



# **Parliamentary Debates**

**(HANSARD)**

THIRTY-FIFTH PARLIAMENT  
THIRD SESSION  
1999

LEGISLATIVE COUNCIL

Wednesday, 15 December 1999

# Legislative Council

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**THE PRESIDENT** (Hon George Cash) took the Chair at 3.00 pm, and read prayers.

## **BILLS - ASSENT**

Messages from the Governor received and read notifying assent to the following Bills -

1. Court Security and Custodial Services Bill 1998.
2. Court Security and Custodial Services (Consequential Provisions) Bill 1998.
3. Financial Relations Agreement (Consequential Provisions) Bill 1999.
4. Titles (Validation) and Native Title (Effect of Past Acts) Amendment Bill 1999.

## **NUCLEAR WASTE DUMP**

### *Petition*

Hon Giz Watson presented a petition, by delivery to the Clerk, from five persons opposing the Pangea proposal to locate a high-level nuclear waste dump in Western Australia.

[See paper No 599.]

## **URANIUM MINING INDUSTRY**

### *Petition*

Hon Giz Watson presented a petition, by delivery to the Clerk, from seven persons opposing the proposal to establish a uranium mining industry in Western Australia because of its associated health impacts on members of the community.

[See paper No 600.]

## **EROSION OF PROPERTY RIGHTS**

### *Petition*

Hon Simon O'Brien presented the following petition bearing the signatures of 20 persons -

To the President and Members of the Legislative Council of the Parliament of Western Australia in Parliament assembled.

We the undersigned residents of Western Australia respectfully draw attention to the erosion of private property rights without compensation due to Acts, Regulations and Policies including:

Bushplan  
South West Wetlands EPP  
Swan Coastal Plain Lakes EPP  
Agricultural and Rural Land Use Planning Policy  
Conservation Category Wetlands  
Remnant Vegetation Protection MOU

Your Petitioners therefore humbly pray that the Legislative Council will give consideration to how property rights can be protected.

And your petitioners as in duty bound, will ever pray.

[See paper No 601.]

## **NATIVE TITLE (STATE PROVISIONS) BILL 1999**

### *Third Reading*

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [3.05 pm]: I move -

That the Bill be now read a third time.

**HON N.D. GRIFFITHS** (East Metropolitan) [3.06 pm]: Third reading speeches are necessarily short but I should point out that in view of the Government's failure to accept the amendments moved by the Opposition, the Opposition proposes to vote against the third reading of this Bill. The Opposition sought to improve the Bill so that it stood a good chance of being workable. However, it may not be workable as a result of the Government's failure to vote with the Opposition. So be it, let it be on the Government's head if the mining industry and the Aboriginal people of Western Australia are not able to have a proper native title regime; that is up to the Government of Western Australia.

**HON HELEN HODGSON** (North Metropolitan) [3.07 pm]: The Australian Democrats will be opposing the third reading of this Bill. As I outlined in my contribution to the second reading debate, we had some fundamental difficulties with the Bill as it was presented. I appreciate that the purpose of the third reading stage is to comment on amendments made during

the committee stage of the Bill and a number of changes were made. However, I believe those changes were merely tinkering around the edges. It is totally inadequate to hear members talk about a further 1.9 per cent of land being made available for the right-to-negotiate process as if that is a major achievement. The fact is that a great deal of land - much more than 1.9 per cent - has been removed from the right-to-negotiate procedures. The changes made yesterday were not adequate for me to reverse my previous comments on the fate of this Bill; I do not think it should be supported and I believe it will be knocked out under the Senate's disallowance process once it gets there.

Question put and a division taken with the following result -

*Ayes (13)*

Hon M.J. Criddle	Hon Peter Foss	Hon N.F. Moore	Hon Greg Smith
Hon Dexter Davies	Hon Ray Halligan	Hon Mark Nevill	Hon W.N. Stretch
Hon B.K. Donaldson	Hon Murray Montgomery	Hon B.M. Scott	Hon Muriel Patterson ( <i>Teller</i> )
Hon Max Evans			

*Noes (12)*

Hon Kim Chance	Hon N.D. Griffiths	Hon Norm Kelly	Hon Christine Sharp
Hon J.A. Cowdell	Hon Tom Helm	Hon Ljiljanna Ravlich	Hon Giz Watson
Hon Cheryl Davenport	Hon Helen Hodgson	Hon J.A. Scott	Hon Bob Thomas ( <i>Teller</i> )

*Pairs*

Hon Simon O'Brien	Hon E.R.J. Dermer
Hon Derrick Tomlinson	Hon Tom Stephens
Hon Barry House	Hon John Halden
Hon M.D. Nixon	Hon Ken Travers

Question thus passed.

Bill read a third time, and returned to the Assembly with amendments.

**PROSTITUTION BILL 1999**

*Report*

Report of Committee adopted.

*Third Reading*

**HON PETER FOSS** (East Metropolitan - Attorney General) [3.12 pm]: I move -

That the Bill be now read a third time.

**HON NORM KELLY** (East Metropolitan) [3.13 pm]: I will comment briefly on the current form of the Bill, following the lengthy debate in committee last week. That debate was bizarre at times, with members of a certain party changing their attitude to the proper reform of the sex industry in this State. We have gone back and looked at the amended version of the Bill, and it is apparent to the Australian Democrats that it is not good legislation, despite our best efforts during the committee stage. Although the Government may have preferred the Bill to contain far broader police powers, that has been rejected by this House. It is important that the Government accept that decision of this place and look at what is possible within the existing powers in the Bill. The emphasis of the Government on combatting street work and child prostitution can be addressed adequately with, perhaps, some further minor changes to the Bill. I reiterate our firm position that the public health aspects should not be returned to the Bill.

