**Division 12: State Development, $107 594 000 —**

Mrs L.M. Harvey, Chairman.

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

Ms A. Nolan, Director General.

Ms G.D. McGowan, Deputy Director General, State Initiatives.

Mr G. Nunis, Deputy Director General, Resources and Industry Development.

Mrs S. Black, Director, Corporate Services.

[Witnesses introduced.]

**The CHAIRMAN**: Member for Riverton.

**Dr M.D. NAHAN**: I refer to the first dot point on page 168 and Oakajee port common-user infrastructure. Can the Premier outline the progress being made in the state's investment in these facilities?

[5.20 pm]

**Mr C.J. BARNETT**: We have received a draft bankable feasibility study for Oakajee. That will hopefully turn into a final bankable document before the end of this calendar year. I am optimistic that all of that will fall into place. Oakajee, in its greater concept of the deepwater port, the industrial estate, the railways and the mine development, is the most complex project I have ever dealt with in my time around resource development. It is complex because these are not fabulous iron ore resources; they are mainly magnetite, and they are certainly on a smaller scale than in the Pilbara. Interests from Australia, Japan and China have an involvement, and both large corporations and very small, emerging companies each have their own interests. Progress is being made and we are keeping broadly to the timetable. The Department of State Development is obviously the lead agency in coordinating a number of agencies and a number of different players.

Oakajee has been made that bit more difficult by the federal government's proposed mining tax. That will significantly reduce the net present value of a number of proponents—there is no doubt about it—but, nevertheless, everyone is pushing ahead. The work on the port design is progressing and all that technical and engineering side is falling into shape. A bit of an issue has been raised about which rail line will be developed first. Given that Murchison Metals is both a miner and a participant in Oakajee Port and Rail, it is obviously keen to see the northern line come on-stream; my observation is that the proponents on the southern line are more advanced. There is an issue of maybe, if members like, a conflict of interest—there are conflicting interests, I guess.

The commonwealth, as members know, has agreed to contribute $339 million, as will the state. That is still the cost estimate for the common-user infrastructure. It will probably be above that in the end, because those figures are now a couple of years old. It is hard work, but the project is progressing, and I believe, and I hope the department believes, that we will get there. This is just an incredibly complicated project. We are throwing a lot of resources at it from a government point of view—a bit similar to what happened with Gorgon 12 months ago. If this project can get underway, it will underpin, in my humble opinion, a great deal of future investment in the southern half of the state.

**Dr M.D. NAHAN**: I have a further question —

**The CHAIRMAN**: Members, I have sought some advice—I am sorry, member for Riverton, that was your question. You may ask a further question.

**Dr M.D. NAHAN**: Thank you. Firstly, the resource rent tax will affect this project, and some of the proponents in the southern area are dependent upon retained earnings to fund capital works, if I remember correctly. This tax will eliminate some of those retained earnings. Secondly, will the tax affect the deductibility of the railway and port? I am not sure if it will or not. The question is: given the structure of these things and the uncertainty, could the tax could have a significant impact on the viability of the whole project?

**Mr C.J. BARNETT**: It threatens components of it. I still believe the project will happen simply because the customers—principally Chinese steel mills—desperately want the source of supply. That desire for iron ore security of supply probably will outweigh some of the realities of the profitability of the project. One of the great ironies of the Rudd government's proposal is that it will tend, over time, to shift the profitable parts of the mining chain offshore. The other great irony of it is that it will increase foreign investment in these projects, because particularly Australian participants in a project such as Oakajee will find it more difficult to get bank finance. The alternative is equity finance, and that will probably be Chinese equity. It will just make this government try harder to get Oakajee over the line. We will get it over the line; we will get it there, but it becomes harder.

**Mr M. McGOWAN**: The fourth dot point from the bottom on page 168 of the *Budget Statements* refers to miners, BHP, Rio Tinto and so forth. My question is about the Premier's statements earlier this year in which he indicated that, by 30 June, there would be a concessional stamp duty removal from the BHP and Rio projects in the Pilbara.

