or has looked at the arguments in detail tends to agree with the position that has been put by that committee. It is very difficult not to agree. Not only has that committee and others at both a federal and state level looked very carefully at assistance to industry, but also there has been an enormous amount of effort by the States of Australia to look at the whole issue of buying investment and of trade-offs between one State and another. Recently there was a public announcement that the States will not do that any more. I understand that Western Australia, and the other States of Australia, said, "Barleys. This is a zero-sum game at best, and we are not going to do it any more." That is really interesting, because Hon Norman Moore said in his contribution that that is a very competitive environment. He also said - I will come back to this - that he supports the continuation of state agreements because that investment must be attracted to the State. I have mentioned this on a few occasions, but I need to repeat it. Under the World Trade Organisation agreement, to which Australia is a signatory, purchasing investment for the purpose of export - state agreement Act projects are nearly always for major export projects - for a single proponent, not for a region, comes under the definition of "illegal subsidy". The irony is that, as a country, we have signed up to an agreement that we will not do this. The World Trade Organisation has said that we should not be doing this; that is, we should not be using taxpayers' money to pay for infrastructure. It does not have a problem if it is for regional infrastructure, but Australia is not supposed to use taxpayers' money for infrastructure for a specific company that ends up being for the profitability and bottom line of a specific proponent, which then means that it is more competitive compared with other exporters around the world. As people know, I am no great fan of the World Trade Organisation, but the definition of "subsidy" in the World Trade Organisation agreement indicates that we are obligated to ensure that we do not do that because that is against the rules of the World Trade Organisation.

Hon Jim Scott: That arose with the iron ore companies in the north, which were fighting over whether another company could use the rail line that was running exactly where it wanted to go.

Hon DEE MARGETTS: That is right. There was some assistance for infrastructure in many of the earlier state agreement Acts, and in some cases that meant that the Government used the Land Administration Act to obtain the land and easements for rail. However, part of those agreements provided that if another company were to need or want to use that rail, there should be some reasonable agreement for the cost sharing of that infrastructure. However, that happens rarely, if ever. Theoretically, when there is government assistance to provide or assist in the provision of infrastructure corridors, whether it be gas or, in many cases, rail corridors,

the original agreements provide that should another company that wants to go from the same A to the same B need a rail connection, that company is obliged to negotiate in good faith with the second proponent to share that infrastructure. However, it almost never happens. Aerial maps of some parts of our industrial north show parallel rail, parallel gas lines, crisscrossing rail lines -

Hon Norman Moore: Who built them?

Hon DEE MARGETTS: A lot of these were private companies, but -

Hon Norman Moore: They all were. So they should not have built the rail lines? What are you talking about?

Hon DEE MARGETTS: No; I am suggesting -

Hon Norman Moore: They paid for it and now they are being asked to make them available to others.

Hon DEE MARGETTS: If the Leader of the Opposition wants to ask me a question, I suggest that it is only polite to listen to what I have to say in reply.

Hon Norman Moore: You should remember saying that. You might do the same thing yourself in the future.

Hon DEE MARGETTS: I thank the Leader of the Opposition; I am indebted to him. As I mentioned, the private proponents used the provisions of state agreement Acts and the Land Administration Act in many cases to obtain the easements for their infrastructure. The quid pro quo -

Hon Norman Moore interjected.

Hon DEE MARGETTS: Yes, they do; they have exemptions from the ability to obtain easements as though they are a public utility. Basically, there are resumption powers under a substantial number of state agreement Acts. The power to resume was actually given via the Department of Land Information to the private proponents of state agreements. The quid pro quo and another benefit of state agreement Acts should be that if, on another occasion, another company needs to go from A to B along the same route, provision should be made for the companies to share the route and for the first company to charge the second company a reasonable fee to allow that to happen. That benefit should not be provided for nothing.

Hon Norman Moore: That is what is happening now.

Hon DEE MARGETTS: However, it rarely happens.

Hon Norman Moore: There have not been too many people asking to do it.