It would be more beneficial for the State if the Government were to introduce the broader legislation, which it has promised to the Western Australian people over the past few years, to address all aspects of the sex industry, including the regulation of brothels and massage parlours and the like, and to do away with the segregated industry that we have at the moment under the containment policy. In discussions with the Minister for Police subsequent to that debate, it was clear that it is not simply a case of containment houses and non-containment houses; it is a matter of well-run houses and not-so-well-run houses. However, under the containment policy there is no real way to explore that area further. Much of what is contained in the current Bill will be beneficial. It is unfortunate that, given the comments made by the Government, we will apparently not be progressing this Bill and we will not achieve the Government's objective of getting the legislation through the Parliament before the end of the year. That is a failing of the Government because it allowed only a short time frame for the Bill to pass through the Parliament. The Australian Democrats will progress this Bill through the third reading, because we believe the Bill can be improved for the people of this State. We will support the third reading, but we do not believe it is ideal legislation. Rushed legislation will be regretted in future years. We hope to continue to work constructively to get better laws for the sex industry in this State.

Question put and passed.

Bill read a third time, and returned to the Assembly with amendments.

**PRISONS AMENDMENT REGULATIONS 1999***Motion for Disallowance*

Pursuant to Standing Order No 152(b), the following motion by Hon Helen Hodgson was moved pro forma on 17 November 1999 -

That regulation 5 of the Prisons Amendment Regulations 1999, published in the *Gazette* on November 2 1999, and tabled in the Legislative Council on November 9 1999 under the *Prisons Act* 1981, be and is hereby disallowed.

**HON HELEN HODGSON** (North Metropolitan) [3.17 pm]: I will not speak at any length on this motion, because I understand that there is unanimous agreement in the Chamber that this motion should succeed and that the amendment to the regulation should be disallowed. Upon consideration of the regulation to charge fees to prisoners who undergo drug tests, we decided that the framing of the regulation was excessive. Given that it does not improve the order and security of the prison system, and all it does is place an impost on prisoners, we are unanimous that the motion will succeed.

**HON PETER FOSS** (East Metropolitan - Minister for Justice) [3.18 pm]: The Government will agree to pass this motion. We still think it is important to deal with the matters contained in the amendment to the regulation, but believe it can be done better than it is in this regulation.

Question put and passed.

Hon N.F. MOORE: Mr President, I ask that you leave the Chair until the ringing of the bells.

The PRESIDENT: The Leader of the House invites me to leave the Chair until the ringing of the bells and I shall oblige him.

*Sitting suspended from 3.19 to 3.35 pm*

**GAS CORPORATION (BUSINESS DISPOSAL) BILL 1999***Second Reading*

Resumed from 25 November.

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [3.35 pm]: It is some time since the second reading debate on this Bill was held; therefore I will go through everybody's speech so they will remember what they said!

Hon N.D. Griffiths: We remember everything we said!

Hon N.F. MOORE: Hon Nick Griffiths should not be concerned. I will take some time to sum up on behalf of the Government and do my best to respond to members' questions and indicate why this Bill should be supported. If members will forgive me, I will refer to copious notes because many issues were raised by members and I want to do my best to ensure their questions are answered.

The Leader of the Opposition - I will not say he was silly enough - raised the issue of Fremantle Gas and Coke Co Ltd in his speech and referred to that as somehow being good public policy of the previous Labor Government. The issue revolved around the reverse of privatisation. The Labor Government was seeking public ownership of a private gas company. I will not go through the history of events surrounding Fremantle Gas and Coke Co because I do not want to waste the time of the House. However, a fascinating book called *The Bold Riders* has been written by Trevor Sykes, of which I recently obtained a copy to remind me of the 1980s. It contains a very interesting, small chapter of about 10 pages on Fremantle Gas, which succinctly and emphatically points out what occurred during that deal.

If anyone has the vaguest interest in the way in which the previous Government worked with the private sector, they should read the Fremantle Gas and Coke Co saga. It was about the way the Government of the day used the private sector to take over a private company which it could have taken over by government decision. It cost the taxpayers of Western Australia vastly more than it should have. The shareholders of Fremantle Gas and Coke also got a pretty poor deal. I was surprised that the Leader of the Opposition did not consider that issue had been consigned to history. Obviously it has not yet been consigned to history because it is still fresh in his memory in the context of this Bill.

I recommend *The Bold Riders* to members opposite because it will do them the world of good to refresh their memories about how the Labor Government made a mess in the past. If they want to beat their chest and say mea culpa three times a day, they can do so as they read it. I will proceed with this part of the second reading debate and hope that we will make some progress today if not complete the process.

The sale of AlintaGas is the next logical step in the reform of the gas sector the Government began in 1994. Since then we have progressed a number of initiatives that have reduced energy prices, improved services to customers, increased the availability of gas supply and led to the further economic development of Western Australia. That is what Governments are for. As part of the reform process, the Government has implemented staged access to the Western Australian gas market which will lead to full contestability in July 2002.

If AlintaGas is not privatised, Western Australian taxpayers will bear the commercial risk of a publicly-owned gas business in competition with private sector companies for the supply of gas to residential customers. This is why the Government believes AlintaGas should be sold now.