**Mr C.J. BARNETT**: Mining royalty.

**Mr M. McGOWAN**: Sorry, royalties on concessional iron ore projects in the Pilbara. The Premier indicated that that would happen on 30 June, and they would be paying full royalties from that day forward. I note there is nothing in the budget and I note that the Premier has not made any statements about an agreement being reached with the companies. Firstly, where is that additional money that would have taken the royalty rate from 3.25 per cent to 5.65 per cent or thereabouts?

Secondly, the Premier also indicated that over time he expected to lift the royalty rate on iron ore fines from the 5.65 per cent rate up to the higher rate of 7.5 per cent. Where is the second part of that plan up to?

**Mr C.J. BARNETT**: Negotiations continue with BHP and Rio, the two major iron ore producers, and there are two potential components. One is, as the member said, increasing their royalty rate to the rate that applies today under the Mining Act. That means that for BHP and Rio the royalty on the fine would go from 3.75 per cent to 5.625 per cent. I expect that to be in place as of 30 June. I am confident we will reach an agreement on that. From BHP and Rio's point of view, what they are seeking is a relaxation of a lot of provisions in the state agreement act. That is what we are arguing about. That will continue, no doubt, for a little while, but I think—without putting words into the mouth of either BHP or Rio—they basically concede that they should be paying the same Mining Act royalties as any other iron ore miner. That is really not the point in dispute; the dispute is what trade-off they will get as goodwill, if the member likes, for that agreement.

**Mr M. McGOWAN**: What trade-offs are they seeking, Premier?

**Mr C.J. BARNETT**: The member knows that they intend to merge their iron ore operations. They can only do that if the state agrees to make a number of changes to the agreement acts basically to integrate their infrastructure—their rail and port operations. There is a point of view as to how far we go on that. That is where the discussions are at. No-one is particularly arguing the money side; we are arguing the detail side of it.

**The CHAIRMAN**: Do you have a further question?

**Mr M. McGOWAN**: Yes. If this agreement is reached between the government and them in the next —

**Mr C.J. BARNETT**: Month?

**Mr M. McGOWAN**: —30 days or fewer, I assume that they will start paying the rate immediately, on the agreement that the law will be changed consequently, because obviously we cannot change the law in the intervening period. Is that the arrangement that the government is looking at putting in place?

**Mr C.J. BARNETT**: Yes, it is.

**Mr M. McGOWAN**: What do you expect the boost to the budget will be from doing this?

**Mr C.J. BARNETT**: On the last estimate I saw, if BHP and Rio go to the existing Mining Act royalties, it will be of the order of $300 million a year. It may be a little bit more, given the rise in the price of iron ore.

The second question, which I did not refer to, related to the increase in the fines rate from 5.625 per cent to the 7.5 per cent lump rate. That issue is not being looked at, at present. That might be a longer term issue, and if that was to change, it would be looking at the whole iron ore industry. The argument there is that fines were seen as an inferior product in the original agreements, and they therefore had a lower royalty rate. Fines are now becoming the dominant part of iron ore production and most steel mills are largely indifferent to lump or fine. Technology, production and demand have changed, and the argument for discounting fines below lump is just not really there any more. That would be an issue that would affect the whole industry; there would be whole set of different discussions.

[5.30 pm]

**Mr T.R. BUSWELL**: I refer to the fourth dot point on page 168, which refers to the Gorgon project. Can the Premier provide us with any information in relation to the domestic gas aspects of Gorgon, as well as the overall project?