Hon DEE MARGETTS: Rubbish! My understanding is that on nearly every occasion, for commercial reasons, the original companies have said no. I will deal with the arguments that have been given. Government assistance to industry has been considered carefully by this and other Parliaments. The arguments, when clearly put forward, indicate that it is at best a zero-sum gain. If State Governments get into a bidding war for the same type of investment, in the end cluey proponents will play off one potential investor against another. We have all seen that happen. Even if all the alternatives were not real, a proponent would say that if it did not get what it wanted, it would go to another State or country. That happens all the time.

Hon Ken Travers spoke about the bankability of state agreement Acts and said that they are used to attract large-scale projects. Once again, if state agreement Acts are largely used to attract large-scale projects, we must work out whether the level of assistance given to attract those projects is, in the end, of net benefit. One of the concerns of a number of community members who feel they have not been heard, especially those from the environmental movement, is that in many cases we do not know what are, and have not seen, the net benefits. It is not just about money. We might find that at best it is a zero-sum gain. Many local communities in the vicinity of major state agreement Act projects would say that apart from the dollars, which may or may not flow into state coffers, and whatever jobs may be provided, other costs are involved and have never been factored into these projects, such as increases in greenhouse gas emissions, extra pollution, impacts on local water supplies, impacts on forest resources and other impacts. Local communities have felt that those impacts have never been taken into consideration. The concept of a proper cost-benefit analysis should not be, and never has been, about simply beginning and ending with the benefits to the company or necessarily even the financial benefits to the State. A full cost-benefit analysis should look at some of the non-dollar costs and benefits of a project. That means that it must look more widely than at the narrow appearance of a project. That has never been done in Western Australia.

Hon Norman Moore indicated that the Legislative Council is able to refer Bills containing state agreements to committees. We know how infrequently that has happened in Western Australia. We need to know what the rules are. We also need to know a little more about the circumstances. I absolutely agree with my colleague Hon Robin Chapple. We need a mechanism that is flexible enough for Governments, if they are to have agreement Acts, to be able to respond to changes in the economic and other environments. This measure simply

supports what the Government used to believe in; that is, spending taxpayers' money should be subject to basic scrutiny. I do not know why the Government does not believe that any more. Given that that used to be the Government's position, this is not even fully our desire. The reality is that all state agreement Acts should be subject to an audit because they involve public money on an ongoing basis.

Hon Norman Moore indicated that the Greens (WA) think that all state agreement Acts are a negative for the State. I have never said that.

Hon Norman Moore: It was the impression you created.

Hon DEE MARGETTS: It may well be the impression of the Leader of the Opposition, but I have consistently said that the Greens do not know that because the study has never been done. If there are enormous projects involving public and private interaction, at the very least there needs to be built into the agreements the ability to conduct a review. That has not been done. If we were to find from such reviews that the agreements were giving a net benefit to the State, none of us should be worried. However, if we were to find that a substantial number of the agreements drain more revenue from the public purse than they create, there is a very good argument for looking at these mechanisms.

Under the World Trade Organisation subsidy rules and the most recent agreements between the States of Australia, Western Australia has agreed that it will no longer be engaged in bidding wars with other States. It has signed a document to that effect. How can the Government continue to use state agreement Acts to attract investment? If the State engages in a bidding war with other places in the world, it is in danger of being in breach of the World Trade Organisation subsidy rules. Either way, even the new rules of the so-called free market and free trade are telling Western Australia that it should not be going down the path of state agreement Acts. If people agree with the free trade mix, which is not my view, the rules are there. They say that if the State is bidding against other countries and using state infrastructure and resources to do it, it fails the test of public subsidy under the World Trade Organisation rules. If the State is bidding against other States of Australia, it is in breach of the new agreements it has signed with other States. Either way, the State has made commitments that it will not do such things. How do we know that the State is not doing such things if we do not look?