The ability of the Government to time its reform initiatives to best serve the people of the State was demonstrated by the

successful sale of the Dampier-to-Bunbury natural gas pipeline, which has yielded steady benefits to the new owner, its customers and Western Australia. The right time for the Government to maximise the value of the AlintaGas business to the State and all Western Australians and to enable a properly structured and commercially capable AlintaGas to emerge under private ownership is before the gas market is fully opened up to competition. The method of the AlintaGas sale proposed by the Government will maximise the value derived from the sale while providing an opportunity for the Western Australian public to own shares in AlintaGas. This will ensure that AlintaGas remains headquartered in Western Australia with its focus doing business in our State. The sale will reduce the call on government resources to manage and develop the asset to meet growing gas demand and will enable a further reduction of public sector debt. It will also enable the potential reinvestment of some of the proceeds in other infrastructure for which the people of Western Australia are looking. A new regulatory framework, a combination of the Energy Coordination Act and the sale-enabling legislation - which we are dealing with - will ensure the necessary consumer safeguards are implemented, including those relating to price protection, continuation of supply and best practice service standards. There is no convincing reason why AlintaGas should remain in government ownership.

Hon Ljiljanna Ravlich interjected.

Hon N.F. MOORE: I will ignore the interjections so the House can get through this Bill sometime this week.

The decision to sell AlintaGas is based on sound economic reasons. It is a sensible recognition of the expected need for this utility to perform in a fully liberalised market. In private hands, AlintaGas will continue to develop as the sale will create an environment of increased competition and innovation in gas service. The Government is determined to conduct the sale through a process that is fair and equitable to all stakeholders and brings maximum overall benefits for the people of Western Australia. Some of the benefits from the sale include minimising the Government's exposure to the business risks of competition as the gas market becomes fully deregulated by July 2002; facilitating greater consumer choice through increased competition; clearly separating the Government's policy and regulatory function from its participation in the gas market; releasing state capital for other purposes; providing for efficiency gains through access to the business acumen and technical competencies of potential owners of similar businesses; providing greater access to capital to expand the AlintaGas business; and opening up other market opportunities for the business which may not eventuate under government ownership, such as electricity trading, appliance sales and liquefied natural gas distribution to regional areas.

AlintaGas was created on 1 January 1995 as part of the Government's restructuring of the energy sector, which included the break-up of the State Energy Commission. The corporation's current sales are around \$319m, its pre-tax profit around \$48m and it carries debt of \$225m. It has a customer base of 410 000 customers, employs 390 people and operates 10 500 kilometres of distribution pipelines. AlintaGas has total assets of close to \$490m, including close to \$340m of property plant and equipment. Hon Helen Hodgson pointed out that its balance sheet shows that the State's equity is \$118m. She argued that the Government is selling an asset that has been grossly undervalued in the books as a way of reducing debt, borrowing more and funding other capital works. It should be noted that part of the \$118m equity is underlined by the fact that the current book value of AlintaGas assets is based on historical cost. The assets will be revalued before the sale.

In terms of the number of customers, AlintaGas is a similar size to each of the gas distribution utilities in Melbourne. Although the number of customers is the same, sales are one-third the volume of gas sales of similar organisations in Victoria because of climatic conditions. It is important to understand how big AlintaGas is compared with similar institutions. AlintaGas is an efficient business by most standards and its employees are an important asset. Hon Helen Hodgson also raised the issue of the corporation's efficiency based on a range of indicators. It is not correct to say that AlintaGas is in any way less efficient than the private corporations operating gas reticulation businesses around Australia. AlintaGas has the second highest labour productivity, above the Australian average of these businesses. For example, a comparison with South Australia, where its gas business services a comparable number of customers, indicates that Envestra Limited services less than 450 customers per employee, while AlintaGas services more than 650.

The efficiency and productivity of AlintaGas employees does not need to be recognised. In addition, AlintaGas has decreased its operating cost by an average of 5.4 per cent since 1995. Hon Tom Stephens and Hon Ljiljanna Ravlich raised the issue of the Government's mandate to sell AlintaGas. Often Governments are compelled to initiate and make policies in the middle of a term and implement them in a timely manner according to the circumstances. The decision to sell AlintaGas is consequent to a change of circumstances since the last election, including the complete liberalisation of the gas market, which involves competition in the supply of gas to householders by July 2002; adoption of the national third party access code and the establishment of an independent state-based regulator; and, thirdly, the successful sale of the Dampier-to-Bunbury natural gas pipeline. Given the successful sale of that pipeline and the decision subsequent to the last election to accelerate the full deregulation of the Western Australian gas market, to implement the national access code and to establish an independent state-based regulator, it was inevitable that the Government should consider whether to retain ownership of the remaining businesses of AlintaGas.

The sale is also taking place in the context of a phased deregulation of the market, following the disaggregation of the North West Shelf contracts and, as with the State Energy Commission of Western Australia, the Government has started a phased deregulation process. At the moment any gas customer consuming more than 250 terajoules of gas a year is in an open and competitive market. From 1 January 2000, that threshold will come down to any customer consuming more than 100 terajoules a year. From 1 July 2002, it will come down to anyone consuming 1 terajoule a year, and it will be fully-open access. By July 2002, competition in the gas industry will be totally deregulated down to the level of the individual householder. The Government would face a serious conflict of interest as a regulator and setter of energy policy if it were also to retain ownership of AlintaGas as a seller of gas in a totally deregulated, competitive market. The decision to sell AlintaGas is based on sound economic grounds and is a logical outcome of the analysis of the expected performance of the

government utility in a fully liberalised market. If it were to delay selling AlintaGas for any substantial period, the prediction of financial analysts is that, as the market is deregulated and more gas retailers enter the market, the value of AlintaGas will decline. AlintaGas will be of less value to the people of Western Australia in the future in government ownership than it is now.