**Mr C.J. BARNETT**: I met this morning with the recently appointed chairman of Chevron Corporation. He is very enthusiastic about not only Gorgon, but also Wheatstone and, ultimately, Browse. Gorgon has a commitment for natural gas supply, and that will be important. It has the right to jointly market that for five years. Thereafter, it is required to market it independently. The most important thing for the domestic gas market is to see more gas come into the market. We can finesse the argument about whether we have joint or separate marketing, but, ultimately, it is about the gas supply coming in. That is still a few years away, but it will come on and then, hopefully, we will get gas out of Pluto and some gas out of Macedon and some of the smaller projects. We still have a problem of shortage and high price, but I can see that resolving itself over the next three to seven years. Gorgon is negotiating and, as I understand it, is basically starting to sign agreements now for gas delivery into the local market.

**Mr M. McGOWAN**: While we are on the subject of domestic gas, the third dot point on page 168 refers to the planning for a liquefied natural gas precinct to service the offshore Browse basin. What is the story with ensuring that there is a domestic gas component to that? The Premier is on the record as supporting the 15 per cent gas reservation policy put in place in 2006 by the former government. Will he apply the domestic gas reservation policy to that project or not?

**Mr C.J. BARNETT**: Yes, the intention is that it will apply to that project. There are a couple of practical considerations. Where is the domestic market for gas in the Kimberley? It is probably not there. There is a very small market in Broome, but that would be about it. For practical purposes, a pipeline would be needed connecting from the Browse precinct down into at least Port Hedland to connect into the main trunk line. There are some practical considerations, but, in principle, yes, the domestic reservation policy will apply. Whether there will be a real market initially is problematic at this stage. The member must bear in mind that Browse is not due to make a final investment decision until mid-2012, so we have a little way to go.

**Mr M. McGOWAN**: The Premier has just said that a pipeline will be a component of it. My recollection is that the pipeline issue is extraordinarily expensive, which is one of the reasons the government wants to create a gas precinct in the vicinity of Broome. If it is going to provide a gas precinct in the vicinity of Broome and a pipeline as well, would there not be a significant cost issue in providing domestic gas?

**Mr C.J. BARNETT**: There would be, but I think we need to draw a distinction. If, as has been suggested in some quarters, the Browse gas was piped to the Burrup Peninsula to be turned into liquefied natural gas, we would be talking about a major trunk-line pipe. If we were talking about the delivery of domestic gas to connect into the main pipe, we would be talking maybe about a pipe that big. The scales are totally different. Although it would be the same length, the size of the pipe would be much smaller.

**Mr M. McGOWAN**: Would only a pipe that big be needed to provide 15 per cent of the entire production of that facility?

**Mr C.J. BARNETT**: I am no engineer but —

**Mr M. McGOWAN**: For the record, that is about a foot across.

**Mr C.J. BARNETT**: The pipe that delivers gas through Kalgoorlie to multiple customers is about that big.

**Mr M. McGOWAN**: For the record, that is about a foot across.

**Mr C.J. BARNETT**: I think, from memory, the goldfields gas pipeline is an eight-inch pipe. It is not that big, because under pressure a lot of gas can be moved through it.

**Mr A. KRSTICEVIC**: I refer to the second dot point on page 168 of the *Budget Statements*. What progress has the state government made on implementing the East Kimberley development package?

**Mr C.J. BARNETT**: I might get some assistance on some of the detail, but the East Kimberley project is going ahead beautifully. As members will be aware, the Minister for Regional Development gave details in Parliament a week ago on the start of construction of the irrigation channels and the road. Associated with that, the commonwealth is putting in, I think, $195 million towards social and community infrastructure that the state is funding. That includes a host of projects that are also progressing. I ask the director general to detail those for us.

