

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

**INQUIRY INTO THE ECONOMIC IMPLICATIONS
OF FLOATING LIQUEFIED NATURAL GAS OPERATIONS**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 21 NOVEMBER 2013**

Members

**Mr I.C. Blayney(Chair)
Mr F.M. Logan (Deputy Chair)
Mr P.C. Tinley
Mr J. Norberger
Mr R.S. Love**

Hearing commenced at 1.02 pm**Hon WILSON TUCKEY****Retired member of Parliament, examined:**

The CHAIR: Good afternoon, and welcome. The cameras will be here while I am doing the introduction. On behalf of the Economics and Industry Standing Committee, I would like to thank you for your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the economic implications of FLNG. You have been provided with a copy of the committee's specific terms of reference. At this stage I would like to introduce myself and the other members of the committee present today. I am Ian Blayney, and I am the Chair; Hon Fran Logan, the Deputy Chair; Jan Norberger, MLA; and Shane Love, MLA. The Economics and Industry Standing Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the parliament and therefore commands the same respect given to proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of the parliament. This is a public hearing and Hansard is making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you will provide the full title for the record. Before we proceed to the inquiry's specific questions we have for you today, I need to ask you the following. Have you completed the "Details of Witness" form?

Mr Tuckey: I have.

The CHAIR: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

Mr Tuckey: Yes.

The CHAIR: Did you receive and read the "Information for Witnesses" sheet provided with the "Details of Witness" form today?

Mr Tuckey: I have.

The CHAIR: Do you have any questions in relation to being a witness at today's hearing?

Mr Tuckey: None, other than the procedure, and I hope I get the opportunity to make some statement prior to questions.

The CHAIR: Would you please state your full name and the capacity in which you appear before the committee today?

Mr Tuckey: Yes, my full name is Charles Wilson Tuckey—seldom the first name used—and, of course, I am a retired MP and minister and minister for conservation, which has caused me to have a significant interest in this project, both in terms of the economic side of it and the environmental side of it.

The CHAIR: So if you would like to give us a short statement today, we would welcome that. I will just have to ask the cameramen to leave before you start.

Mr Tuckey: Thank you, Mr Chairman. While some of my comments may have been brought to your attention by other witnesses, I think a history of the Woodside business is worth putting on the record. I want to put it in the context that if ever there is a corporation anywhere in Australia that has a debt to the people of Western Australia it is Woodside. Its total existence is the result of the initiatives of then Premier Court, who put the people of Western Australia into significant debt to

create a business opportunity for Woodside at a time when there was no LNG and no prospect of those sorts of customer bases anywhere. The people of Western Australia paid for a take-or-pay contract for years to keep Woodside in business. I believe they have a moral obligation to consider the needs of this state, its government finances and the employment prospects of an onsite decision.

I have other comments that I want to make; the first being the definition of recoverable reserves as it applies across the mining industry, including gas. A recoverable reserve is not the amount of the mineral that is in the ground; it is the amount that can be extracted at the prices available and according to the costs involved. I put it to you, therefore, that the minute that Woodside and its partner Shell decided that they could not meet what I presume are the original terms and conditions of their retention lease, they were making an announcement that the resource was not recoverable, and they therefore should have had a responsibility to hand the licence back, not go around the backdoor to a one-time employee, who just happened to have become a minister, and get those rules changed. I further consider that there should probably be opportunities through the administrative appeals processes for other interested applicants or the government to appeal that decision made in Canberra—I do not know how and whether it is rock-solid or not. But immediately the rules were changed to that extent, I believe that there is a case to be answered as to why applications were not recalled, either on the original conditions or, if we are going to have FLNG, why cannot the world have a go? That is an important point to me. The responsibility, in my view, is that the federal government should consequently at this stage recall those applications. For the following reasons I consider that the first recall should have been on the original conditions.