All the speakers opposing the Bill in the second reading argue that Western Australians are already shareholders of AlintaGas. Western Australians also share in the debt of AlintaGas, existing and future, particularly as AlintaGas has a significant ongoing need for funds of a capital nature and will face increasing competition in a deregulated market. The privatisation of AlintaGas at this point in time, and under the proposed model, will maximise the value of AlintaGas to people of this State because the value of the business will be under pressure as competition becomes unrestricted and private investment in this State will be encouraged while the proceeds of the sale can be used for purposes that will serve the needs of Western Australians. After retiring AlintaGas's debt, which is about \$225m, part of the proceeds will be used to retire government debt. The proceeds will also allow some worthwhile works to be undertaken within the community. Possible works are renewable energy programs and additional energy infrastructure. Cabinet will make the appropriate decision at the appropriate time in respect of those matters. As members know, broad community benefits were achieved from the sale of the Dampier to Bunbury pipeline; for example, computers in schools, money into sport and recreation and things of that nature, and a very significant reduction in debt.

A number of members, including the Leader of the Opposition, Hon Ljiljana Ravlich and Hon Helen Hodgson, claim that the Government is ignoring long term revenue from AlintaGas in the future. The annual returns from AlintaGas under government ownership were forecast and compared to a range of expected values which the Government may expect to receive from AlintaGas if it is sold. This analysis indicated that the value of AlintaGas, if retained, of about \$700m, is significantly below that which could be obtained through the sale of AlintaGas. The Government would hardly be interested in going beyond evaluating bids for the cornerstone interest if at that time it was not clear that substantially more than that retention value would be achieved. I think it is important to recognise that.

The Leader of the Opposition also argued against AlintaGas being privatised as a vertically-integrated business. Selling AlintaGas as two separate businesses will not serve any tangible purpose, and particularly it will not serve the customers of AlintaGas. The expense of separating the two businesses will far outweigh the benefits of any immediate competition in gas retail that the separation may encourage.

The costs to the community of separation include: Possible reduction in the overall revenue from the sale as a result of unstapling the businesses; additional costs in establishing two corporations out of the stapled AlintaGas business before the sale; any additional costs of providing distribution and retail services by AlintaGas as a result of the loss of economies of scale and scope following separation; and possible concern as to security of supply given the greater risks faced by a stand-alone retail company. The benefits to the community of the stapled structure include: A lower operating cost structure than two individual segregated entities, thus lower prices to customers; transaction and adjustment costs will be lower for the Government as vendor and for the buyer; the separated retail business is unlikely to be suitable for a float, and therefore the Western Australian public will lose the opportunity to own shares in it; risk sharing between the distribution and retail business increases the viability of the retail business and the ability to secure finance; enhanced sale proceeds; and due to the prevalence of stapled companies elsewhere in the gas industry in Australia, a greater number of prospective buyers will be familiar with the proposed structure. Deutsche Bank has estimated that selling AlintaGas as a stapled business would increase estimated sale proceeds by around \$70m to \$110m. Most of the companies in the gas industry in Australia operate as stapled businesses. For example, the three gas businesses in Victoria were privatised as "stapled"; that is, in the same manner as is proposed for AlintaGas.

The Allen Consulting Group was commissioned by the AlintaGas Sale Steering Committee to undertake a national competition policy review of the proposal to privatise AlintaGas. The report concluded that provided ring fencing occurs, neither functional nor geographical separation of AlintaGas is required in advance of privatisation in order to discharge Western Australia's obligations under the Competition Principles Agreement. In addition, provided ring fencing is regulated effectively by the Independent Gas Pipelines Access Regulator, as required under the National Access Code, it is not clear that the functional and/or geographical separation of AlintaGas will produce any net public benefits. The benefits will amount only to those arising from separation relative to ring fencing, and these are unlikely to be sufficiently large to outweigh the costs of separation.

The Leader of the Opposition argued that ring fencing of the AlintaGas businesses will not be effective. Governments, industry and users negotiated for years to come up with the effective ring-fencing provisions that are currently incorporated in the National Access Code. To ensure that all practicable measures are taken to prevent distributors from treating third-party users in an unfair or unreasonable manner, last year the Western Australian Parliament enacted the National Access Code, together with its ring-fencing provisions. Under the code, AlintaGas will need to place its distribution business in a separate ring-fenced subsidiary. As a minimum, AlintaGas' distribution business will need to: Be a legal entity; not carry on a business of producing, purchasing or selling gas; establish and maintain separate accounts for its distribution activities; allocate costs shared between different accounts in a fair and reasonable manner; ensure that confidential information provided by its users is used only for the purposes for which it was provided and is not disclosed without the users' consent; and ensure that marketing staff are not also working for the retail business. In addition to these minimum requirements, the regulator may require AlintaGas to meet additional ring-fencing obligations. AlintaGas will be required to establish and maintain appropriate internal procedures to ensure compliance with its ring-fencing obligations, and to report to the regulator on measures to ensure compliance with those obligations.

If the ring-fencing provisions of the code merely maintained the current state of play, the Government would not have needed

to convince other jurisdictions that Western Australia should have a derogation to 1 July 2002 as far as AlintaGas was concerned. Now, given that the Government is proposing to privatise AlintaGas, it is proposed to accelerate the application of the ring-fencing provisions to the point of sale, which is required under this Bill.

The Leader of the Opposition and Hon Ljiljanna Ravlich argued that the gas distribution system is a natural monopoly and should remain in public ownership. I always find it interesting that comments about the Government's ideology are dissimilar to comments about the Opposition's ideology. I suspect there is a degree of ideology in the views of Hon Ljiljanna Ravlich, in particular about privatisation. I suspect if she had her way, we would still have state-owned butcher shops with Parliament being asked to make decisions about the price of lamb chops. That is how it used to be back in the good old days when the State Government used to own many things, such as the Gwalia Hotel and a big stack of butcher shops. I can imagine questions having been asked in the House about the price of lamb chops, beer and all that sort of stuff as the only way of ensuring the delivery of meat and beer in a proper way.

Several members interjected.

The PRESIDENT: Order! Let us worry about this particular Bill.