**Ms A. Nolan**: In terms of the development package, 17 project implementation plans have been agreed with the commonwealth government, and construction on a number of projects has already commenced. The package includes the Wyndham residential rehabilitation facility at a cost of about $3.2 million. It is due to achieve a 50 per cent construction milestone in May this year, so that is halfway through. It includes the delivery and installation of staff accommodation and two transitional housing units. A further important aspect has been the Wyndham health upgrade of its facilities, at a cost of $3.4 million. That is a redevelopment of the hospital, and it is now complete. The construction of staff housing has commenced. Again, that is a 50 per cent construction milestone payment. The Wyndham port project is a $10 million project, and a local Kununurra business, Cambridge Gulf Ltd, has been awarded the tender for works for the jetty. Construction is expected to commence shortly. The social and transitional housing project, which is one of the major aspects of the project in the Kimberley, is worth $50 million. Stage 1, which has 23 dwellings, has commenced, and stage 2 for 40 homes will be advertised for tender in June. All projects are on track.

**Ms R. SAFFIOTI**: I refer to the table under service 1 on page 169 and the line item "Average Cost per Project Facilitated". There seems to be a significant jump in the average cost between what was budgeted and the estimated actual. What is the cause of that? Is that because the number of projects facilitated was not as high as expected?

**Mr C.J. BARNETT**: On the actual cost calculation, we are dealing with a large number of bigger projects. That may be the explanation. I ask the director general whether she can add any information to that.

**Ms A. Nolan**: I turn to the director of corporate services.

**Mrs S. Black**: The number of projects dropped from 338 to 68 because of the redefinition. The cost per project changed due to that.

**Ms R. SAFFIOTI**: Can I get an explanation of "redefinition"? What is a project's redefinition?

**Mrs S. Black**: The definition of "project" was refined after the implementation of the lead agency framework, so that projects were defined around their inclusion in lead agency framework countings. Previously, we had used every project—small, large or indifferent—in the countings and when the lead agency framework came in, we used a specific definition in relation to that.

**Ms A. Nolan**: As the department has evolved to become the Department of State Development, we are focusing on the larger projects. That is not to say that we are not looking after some of the smaller projects, but our focus has been on some of the larger projects. We have more than 70 or 80 projects on the go.

**Mr C.J. BARNETT**: I imagine that if we went back to 2008–09 before the department was split, there would have been a wider range of technology and enterprise projects of all sorts, rather than the department now concentrating on the very big resource projects.

**Ms R. SAFFIOTI**: Is it possible to get a list of those projects by way of supplementary information?

**Mr C.J. BARNETT**: I do not know that that is particularly reasonable.

**Ms R. SAFFIOTI**: The Premier does not know whether it is reasonable?

**Mr C.J. BARNETT**: I will have a look at it, but I will not demand that people go back historically —

**Ms R. SAFFIOTI**: No, sorry; I just want the projects currently on the table.

**Mr C.J. BARNETT**: I am happy to provide a list of the current projects that the department is involved with. I add that in some cases the department will be the lead agency; in other cases it might just be providing support on something that is happening in another area. We will try to categorise that so it makes sense.

[*Supplementary Information No A18.*]

[5.40 pm]

**Dr M.D. NAHAN**: I refer to page 168 of the *Budget Statements*. What progress has been made in establishing Shotts industrial park near Collie? How will the establishment of this park be of benefit to people in the south west and Western Australia in general?

**Mr C.J. BARNETT**: The Shotts industrial park near Collie is being developed initially to accommodate the Perdaman urea fertiliser project. There are some complications with that in terms of haulage roads and I think a pipeline or an easement goes across it, so the state government has recently committed $5.7 million to reroute the coal haulage road and to move some other infrastructure—I think a Telstra line goes through it—and that will clear the site for the industrial park. It is an interesting issue. In consolidating various parcels of land and getting rid of some old infrastructure, we will need to upgrade some infrastructure to service the site. However, there is no doubt that Shotts will be, in my view, a very successful industrial site, hopefully not only for Perdaman but also other potential investors. There is a lot of basically good infrastructure through power station development and coalmines that service the Collie area. I think it is good. The Perdaman project probably has not had the public profile it deserves. I give due credit to the previous government; the origins of the project can be traced back to the Labor government.