Both major shareholders, but in particular Shell, are particularly sensitive in an international sense to the issue of ethnic and/or environmental nature due to the effect it might have on their dealings with the leaders and consumers of other nations. Whilst Woodside was nominally an Australian—in fact a Western Australian business, I note that under its new CEO it is actively pursuing investment offshore in, for instance, Israel. The Shell company, of course, has been extremely sensitive about the James Price Point site. At one stage it tried to take over Woodside, and I find the arrogance of that amazing, inasmuch that this company thought that having got control of the company, it could do what it liked with Western Australia's and Australia's resources. But furthermore, having failed in that because the federal government refused them the opportunity to proceed, they then came up with the idea of building a pipeline from Browse down to the Pilbara and using the gas sometime in the future when it suited them. Everything Shell has done indicates to me that it is scared stiff of a half a dozen green activists and certain Aboriginal persons, not necessarily, as I point out, representative of their tribal rights. So the ethnic and environmental issues relating to James Price Point have been driven by small minority groups and a media pack, which has never been able to differentiate between the welfare of the Australian state and reporting conflict.

[1.10 pm]

I also believe that there should be considerable inquiry into to the professional legal profession and where the money comes for their costs and the court cases that try to frustrate this process. You might add to that, the question of the so-called environmental defenders, which are in legal offices around Australia almost fully funded by government. In particular in the broader context, recommendations should be made in regard to the qualification test for persons who claim ethnic rights through self-proclaimed hereditary and knowledge of secret cultural issues, yet can present no physical evidence of initiation that went with the transfer of the secrets that they produced to substantiate sanctity of land areas required for major construction works associated with our national economic future. My only conversation with an Aboriginal man who bore the scarring associated with formal initiation was to be informed that sanctity was not associated with sites but objects carried from place to place for the purpose of their use in ceremonies, particularly initiations, and how the initiates had to read from those objects with their hands—God forsake a female who ever looked on one. That was a real initiated man, and yet we have all these people that announce themselves as having various status, but they have no physical evidence that they were

ever initiated, and it is only then that those secrets are translated, and they are seldom given to women.

The CHAIR: Wilson, we usually go for about 10 minutes on an opening statement.

Mr Tuckey: I will try and do that. I am hoping you are taking some note. The High Court's original Mabo ruling declared that native title was not an estate in land but a right of access for the purpose of the conduct of ceremonies and hunting and gathering, and the committee might seek to inquire as to the history of James Price Point in this regard as there seems to be little evidence of any regular visits to the site by anyone before it gained relevance as an LNG site. If you are concerned about the time I take, I will try to shorten this up, but there are some very interesting issues that I want to draw to your attention.

I say the so-called special environmental value of the site must be tested by your committee by the effect the development has on the nominated area, which I believe is not much larger than the footprint of the federal Parliament House. In terms of the animal or microbe that exists there and does not exist outside its boundaries and could migrate to those outer areas, the actual length of the Kimberley coastline is approximately 6 000 kilometres, most of which has no attractions for tourism, and the sites that appeal can be covered by ship travel in four or five days. The question there is: is there a genuine environmental case applicable to this little area of land out of 6 000 kilometres? If James Price Point has special environmental values, I suggest that they should apply to Bondi Beach.

The committee should further pursue the leaseholders as to what weighting they gave in their decision to knock back the concept of onshore LNG processing. In terms of capex costing, the committee might inquire as to the relativity of these costs when measured against the quantum of resource. The Japanese think it was practical to spend \$34 billion on what I understand is a lesser resource. So how much can you get out of the ground and how do you apply that to the cost of your onshore facility? It is so much per terajoule or whatever unit you choose to make. So a lump sum, if you chuck \$40 billion in, is meaningless.

Now this is the other question that is very significant in having this site onshore. The committee I presume is aware that there is quite a lot of underground tight formation gas potential in the region. So there is a second opportunity to add to the throughput of an onshore facility, and one might be dependent on the other, particularly in terms of a port site. Obviously, if someone wants to go there and discover the underground facilities and develop them, if they could all be fed into one onshore facility, that would be very valuable—and the port site. But there is a further consideration, and I want to draw your attention to the fact that the LNG process consumes 20 per cent export equivalent of the gas; in other words, it burns 20 per cent liquefying the gas that it exports—20 per cent exported equivalent. It is called fugitive emissions. Nobody talks about it. If there was an alternative source of energy that was cleaner and cheaper, it would be better to sell that gas.