Hon N.F. MOORE: There is a degree of ideology sneaking into all of this, as much as some members of the Opposition would argue that it is only on this side of the House.

Hon Kim Chance: Governments used to build speedways in the old days. Hang on! They still do.

Hon N.F. MOORE: That is right. They also build sporting facilities. Does Hon Kim Chance think they should not?

Hon Kim Chance: It is an excellent idea. Everyone should have a speedway.

Hon N.F. MOORE: The pipelines access regime that this Government has put in place, implemented through the Gas Pipelines Access (Western Australia) Act 1998, ensures that a distribution business is not able to charge discriminatory prices for access to its pipes. AlintaGas will have a reference tariff in place for each reference service commonly used by the distribution business customers; that is, the gas retailers. The regime ensures that the price charged to any competing retailer will be the same as that charged to the retail business of AlintaGas. In the event that this is breached by the distribution business, an independent arbitration will be available to all agreed retailers or access seekers. Compliance with the regime is ensured by law, including provisions for penalties, and the regime will be administered by fully independent bodies, an independent regulator and an arbitrator. If AlintaGas remains in government ownership, third parties will believe more strongly that they are disadvantaged by having to compete with a government-owned utility. The only reasonable way to reassure third parties that the Government has truly opened the gas trading market to competition is to put third party traders on an equal footing with AlintaGas; that is, to transfer AlintaGas into private hands. The perception that the distribution business is anticompetitive will also be stronger if that business remains in the hands of government.

Hon Helen Hodgson argued that AlintaGas is one of the agencies governed within the licensing framework of the Energy Coordination Amendment Act 1999, which is a method of ensuring that the competition is happening on a level playing field. It should be noted that under that Act in its current form, AlintaGas is exempt from complying with a number of conditions that would otherwise apply to a private distribution and trading licensee. The exemption was necessary to overcome inconsistencies with the provision of the legislation that governs the operation of AlintaGas - that is, the Gas Corporation Act 1994 - if all of the licensing conditions were to apply to the corporation. Given that the provisions of the Gas Corporation Act 1994 would no longer apply to a privatised AlintaGas, the sale Bill removes the abovementioned exemptions and all licensing conditions could apply to AlintaGas as they could apply to all other private licensees. Under the provisions of the Energy Coordination Amendment Act 1999, the Coordinator of Energy would not then be able to grant licences or include licensing conditions that would discriminate between the different licensees operating in the same supply area or give an unfair advantage to the privatised business of AlintaGas.

The Leader of the Opposition also argued that AlintaGas has 100 per cent of the retail distribution market in Perth and some country areas, and is not at risk from any competitor on the horizon. AlintaGas supplies between 20 and 25 per cent of the domestic gas market. In the south west, AlintaGas is already in competition with other gas sellers for larger customers. Furthermore, it is in competition with CMS Gas Transmission of Australia for relatively small industrial loads and CMS has already built or is constructing a number of distribution pipelines in the Perth metropolitan area for supply to such customers. These pipelines are effectively bypassing AlintaGas' distribution system and in fact cherry picking some of AlintaGas' customers.

In the major areas of AlintaGas' operations in the south west, CMS is, or is likely to be, in competition at all levels; that is, transmission, distribution and retail. However, in most cases customers will become targets for competing retail businesses, not necessarily competing distribution businesses, given that duplication of distribution infrastructure would commonly not be considered economically efficient. Companies producing gas in the Perth basin, such as CMS, Arc Energy NL, Phoenix Energy Pty Ltd and Boral Energy Ltd, are already successfully competing with AlintaGas towards the retail level.

As the deregulation schedule progresses, it is expected that a number of retailers will enter the south west market. As a result, AlintaGas' share of the small business market and, subsequently, of the residential market will in fact decrease. In addition, legislative commercial restrictions on the sale of liquid petroleum gas in the Perth metropolitan area were removed from 1 January 1998. LPG suppliers may now compete directly with AlintaGas and effectively also bypass AlintaGas' distribution system. Importantly, gas faces intense competition from electricity. The first introduction of this competition was the splitting by the Government of the former State Energy Commission into Western Power and AlintaGas. That immediately produced competition between these two types of energy all the way down to the household level.

I now refer to the checks and balances that will apply. There was some criticism that if we privatise AlintaGas the usual checks and balances will disappear. I indicate to the Leader of the Opposition and Hon Ljiljanna Ravlich that the checks and balances in place as a result of this sale will be through the reporting requirements under the Corporations Law - which are significant; the scrutiny of AlintaGas shareholders and the consumers; the duties of the independent regulator - who has extensive information-gathering powers under the gas pipelines access law; and the powers of the Coordinator of Energy within the licensing framework of the Energy Coordination Act. While members may be concerned, there are many controls over the activities of private companies in Australia.

Hon N.D. Griffiths: None of them works.

Hon N.F. MOORE: The member's answer is nationalisation and having Parliaments running businesses. It is a bit like the nationalisation of Fremantle Gas and Coke.

Hon N.D. Griffiths: I do not want to disrupt the minister's response.

Hon Ljiljanna Ravlich: We have waited long enough for this Bill, get on with it!

Hon N.F. MOORE: I am doing my best to get it completed but I also want to ensure that I respond appropriately to interjections.

Hon Helen Hodgson argued that it is vital to receive an informed report about what is occurring if the privatisation is to go ahead. Clause 37 of the Bill imposes obligations on the Auditor General to examine and report to each House of Parliament on any obligations, duties or liabilities taken over by or imposed on the State and any indemnities or guarantees given by the State under the legislation. Clause 37 also provides that in any year that an indemnity or guarantee under clause 31 continues, the Auditor General may include a report on that indemnity or guarantee in his report under section 95 of the Financial Administration and Audit Act.