**Mr E.S. RIPPER**: I want to ask a couple of questions about the interaction of royalties and the federal government's proposed resource super profits tax. Firstly, is the minister aware of any projects that cannot proceed because they are not profitable enough to pay royalties? Secondly, is the state government negotiating with the federal government to have its proposed royalty increases for the iron ore industry offset in the resource super profits regime? Thirdly, does the state government think it should be negotiating for an offset at the maximum rate charged by any other state so that there is scope for the state to undertake its own arrangements with regard to royalties? Fourthly —

**The CHAIRMAN**: Leader of the Opposition, this is not a broad policy debate. You need to confine your question to the document in front of us. We are on division 12.

**Mr E.S. RIPPER**: Yes, we are on division 12 and the minister has been talking about the royalty regime. It is a follow-up question to that.

**The CHAIRMAN**: I have been advised by the Deputy Clerk that the follow-up question needs to be asked by the person who posed the original question.

**Mr E.S. RIPPER**: It relates to the fifth dot point on page 168 of the *Budget Statements*.

**Mr C.J. BARNETT**: From my experiences I am not aware of a project that has not proceeded or has failed because of the payment of state royalties. I am not saying that it has not happened, but I am not aware of it. I am aware that projects in the mineral sands industry and the nickel industry from time to time when the price of the commodity has lowered have sought some temporary relief from royalties. I do not think anyone would invest in a mining project if it was such a fine margin that royalties was a real factor as to whether to go ahead; royalties simply do not impact to that extent.

The Leader of the Opposition's question about the proposed resource super profits tax is a good question, obviously, and important to industry. However, I will start with a slightly different view. To me it is simply an untenable situation that under this proposal the federal government would refund mining companies the royalties they have paid, because the effect of that would make the effective price of the natural resource zero. That is what it does.

**Mr E.S. RIPPER**: The effect is to substitute the federal government's charging regime for the state government's regime.

**Mr C.J. BARNETT**: No, only if the companies become liable for the resource super profits tax. What would happen if their profit rate is four per cent? They will not pay a resource super profits tax and they will get a refund. Those companies would not pay anything. Therefore, I think that is a major flaw but the federal government promotes it as getting a fair price for natural resources although we will have companies paying nothing for the natural resource. I think that is a serious flaw in the whole proposal.

As to the Leader of the Opposition's question relating to particular royalties—I assume he was talking about iron ore principally —

**Mr E.S. RIPPER**: I am concerned, for example, that Queensland has a higher royalty rate. I think it is 10 per cent on coal.

**Mr C.J. BARNETT**: It put the royalty up on coal, yes.

**Mr E.S. RIPPER**: Therefore, that is an existing royalty rate that may be rebated under the resource super profits tax but our lower royalty rates would only be rebated giving us no scope, if we wanted, to ever move to Queensland's rate.

**Mr C.J. BARNETT**: That is a measure of the extent to which the federal government wishes to intrude on our administration of mining in this state. My best guess is that if the federal government brings this law in, it would agree, for example, if the iron ore industry went to the existing mining rate that would be permissible, but if we raised the fine rate to the lump rate I think there would be an argument about that. However, in any case, I do not think the royalties should be rebated. I think the royalty, which is the purchase price of the mineral, should be treated as any mining expense and should be a deduction under federal taxation.

**Mr E.S. RIPPER**: Does the minister think he would have the support of the mining industry on that position?

**Mr C.J. BARNETT**: No, I do not but I think I would have the support of the Australian people and the Western Australian public. I have said publicly on a number of occasions that we should not be giving our resources away for nothing and that is what this proposal does. Many companies will mine at zero cost for the natural resource. We will be the only country in the world giving away our natural resources.

**Mr E.S. RIPPER**: I have one follow-up question. If the resource super profits tax is introduced as a way of sharing the mineral wealth across the country, does the minister think that would create a case for state royalties to be excluded from the goods and services tax sharing process?