The second issue in that regard is of course the fixation that exists in the gas industry for LNG and pumping it around in pipes. The pipeline between the Pilbara and Bunbury consumes 250 megawatts of energy, and nobody talks about it, and of course there are emissions associated with that. The point therefore is that clearly departments, with their anxiety to get to FLNG, have not considered alternatives. I wrote to the Woodside board members individually as a minister saying that they should be looking at the tidal energy project procedures or capacity of the Kimberley. I have here a series of documents which I would like to table. I am trying to be short here. Document one is an image of the Fengxian HVDC converter station built for the SGCC in China, which is part of a 6 400 megawatt, 800 kilowatt, 4 000 amps HVDC electrical transmission system extending over 2 000 kilometres, which loses only seven per cent of its energy input over that distance. The total generated capacity of the WA network is approximately 3 500 megawatts—about half of what these people take down the line, and they lose nothing. But here we are building second-rate AC high-voltage lines back up to the midwest and they pass the gas coming down, so

you use twice as much energy. Nevertheless, that shows something about that system, which is proven throughout the world, and of course in Australia there is one under Bass Strait.

The CHAIR: I would like to get questions.

Mr Tuckey: Yes, I know. What I am trying to say here is that I hope you will follow-up on the matters I am drawing towards you. This is not just about whether there is a floating works or one on the land. The one on the land could bring huge environmental benefits to Australia if it partnered with the development of tidal power. Of course, I bring to you evidence of why that tidal power has been put in. The Koreans have just put one in. It cost half the price of a coal-fired power station, and the fuel is for nothing. Anyhow, because you are worried about that, this is the tidal-fence concept for generating tidal power that, in fact, was brought to my attention by Murdoch University. Then of course there is the World Energy Council that tells you just how much energy there is in Sihwa lake—something slightly more than consumption throughout Western Australia. I will leave it for that purpose and table those, and that is the Korean tidal power station. I have been there. Can I just make one final point?

The CHAIR: Very quickly, yes.

[1.20 pm]

Mr Tuckey: Nobody is addressing the question of how the people are going to behave in the future. You have got a floating facility sitting out there, and its capital costs will be offset against the resource rent tax. What is to stop the developers, when they get to the point of being taxed and they get to the point that the gas flows have slowed down and something else might be a little difficult, packing up and leaving, and leaving half of Western Australia's resource in the ground, under the sea. They could be gone overnight. Oh, yes! You could of course sue them, I suppose. Can we trust them when they say, "I'm from the oil industry; you can trust me"? The whole thing about it is that nobody is asking the question: what is the certainty? Historically, when gold was 16c an ounce set by the Americans Kalgoorlie was destroyed by people cherry-picking the high-value ore, and mines were abandoned. This is just so huge. Of course, I want to say that it will never bring a dollar to Australia. Who is going to test what their capex was? It is all going to be spent overseas. Why in the circumstances is the federal government at this or at the time of issuing those changes not revisiting the resource rent tax to say, for instance, that all the investment that should have been made in Australia will not be eligible for rebate. I do not think anything has been done over there and I do not know what my mob are doing, but it is a disgrace. Let us say that something turns up that is a bit better in Israel, can they tow that barge away? Of course they can! How do you protect our resource? If they have an onshore facility, they will stick with it to the end. But with these floating things, the opportunity is just unbelievable.

Mr Chairman, other matters might come out, and I did have more to say, but I think one matter is why the licences were not put back out for tender, just to see. In earlier days when Martin Ferguson was the minister, he told the partners, "use it or lose it!" Then, of course, their ex-employee gets the job, and all that changes. You should be calling the new federal minister and saying, "How are you going to protect this if these people just walk away with their barge?" I cannot find any proper assessment of that.

In closing, I just recently had a trip on one of these giant cruise ships, and similarly this barge will have a huge upper structure. We were watching an art auction, and all of a sudden all the pictures slid off the easels. She was sailing along like that. Nobody seems to know how those sorts of things will work. Does production just stop every time they have to dock it to clean it up or do what you do to ships? None of this seems to be coming forward. It is impractical and it is devious, and it denies a development. The Aboriginal and green people have frightened the hell out of Shell, and they should not have done it. In Shell it has been endemic. The people who have got Woodside advertise on our TV and say, "We're doing a good job." Shell just wanted to get a deal where it was not answerable in that arena, and of course it has to be.