Clause 37 will ensure that the true outcome of the sale can be assessed by the sale proceeds being balanced against any obligations, duties or liabilities taken over by the State in respect of the sale or by any indemnities or guarantees given by the State. During debates in the other place, the Minister for Energy undertook to table in Parliament a report on the sale when it is completed, and that undertaking still applies.

It was suggested by some members that the business could go outside Western Australia. It is a condition of the sale for AlintaGas when sold to be required to be incorporated in Western Australia, to locate its headquarters here and have a majority of its directors and the chief executive officer ordinarily resident in Western Australia. These requirements are provided for in the sale legislation and are not limited in time.

The Leader of the Opposition also argued that residential and small business customers may be the chief losers in the sale process. The combination of a range of safeguards is expected to ensure that the rights of small gas customers will be protected after the sale. The rights of residential customers will be protected through a combination of a tariff cap protection under the regulations and conditions in the licences issued under the Energy Coordination Act. Protection is also available to consumers through the Trade Practices Act and the Fair Trading Act. For example, there is a prohibition on a supplier of goods or services from engaging in unfair conduct resulting in the supplier taking advantage of its position in connection with the supply of goods and services.

Hon Tom Stephens and Hon Jim Scott argued that the Government would do nothing to cap the price of gas delivered to consumers in Western Australia and that prices are likely to increase after the removal of uniform tariffs. In response, the Government will make tariff cap regulations under the Energy Coordination Act 1994, as amended by clause 50 of this Bill, which will have the effect of capping gas tariffs for residential and small business gas customers up to and after full deregulation of the gas market. The tariff caps set out in the regulations will have the same structure as the current tariffs for residential and business customers of AlintaGas under the Gas Corporation (Charges) By-laws 1996. The tariff cap for the year 1999-2000 will comprise the same charge for each tariff component as is presently charged under the Gas Corporation (Charges) By-laws 1996 for each category of gas consumer currently charged under those by-laws.

In the period leading up to full deregulation on 1 July 2002, increases in the tariff cap will be as follows: For residential and business customers in the mid west and south west area and the Albany area, there will be no increase in 1999-2000; an increase to allow for only the direct pass through to the customer of the net impact of the goods and services tax upon AlintaGas in 2000-01; an increase based on the consumer price index for the Perth metropolitan area in 2001-02; thereafter there will be a tariff cap for residential customers. The tariff cap will increase at CPI plus 2 per cent per annum, commencing from 1 July 2002. A similar approach is to be adopted for increases in the tariff cap in the Kalgoorlie-Boulder area.

Regulations to be made under section 38 of the Bill will extend the application of tariff caps to all other existing and new customers who consume more than 1 terajoule per annum but less than the threshold quantum for contestability; that is, existing and new non-contestable customers who consume between 1 and 100 TJ per annum until 1 January 2002. The tariff cap regulations will oblige AlintaGas and other gas suppliers to offer to residential and business customers a tariff which is equal to, or less than, the tariff cap on the terms and conditions of a standard contract.

All current tariff customers will become gas customers of the privatised AlintaGas on the terms of a standard form of customer contract approved by the Coordinator of Energy and published in the *Government Gazette* pursuant to clause 25 of the Bill. AlintaGas and each other trading licensee will have stipulated as a condition of its trading licence under the Energy Coordination Act 1994 the standard forms of customer contract that can be used for customers consuming less than 1 TJ per annum. Regulations to be made under clause 38 of the Bill will also require AlintaGas and other gas suppliers to



offer to supply non-contestable customers who consume more than 1 TJ per annum to have approved by the Coordinator of Energy a standard form of contract.

Each of the above forms of contract is regarded as a standard contract. Post July 2002 it is expected that the average price rise will be around the CPI and for certain classes of customers it is expected that there will be significant falls in the price of gas under the combined impact of deregulation and privatisation. The small business sector will be the main beneficiary of competition in the retail market - a significant reduction expected in their respective gas tariffs.

Hon Helen Hodgson questioned whether a privatised utility will have an obligation to provide the same level of service. She also argued that a community service obligation must be imposed on the continuity of supplier. In response I indicate that the privatised utility will perform its distribution and trading activities under licences to be issued to it under the Energy Coordination Amendment Act 1999. Conditions of these licences will include the following: An obligation in both licences to continue to have the financial and technical resources sufficient to meet obligations arising in relation to its activities, the subject of the licence; an obligation in the distribution licences to construct or to operate and maintain the gas distribution systems in accordance with all applicable legislation and codes and Australian standards specifically set out in the licences; an obligation in the distribution licences to keep detailed records of the distribution system, including a record of all pipelines built; an obligation in the distribution licences to connect premises to the gas distribution system; an obligation in the trading licences to supply existing customers; an obligation in the trading licences to maintain a specified level of customer service; an obligation in the trading licences to lodge with the Coordinator of Energy, if required, a performance bond to secure performance; an obligation in both licences to provide information to the Coordinator of Energy; and finally, an obligation to meet, review and discuss matters relevant to the licences periodically throughout the licence term. Under the Energy Coordination Amendment Act 1999, the licences of the new owner of AlintaGas may be cancelled if it fails to comply with the terms or conditions of those licences.

In the event of a licence being cancelled, regulations will be made under the Energy Coordination Amendment Act 1999, providing for the vesting of assets, rights and interests of the former licensee in a person, and this can include the Minister for Energy, for the purpose of enabling gas to be supplied after the cancellation. The gas supply regulations, in discussion draft form at this stage, which will be made under the Gas Standards Act 1972, will provide minimum technical and safety standards for the gas distribution system, including the privatised distribution system of AlintaGas. The regulations will address safety issues relating to the public, gas consumers, gasfitters and others working with the gas distribution system. The regulations also set minimum standards for pressure quality and metering accuracy. In addition, the Bill inserts a new schedule 3 in the Energy Coordination Act 1994 relating to gas supply system emergencies. Among other provisions, schedule 3 provides that if a state of emergency exists, the Coordinator of Energy may make an order and take any measures he considers appropriate.