**Mr C.J. BARNETT**: That is an interesting argument and we could argue that, yes. I know the Leader of the Opposition is not suggesting it, but I cannot and I am not about to defend this proposal. I think it is so fundamentally flawed and does not do what its proponents purport it does at all. In the past week I have had the chairman of a major Japanese trading corporation, the chairman of a major international petroleum company and the chairman of a major Chinese investor and participant in this state all in my office express strong concern and use the term, or its equivalent, "sovereign risk". That is three of our major investors and trading partners, and I am talking about at the most senior level. One of them commented, "We go around the world and hold Australia and Western Australia up as an example of where there isn't sovereign risk and as a great environment to do business in. We can no longer do that." That is how serious it is.

**Mr E.S. RIPPER**: They did that when Labor was in power as well, no doubt.

**Mr C.J. BARNETT**: I do not think the mining industry has ever faced an issue like this outside of the Organisation of Petroleum Exporting Countries oil crisis.

**Mr M. McGOWAN**: I refer to the third to last dot point on page 168, which is about the Perdaman project in Collie. The minister spoke about it before. I am unaware of exactly where progress is at but I am interested in whether the minister is aware of any difficulties around land title, water allocations, approvals being on time and those sorts of issues and whether the minister has had to intervene to resolve some of those issues with the company.

**Mr C.J. BARNETT**: It is a complicated process. A lot of agencies are involved and we are using an old location in the middle of existing infrastructure. Perdaman has been frustrated. It has had to deal with not only state development but also issues of water, land aggregation, transport, strengths of bridges and the rail system. There are issues about wanting two dedicated berths at Bunbury Harbour. I am a little frustrated and I think everyone who has worked on this is frustrated, but these issues are getting resolved. It is pretty well in place. Probably the big issue for Perdaman will be the emissions issue and whether it gets status as basically a show project in geosequestration. Carbon dioxide emissions are its big issue and that obviously gets drawn up into federal approvals. If Perdaman can get that through, given that its market for fertiliser is basically through an Indian government organisation and given the Indian government's policy of improving self-sufficiency in food production in the villages of India, it has no market risk. I do not think it faces any serious risk in financing the project, but issues are the greenhouse emissions and whether it can get that credit nationally on geosequestrian. That, I think, is its one remaining big obstacle. The others we will deal with bit by bit.

[5.50 pm]

**Mr M. McGOWAN**: Has the Premier had to intervene on these issues with the department to try to resolve them?

**Mr C.J. BARNETT**: No, but I meet regularly with the chairman of the company, Vikas Rambal, on about a six-weekly basis, and the department meets with him all the time. This is the role of State Development, and it is one of the difficult roles, because to make this project work, to some extent it could be easy on an entirely greenfields isolated site where we start with nothing. Here, we are not starting —

**Mr E.S. RIPPER**: Like the west Kimberly.

**Mr C.J. BARNETT**: Yes, but here you are starting with an existing situation, of course. The director general has just passed me a note about the Griffin Coal situation. That is another big issue. The project is relying on coal supply from Griffin. Griffin is currently in administration, so that is an uncertainty for the project. But, again, coal is there, and the company will secure the coal supply. There are lots of smallish problems in this project that are getting resolved bit by bit, but geosequestration will be the big one for it.

**Mr E.S. RIPPER**: I refer the Premier to the proposals to process Browse Basin gas in the west Kimberly. There seems to be some dispute between various native title parties. Does the Premier accept that the majority of the claimants of the relevant claim group have agreed to the liquefied natural gas project proposal?

**Mr C.J. BARNETT**: When the heads of agreement was signed last year, in April 2009, the reports to me were that something like 85 per cent of Aboriginal people voted in support of it—that is of those who were in that particular gathering.