The CHAIR: Thanks very much. The first question I have for you is to cast your mind back. You will know what year it was. I feel quite old but I am actually relatively young, I suppose. I first voted in 1980, but not in O'Connor; it was in Kalgoorlie as I remember. I did not get to vote for you, which I saw was the year you were elected for the first time. Can you remember any of the negotiations that took place between Sir Charles Court and Malcolm Fraser so a share of the excise that came from the North West Shelf was given to Western Australia?

Mr Tuckey: To tell you the truth, I was not totally sure whether RRT was finalised in the Hawke government or the Fraser government. I well remember the discussions, and Peter Durack was either our shadow or our minister. The concept of there being an RRT and its procedures were discussed in our party room and there was a powerful point made. It is my understanding that there was a clear agreement that on account of this new deal being put in that Western Australia would get—I thought it was about a third of the revenues. But let me say to you do not hold your breath in terms of FLNG. I do not know whether our tax office gets the true information as to what the capex was, because it is all spent overseas. Secondly, of course, they then can write that off before they pay the resource rent tax.

The CHAIR: I think the Hawke government brought in the PRRT. I will be corrected, but I think it was.

Mr Tuckey: Yes, that was my understanding.

The CHAIR: Bill Hayden took it to the election.

Mr Tuckey: Yes. We supported it as an opposition.

Mr F.M. LOGAN: Mr Tuckey, are you aware that the Woodside retention leases made in the Browse fields, which you referred to, were rolled over and the conditions changed to allow offshore processing by FLNG unilaterally? That is, the joint approval retention lease process, where the state and the commonwealth sign off on those retention leases, was ignored by the immediate former minister for resources, Mr Gary Gray, and the offshore processing was approved? Are you aware of that?

Mr Tuckey: I can only assume from what I have read through the media. But considering when he made the announcement, which was days before the caretaker period, I have the assumption—hence I raise this question—that it was not done properly and due process was not followed. I would think if I were someone else who wanted to invest in Browse that I would have an excellent case at the Administrative Appeals Tribunal, as an example, to have the applications recalled. When you have that massive change in the so-called economics, that comes back to the issue of recoverable reserves. In my mind—I am not a lawyer—all of that process was wrong and, if necessary, it should be tested in the court. I am of course not there, so I can only make an assumption.

Mr F.M. LOGAN: But, as a former commonwealth minister, that change was made unilaterally and that was the first time that has ever been done.

Mr Tuckey: Yes.

Mr F.M. LOGAN: It is normally done as a joint approval process between the state resources minister and the federal resources minister. For the purposes of commonwealth-state relations, as a former commonwealth minister, what do you think about that?

Mr Tuckey: I think the whole process was outrageous. As I said, the previous minister stood on due process. There was good reason why he went from the parliament; he had had enough! But he is on the record as saying, in conjunction I think with Premier Barnett, to the leaseholders, “Use it, or lose it.” Then, all of a sudden, they go running off to the newly appointed five-minute minister, who just happened to be a member of their staff for many years, and he changes it. But you have the opportunity to research that, I would think, even with people in our own mines department. All I can tell you is that I think it is red-hot, and one of the reasons I am here is because I tried to say that

in *The West Australian*, but they did not want to publish the letter. The whole thing about it, and why I made the point in my opening statement, is that if there is no other means, then the matter should be tested in court, because I believe there was a responsibility on the government under the due process of fairness. The minute Shell and Woodside said, “We cannot make a go of it under the conditions,” the government’s responsibility was to say, “Thank you very much. We will recall tenders and we may even put out an FLNG option, and we will see who comes in with what.” I am sure there is not an ounce of inquiry gone into how that licence will work, how you protect the asset from cherry-picking, how you collect your money and, of course, what is that capex value; and why would you give a tax deduction if it is all going to be spent overseas.