Hon Helen Hodgson argued that the Government is providing no community service obligations for gas. The State Government provides an energy rebate for household energy consumption, which is received by those energy customers who are eligible due to their pensioner status. Before the split of the State Energy Commission of Western Australia into Western Power and AlintaGas, that energy rebate was applied to the SECWA account which was a single gas and electricity account. Since the split of SECWA, despite being an energy rebate, the rebate has been applied to the electricity account as all energy customers hold an electricity account, whereas some may not have a gas account. The rebate is funded by the State Government and the administration of the scheme is undertaken by Western Power. It is important to note that Western Power does not provide the rebate. If AlintaGas' customers also receive a rebate for gas consumption specifically, they would then be receiving two rebates. That would be inequitable to the customers who are using only electricity. Under the current arrangements, all eligible energy customers gain a similar benefit. The situation with the energy rebate would not be affected by the sale of AlintaGas.

There are a number of employee issues, and I indicate that the Minister for Energy is currently negotiating with the unions involved. Essentially, the proposal being put to the employees is that a similar arrangement be made as that which applied to the sale of the Dampier to Bunbury gas pipeline. I am also advised that this will include an offer to purchase shares within the share allocation. At this point I am not in a position to itemise the final arrangements which have been reached with employees, but I indicate to members that positive progress is being made on that front. As I said, the proposal is that the employees be treated in a similar way to those involved with the sale of the Dampier to Bunbury gas pipeline.

Hon Ljiljana Ravlich: Will that be in your amendments?

Hon N.F. MOORE: We will deal with that when we get there. I may be in a position to be more specific when we get to the committee stage. I indicate to the House that the Government is seeking to provide a good deal for the employees of AlintaGas.

Hon Ljiljana Ravlich: It would be nice if we knew what it was, but you do not even know, so how can I expect you to tell me?

Hon N.F. MOORE: That is exactly right, and I am not the minister who is negotiating the matter.

The PRESIDENT: Order! Let us wait until the committee stage to get some of that detail.

Hon Bob Thomas: Let us make it the committee stage in March next year.

Hon N.F. MOORE: I thought the member was happy to stay to finish this.

Hon Jim Scott raised various energy efficiency and greenhouse gas issues. Key objectives of the Government's energy policy include the promotion of the efficient use of energy and the optimisation of industrial growth while responsibly addressing

greenhouse abatement in its global context. Natural gas is clean and efficient. As natural gas is also reliable and competitively priced, it is increasingly becoming the preferred energy source of Western Australians. Among other reasons, natural gas is a preferred energy source because it can be utilised in conventional residential, commercial, industrial and electricity generation applications, as well as in modern applications such as transportation, co-generation and cooling. It also burns cleanly with little pollution, which results in less environmental impact than that which is created by all other fossil fuels. Using natural gas for generating electricity, for example, roughly halves the carbon dioxide emissions per unit of electricity produced compared with coal. Burning natural gas directly by industries or homes for producing heat can reduce carbon dioxide emissions by about two-thirds compared with using electricity for the same purposes.

Western Australia, and its immediate offshore areas possess significant resources of natural gas, holding more than three-quarters of Australia's identified natural gas resources. The use of natural gas has grown significantly in Western Australia over the past 20 years. This growth is driven primarily by gas demand for resource processing and power generation; that is, natural gas use in Western Australia is dominated by the industrial sector. Residential use plays a smaller role and accounts for only 4 per cent of gas sales.

A significant part of the projected growth of carbon dioxide emissions in the State is increased energy intensive local processing in Western Australia's mineral and energy exports. However, this growth does not necessarily contribute to the worldwide increase in greenhouse gas emissions. For example, liquefied natural gas can displace coal for power generation in Japan; alumina provides feed into aluminium for many economic purposes, including energy efficient transport; and direct reduced iron will decrease emissions elsewhere in steel production.

A fundamental issue is that when gas is extracted from reservoirs underground, it releases CO<sub>2</sub> into the atmosphere. That matter is being addressed by companies which seek to increase the scope of the North West Shelf. A lot of work is being done in that regard, which we hope will be successful. It is ironic that a State which produces clean, efficient energy such as natural gas, which replaces the use of coal in other countries, will be penalised under the greenhouse arrangement.

Hon N.D. Griffiths: Do you think Senator Hill sold us out?

Hon N.F. MOORE: I think Senator Hill did a pretty good job in the circumstances. I would hate to think what would have happened under a Labor minister.

I now respond to number of matters raised by Hon Mark Nevill. He said that he would reserve his decision on the Gas Corporation (Business Disposal) Bill, and that we would find out in due course whether he will support the Bill - I understand that he will. He is interested in the Bill from the view only of generating more competition. He claimed that if the sale proceeded in its current form, it would deliver no significant competition and would simply remove a financial risk for the Government.

He asked the Government to consider a number of issues. First, he asked it to work out a way of using the sale proceeds to build a second pipeline from the Pilbara to the south west, as the State's economy would be better off through increased gas competition. Another way to achieve competition would be to accelerate the widening of the gas pipeline land corridor from the Pilbara to the south west. Second, Hon Mark Nevill wants the Government to look at a Geraldton to north east goldfields gas pipeline, which he suggests would be a sensible investment in infrastructure for around \$150m. He is confident that the construction of an east-west pipeline would attract investment in a second pipeline from the Pilbara to Geraldton for industrial quality gas. He said that CMS Energy would embrace the opportunity to link its Dongara pipeline to Geraldton. Hon Mark Nevill argued that Western Power should be allowed to compete in the domestic gas market from day one to keep prices down. This represents an earlier stage than the projected five-year period outlined in the Bill.