It is true that any new project creates employment, but for every investment dollar the relative number of jobs provided by the very largest projects is small. Plenty of documentation shows that it is small. If one looks at the back of the *Prospect* magazine and does the figures, even the very optimistic projections of employment for the size of the investment show how much per job it costs in highly capitalised projects. They generally use a very high percentage of imported capital. If the companies have a very high level of overseas ownership and control, a number of fee and service arrangements will repatriate profits. Therefore, the amount of benefit that remains in the State can be quite small. We make the assumption that the larger the project the bigger the benefit, but in the end it must be worked out on the basis of the dollar investment.

If the Leader of the Opposition looks reasonably at the statements that the Greens have made over time, he will see that we have frequently worked with industry groups. We are often working on a one-to-one basis and in detail with the people creating employment and working in regional Australia. They include primary producers, small businesses and sunrise industries. The Greens these days are often at the forefront, working with the small and medium business sectors in Western Australia. It is totally untrue that the Greens are not interested in employment. In fact, those sectors do not seem to have champions in the political process other than the Greens. People assume that the State's only business is the very large heavy industry on the coast. Quite frankly, we must get over that and realise that there are other options for more sustainable employment.

Ultimately, the Legislative Council has an obligation to make sure that taxpayers' money is spent reasonably and to find out why Western Australia's relatively high levels of economic growth have not translated to revenue growth. In my view, part of that reason is that much of the State's revenue is tied up in revenue forgone, debt servicing or the provision of direct costs to support some of the State's largest projects. No other State has the kind and number of arrangements with major proponents as does Western Australia. Report after report says that we should not make new arrangements and that we should check the existing arrangements. That did not happen during the competition policy review. The big businesses escaped scot-free from undergoing any proper review. The area of liquor licensing and small retail traders and dairy farmers were scrutinised for anticompetitive behaviour, but the biggest example of anticompetitive arrangements - that is, the use of taxpayers' money to fund, support and prop up large proponents - was not properly scrutinised. For a range of reasons we owe it to the people of Western Australia to make sure that we do not continue to enact these agreements without checking their detail.

I will seek to hold the Leader of the Opposition to his word that he will consider sending some future state agreement Acts to a committee, if any are drawn up. I hope that the State Government will somehow think beyond state agreement Acts and realise that we have made and continue to make some grave errors in the

determination of these agreements. Members should remember that the process is organised so that we are not given the chance to consider the agreements carefully. Members should read the *Hansard* to find out how many times we have been told that we cannot consider an agreement Act in detail because there is no time to do so. We are told that the process is time specific, despite the length of time the agreement has been in the making or the extent to which any delay may have been caused by the proponents. We are not given time to properly scrutinise state agreements. When this place is in committee, we are told that it would be good to scrutinise the agreement but that we do not have the time, or that we cannot consider it in detail because we might scare off the investor. That is a con. For decades the Office of Major Projects has wanted to be the prime decision maker for state development. No Government has yet had the guts to stand up to it and tell it “no”, that it is time the community got a better deal out of these projects and that, through the democratic process, we must make agreements for the current situation.

Even I realise what the numbers are in this debate. However, the Greens think this matter is important enough that we will divide on the question.

Question put and a division taken with the following result -

Ayes (5)

Hon Dee Margetts
Hon Jim Scott

Hon Christine Sharp

Hon Giz Watson

Hon Robin Chapple (*Teller*)

Noes (24)

Hon Alan Cadby
Hon George Cash
Hon Kim Chance
Hon Murray Criddle
Hon Bruce Donaldson
Hon Kate Doust

Hon Adele Farina
Hon John Fischer
Hon Jon Ford
Hon Peter Foss
Hon Graham Giffard
Hon Ray Halligan

Hon Frank Hough
Hon Barry House
Hon Robyn McSweeney
Hon Norman Moore
Hon Simon O’Brien
Hon Louise Pratt

Hon Ljiljanna Ravlich
Hon Barbara Scott
Hon Bill Stretch
Hon Derrick Tomlinson
Hon Ken Travers
Hon Ed Dermer (*Teller*)

Question thus negatived.