[1.30 pm]

Mr J. NORBERGER: Let it be noted on the record that Hon Fran Logan stole my question! Thankfully, I have one in reserve. Mr Tuckey, thank you so much for coming. You spoke a little about the PRRT, and I think it is worth maybe exploring that a little bit further just in regard to your opinion. When you look at the history of the PRRT, it does go back near-on 30 years. One of the key features that we have been tackling and we have had a number of conversations with other parties about is obviously this phenomenon you have indicated, which is that any money you spend in your capex and your research and development—all the money that you spend getting a project up and running—becomes a tax write-off. So the Australian public, in essence, underwrites it by way of a tax write-off. My understanding from the history of not only the North West Shelf but a lot of the oil and gas resource projects—Hon Fran Logan would know more than me—is that back in 1980 when the PRRT came in a lot of that capex work was actually done in Australia. We had fabrication being done in Fremantle. We were stick building LNG plants. In that regard, because that money was being spent in Australia, giving a tax write-off I suppose could be understood. You rightly point out that in today’s day and age of globalisation an absolutely total miniscule amount of money from a capex point of view is being spent in Australia; it is all being done overseas.

Mr Tuckey: That is right.

Mr J. NORBERGER: Yet it is still being underwritten, if you like, by the Australian taxpayer. I would just like to explore your opinion or your view of that, given that you have probably been along the whole journey of the PRRT.

Mr Tuckey: What I can answer your question with is that remembering the party room debate—as I said, I can still see Peter Durack as, I think, shadow minister taking us through these issues. It was all predicated on giving people the ability to write that off when they spent it in Australia. Even to the extent now that they are bringing things in, and let me say Australia has got to pay some of the price of that happening, but the reality is that when it was all given our support, as I believe we were in opposition, it was because it was an encouragement for investment in Australia and being given the opportunity to write it off was quite fair and reasonable by the nature of mining. But it was never identified to give to people. This is the sort of question Gray ought to have asked: how the heck does Australia get a crack at it? You no doubt are doing an excellent analysis of the costs involved to the government of lost payroll tax. I nearly cried when the state Labor government let Inpex go to Darwin, because Western Australia paid a huge price for that in payroll tax, let alone the income. Fran, I will say something else and I will close. If you built that process onshore with 457 employees at minimum wages—I am not saying you should—Australia would be better off. You would get payroll tax and income tax; they would spend money and you would get GST from the consumers. That is how ridiculous this idea is. There has been no proper process and no homework done; and that is the main reason I am here. I hope you will take some interest in a partnership between these gas resources and the potential for tidal energy. My ex-boss has got \$3.2 billion for direct action. Why not apply for \$1 billion of it and look at some of these things as to how you can put in environmentally friendly systems. There is a recommendation from the Suzuki Foundation here for this generating system. It has got to work, and tides are so predictable.

You can match it up with gas generation and base-load it. For the price of the pink batts program, you can send it from Broome to South Australia on HVDC.

Mr R.S. LOVE: You made some comments about Shell's potential concern about environmental and social controversy around James Price Point. I know that has been raised and asked of the proponents before. I just wonder, as a person with experience in the field of, I suppose, economic development, if you would like to comment perhaps on what the effect on the Indigenous people may have been, with the loss of the economic opportunity that the development of James Price Point represented, given the land deal that was in train at that time.

Mr Tuckey: I chaired the government members' committee that actually came up with the final Howard government 10-point plan. There was great controversy because at that stage in life there was still a feeling that native title had gone too far. We went through it bit by bit by bit. I made mention of what the High Court said about Mabo, that it is not an estate in land, and yet that seems to have been forgotten as years have gone by. We had a clear understanding that they were disadvantaged people. They were not when I went to Carnarvon in 1957, because the commonwealth was not allowed to do anything for them and so they all had a job. I might add that when you check the cost of remote area infrastructure, you want to go back to the North West Highway and the Ord River dam, they were all built by people who lived there. There was no fly in, fly out in those days. They were major projects and a helluva a lot of the workers were subcontractors. They drove their own truck but their wage was paid by Main Roads and for the hire of their truck. I am saying that those who proclaim themselves as elders or experts should be able to prove where they learnt their secrets. I was dealing with Aboriginal people from 1958 and very few of them wanted to talk about secrets, and they did not pass them around. You got them when you were initiated. I get very annoyed to see these people produced in court by the legal profession, who are getting paid by the taxpayer when the money could be better spent, just trying to frustrate development where, as in this case, an arrangement has been made that a significant allowance will be given to the Aboriginal people for self-development. All that goes out the window when two arrogant shareholders of the Browse consortium, or whatever it is called, go off and get a deal to move offshore. As you might gather, I am furious about it. I do not care if our people are leaning towards it; they are wrong, because they have not gone down the road yet. You might as well leave the gas in the ground from the Aboriginal point of view or from the public point of view. The payroll tax on a \$40 billion development, if were all in Australia, would probably build you two Fiona Stanley hospitals.