**Mr E.S. RIPPER**: Yes.

**Mr C.J. BARNETT**: Since then, there has been some sort of a splintering and there are competing native title claims, and some people seem to have changed their position. Native title has not been established over this site; it is vacant crown land. The government recognises the position of traditional owners, and basically concedes that native title will apply to that area. The question is which group would hold native title if that were the case. If that ever went to a court, I have no idea whether the court would grant native title or, indeed, whom it would grant it to. I do not think anyone knows the answer to that question. We would rather basically concede that native title in all probability applies and negotiate collectively with all the Aboriginal people in the area and share the benefits across all the people. That is where we are at.

**Mr M. McGOWAN**: I refer to page 170 and to the Ord East Kimberley project, for which the total cost is $210 million. The Commonwealth Scientific and Industrial Research Organisation has put out a report that indicates that there could be significant salinity problems with some of the land that is being allocated for the Ord East Kimberley agriculture project. Can the Premier perhaps provide us with advice on whether he is aware of that? Is the Premier aware of any land being unable to be irrigated or proceeded with because of salinity issues, and what will be the estimated impact of salinity on this project?

**Mr C.J. BARNETT**: I am aware of the so-called salinity issue, having visited the site a couple of weeks ago and talked to a rice grower from the Murray–Darling who is a very senior person in the rice industry in Australia, and having chatted to a few other people there. Yes, the watertable has risen, but not much. I think, from memory, it was said that it is four to five metres below the surface. It is interesting that this sort of work would be done, suggesting that a rising watertable could bring salt to the surface and create a problem. When talking to the farmers, they pointed out that in the past five years it has been wetter up there. They have had a lot more rain than the long-term trend, and they have had unseasonal rain, as they had a couple of weeks ago, outside the wet season. If there is any further or significant rise in the watertable, again the advice I am getting is that that is easily managed; it is nothing unusual and the watertable can be kept well below the surface. I think the Ord River has been studied to death. Any irrigation scheme is likely to have issues about water levels, surface water, below-ground water and the like, and that is part of the science of managing it.

I am very concerned that the federal environment minister, Peter Garrett, shows a propensity to latch on to anything that could be interpreted as bad news for the project. Indeed, he wrote to the state government suggesting we do not proceed. We wrote back saying, "Sorry, we are proceeding, because this is the Western Australian government and we believe we fully understand that project and we are proceeding."

**Mr M. McGOWAN**: On what basis did he write saying, "Don't proceed"?

**Mr C.J. BARNETT**: On the same basis as the member's question.

**Mr M. McGOWAN**: Salinity?

**Mr C.J. BARNETT**: Prospective salinity on the basis that salt might come to the surface—might; it is highly unlikely—and a migratory bird might land on that salt and not like it. That is about the length of it.

**Mr M. McGOWAN**: I suspect the Premier has somewhat truncated what he said. Will the Premier table the letter?

**Mr C.J. BARNETT**: I do not think the member would be doing the Labor Party any good at all if I were to table that correspondence from one Peter Garrett.

**Mr M. McGOWAN**: Why is that?

**Mr C.J. BARNETT**: Because it is basically antidevelopment, anti the project.

**The CHAIRMAN**: Members, this is not an opportunity for debate.

**Mr E.S. RIPPER**: With regard to the Ord East Kimberley development, will the water charging, water trading and water entitlements regime be consistent with the state's obligations under the National Water Initiative?

**Mr C.J. BARNETT**: It will fit with those agreements, yes. Whether it fits exactly, I am not sure, because it is already partly in place, but it will be consistent with national —

**Mr E.S. RIPPER**: Is it necessary to change state legislation for the project to be administered consistent with the obligations of the National Water Initiative?

**Mr C.J. BARNETT**: I am not sure of that. I do not know whether the department can help me.

**Ms A. Nolan**: It has not been drawn to our attention.

**Mr C.J. BARNETT**: I am correct in saying that it will be consistent with the National Water Initiative.

**Ms A. Nolan**: Yes.

**The appropriation was recommended.**