Mr F.M. LOGAN: Mr Tuckey, Woodside and its partners chose to take the engineering for LNG train 5 to London, if you remember.

Mr Tuckey: Yes.

Mr F.M. LOGAN: They then also took the engineering for Pluto and subsequent trains to London as well. Since that point in time modular construction of the way in which the plants have been put together and fabricated, engineered and constructed has reduced local fabrication and manufacturing to a minimum. How do you relate this behaviour to your statement earlier that Woodside owes a moral duty to the people of Western Australia?

[1.40 pm]

Mr Tuckey: I have said that it owes a moral duty to the people of Western Australia. Clearly, Fran, there was a full production platform built down at Cockburn, and it brought no credit to Western Australia. It was late, and that was something in itself where the trade union movement—whoever you want of a name—need to get together because we have got to be internationally competitive. As I said, when we built the Ord River dam, we did not do the engineering, and all those sorts of things were achievable here. I might add, and it is never mentioned, but I know that some of those components that come from offshore do not fit together and some gets stretched on the road and

they are not as cheap as they might be. My own view is, and I said in my opening statement, if ever there is a company that wants to remember its roots—and who is the CEO, Fran, Coleman?

Mr F.M. LOGAN: Yes, Coleman.

Mr Tuckey: Ever since he has been there, he has had a total disregard for Western Australia and what the people did to establish his company. I do not know where he comes from, but I would not mind betting it is somewhere else. By the way, this fellow Cousins coming over as an environmentalist—he is on the Reserve Bank board and a couple of other things—why do they not close his beach down? He killed off Tasmania. Tasmania is costing the Western Australian people \$600 million a year from our GST, because little by little, due to the efforts of himself and others, they cannot exploit any of their natural resources. They cannot do hydro. When they cut off the Franklin River dam, Barry Jones is on the record as saying, “Why do you need hydro? There’s plenty of coal in Australia.”

Mr R.S. LOVE: You have made some comments about the former minister and the decision that he made prior to the last election, and yet I understand that the current minister has made similar supportive statements about FLNG. Do you think that it might be a little unfair to the former minister to make that insinuation that perhaps as a former employee he might have been less than —

Mr Tuckey: In 30 years no-one ever told me I was complaining anything was unfair. I mean, that is politics. But the issue here is, as I said, it is unfair to the state of Western Australia and the people who live here who have to fund the services. I get a bit annoyed with Broome. They want their lifestyle, but other people are paying for their hospital and other things because certainly selling a few pearls would not pay for it. So the whole thing about it is that I get so annoyed when people take this holier-than-thou attitude, but if they want to put an environmental argument, it should not be a protest. They should be able to prove that that particular area of land being converted to an industrial complex will mean the death of a microbe or an animal, which I believe would just move a little bit further up the coast. Aboriginal people should have to prove, a, their DNA, and, b, their right to be an expert, because unfortunately maybe for their culture, I do not think there is much of that stuff and half the witnesses they call are white anthropologists. Nobody tells them those secrets, ever.

The CHAIR: We can probably research this but you might know, but let us go back to that sharing deal I mentioned before between the commonwealth government and the state government with the original North West Shelf project. Can you remember the structure of it?

Mr Tuckey: Not exactly; it is a long time ago. But I am well aware that the deal was negotiated and agreed that because it was outside of the boundaries of the state, suddenly the commonwealth wanted to get its snout in the trough, if you like, and an agreement was made with Western Australia that considering the responsibility it would have to services and providing the infrastructure and all that, a percentage of that tax would be remitted. The problem was that under PRRT, it took so long to turn up on the balance sheet. Even to the extent that the commonwealth profits, it is my opinion that FLNG might never deliver anything because it may be in the financial interest of the developers to move their barge to another brand-new site where they have negotiated a better tax regime—it is all off the record—settled with the minister of the day.

Mr F.M. LOGAN: Just on that and your comments on PRRT, Mr Tuckey, what do you think should be done about this issue which has been highlighted? Do you think there should be a review into PRRT?

Mr Tuckey: In the first instance, if I was sitting where you are, I would be recommending, even in an interim report to the Premier, that this matter should be raised immediately with the new government and, if necessary, the issue tested and raised with the Administrative Appeals Tribunal. I do not think the administration is consistent with the law, because what has happened is, “I will

give you a tick". Again, you might find that the new government, properly approached, would be of a similar view—it might be a form of corruption—with some inference of otherwise testing this whole matter in court should be put to the present government and get that matter clarified. But, as I said, you go out east of Kalgoorlie somewhere, and you have got a retention lease and you do not do anything with it or you dig a bit of a hole and you say, "I need some other deal on this site," you would not get it. You would be advised by the mines department, quite properly, "If that is the condition you want or you want to keep it for another 20 years and not do anything with it, it ought to go back to the industry and give everybody a chance."

One of the fundamental things I came here to say is that one, and also the issue of how you guarantee the permanency of the well production down to the last drop returned if the processing plant is fully mobile. I think that is a huge issue, to be honest. Again, that is why I would strongly recommend that these matters be taken up with the federal people. I rely on the newspapers, but I read a lot and listen to the ABC every morning, and if they could find something to say against them they would, but the whole thing is that I have not heard a word from our side of politics on this matter, other than to challenge Gray as to whether he had already been offered a job if he lost his seat, which was a public comment. I cannot think of any ministerial decision I would have taken in a unilateral fashion and without due process. I do not know if it is a matter of cabinet minutes. I think it could be unlikely. Again, I know if Martin Ferguson had been there, he would have insisted that due process be applied. It is important, and time is of the essence, that your committee should be saying—it could have an interim report—that this particular issue has got to be cleared up. I am not aware whether money is still being transferred. I know there was a lot of debate that it did not turn up in the earlier years. I have never had any recollection of us withdrawing that arrangement, but I am not that good; I could not be absolutely positive.

[1.50 pm]

The CHAIR: There was something else about that payment. I think, and I might be wrong, that that special payment came from the commonwealth and I think it did not affect our GST. I might be wrong about that. The other thing on that is, let us assume we get them to cave in and say, "We will give you a proportion of the PRRT," then they will probably just turn around and say, "But we are going to take it off the GST anyway."

Mr Tuckey: The GST rules, unfortunately for us now, were set virtually in 1901 and, as you know, for many years WA was a beneficiary. I wrote an article for *Quantum Magazine* in which I pointed out—because I was one of the first state grants commissioners when Whitlam gave the money for local government—our rules were that we had to test each local authority, and the same applies to states, that they are maximising their income from the financial resources available to them. What has never been a test is, "Are you maximising the actual resources that would generate income for you?" In Tasmania, they are such a basket case. They have two major resources—forestry and rivers. Of course, suddenly the wheel has turned entirely in favour of hydro. They should be entitled to go back and produce more hydro, which they are selling across the Bass Strait within HVDC, and that would improve their resources. The other side of it is that that is why GST has blown apart, but that is really another issue. It is decided by the Grants Commission on the rules that were laid down in 1901.

The CHAIR: We have got to close there because we have got to be at question time at 2.00 pm. Wilson, you can leave your notes as a submission, if you like.

Mr Tuckey: Thank you. It is not exactly a statement, but I will do that. Will you accept that?

The CHAIR: Yes.

Mr Tuckey: I strongly recommend you look more closely at that.

The CHAIR: We would like to thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such

corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. With that, we will all have to shoot out the door, and thank you very much for your evidence.

Mr Tuckey: Thank you. No worries; thank you for the opportunity/

Hearing concluded at 1.53 pm