Hon Mark Nevill also referred to benefits to the State from the trade sale of AlintaGas. Subsequently the honourable member has reconsidered this issue, and will support the cornerstone initial public offer and sale method proposed by the Government. However, his support appears to be conditional upon the State agreeing to make 55 per cent of the partial float available to Western Australians and Western Australian institutions. That is along the lines of what the Government has in mind anyway.

The member raised the issue of employee issues being resolved, which I understand is happening. The Government has put in place an expression of interest process for a second pipeline from the Pilbara to the south west. As members are aware as a result of debate on the sale of the Dampier-Bunbury gas pipeline, provision has been made for widening the easement. The Minister for Energy has received, and is considering, a formal report on the progress of the expressions of interest process. As a result of Hon Mark Nevill's proposal, the Government will accelerate the widening of the Dampier-Bunbury natural gas pipeline land corridor from the Pilbara to the south west. The corridor has been widened under the Dampier-Bunbury pipeline sale legislation from 30 metres to 100 metres. This widening of the corridor has proceeded since 1998, and successful discussions are being held with landowners and native title claimants along the length of the pipeline. Accelerating the widening of the corridor will facilitate the construction of additional pipeline capacity to the south west. The Minister for Energy has directed the Gas Pipeline Sale Steering Committee to use its best endeavours to have the easement available for pipeline construction to begin from Dampier to Dongara by the end of 2000, and from Dongara to Bullsbrook by the end of 2001.

The Government will also, as a result of the proposal by Hon Mark Nevill, sponsor an infrastructure corridor from Geraldton to the north eastern goldfields. The minister has instructed the Dampier-Bunbury natural gas pipeline corridor working group - perhaps I can get an acronym for that, it might make life a bit easier!

Hon N.D. Griffiths: Perhaps give us the initials for that.

Hon N.F. MOORE: DBNGPCWG, if that is any help. It has been instructed by the minister to commence the acquisition of easement rights for a corridor from the Dampier-Bunbury natural gas pipeline to the Oakajee industrial area. Subsequently it is intended to extend this corridor to the north eastern gold fields so that provision for future infrastructure, including gas pipelines, will be available when economic conditions determine that such infrastructure is required. The State will contribute up to \$10m to expedite the establishment of this corridor.

The Government has also considered the member's proposal for reducing to three years the restriction on Western Power Corporation selling gas in AlintaGas' trading area. That is five years in the Bill. The order made by the Governor under the Electricity Corporation Act 1994 as amended by clause 45 of the Gas Corporation (Business Disposal) Bill will restrict Western Power Corporation from selling gas in the trading licence area granted to AlintaGas at the time of the sale except with the consent of the Minister for Energy for a period of three years from the date of the sale. The order will not extend beyond three years. At that time the gas market will be fully open to competition and no legislative impediments will exist to the electricity corporation applying for and obtaining a trading licence under the Energy Coordination Act 1994 to sell gas in that market.

As I also indicated, in relation to the cornerstone initial public offering arrangement, the Minister for Energy has confirmed that 55 per cent of the securities in the sale vehicle of Alintgas will be offered to the public for purchase immediately following the sale of 45 per cent of the securities to the cornerstone investor. I reassure the House that the allocation policy for the initial public offering will provide for at least 75 per cent of those securities being made available to the public to be allocated to Western Australian retail investors and Western Australian institutional investors.

I hope the House will forgive me for quoting from copious notes, but I did want to make sure that the issues raised by members were responded to by persons who have a greater knowledge of this matter than I, so I have taken the opportunity to provide that detailed advice. The Government is keen to proceed with this legislation. It believes it is in the best interests of Western Australians and in the best interests of the provision of competitive energy to Western Australia in the future. It is not an ideologically driven issue. It is a matter of sound commercial common sense. We have sought to negotiate with all parties in the House. The minister has had discussions with all parties and we hope that at the end of the day Hon Mark Nevill, who has been prepared to negotiate in more detail than others and has had a number of requests considered and accepted, will support the second reading and then we will go through the committee stage and work out the final detail of this Bill. I commend the Bill to the House.

Question put and a division taken with the following result -

#### Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery

Hon N.F. Moore  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Mark Nevill  
Hon Muriel Patterson (*Teller*)

#### Noes (12)

Hon Kim Chance  
Hon J.A. Cowdell  
Hon Cheryl Davenport

Hon E.R.J. Dermer  
Hon N.D. Griffiths  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (*Teller*)

#### Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon Tom Helm  
Hon Tom Stephens  
Hon John Halden  
Hon Ken Travers

Question thus passed.

Bill read a second time.

### SITTINGS OF THE HOUSE - EXTENDED AFTER 10.00 PM

*Wednesday, 15 December*

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [4.25 pm]: I move -

That the House continue to sit beyond 10.00 pm.

By way of explanation, I indicate that it is the Government's intention to proceed with this AlintaGas Bill through the committee stage, and seek to have it completed today. That is why I have moved that the House sit beyond 10.00 pm. If little progress is made at a very late hour, I propose to discuss with the other leaders whether we should adjourn and return tomorrow to complete discussions on this Bill. In the event that the Bill is completed today, it is not my intention that the House sit tomorrow. I indicate to the House that that is the Government's proposal at this time; therefore, I have moved that we sit beyond 10 o'clock.

Question put and passed.

**GAS CORPORATION (BUSINESS DISPOSAL) BILL 1999***Committee*

The Chairman of Committees (Hon J.A. Cowdell) in the Chair; Hon N.F. Moore (Leader of the House) in charge of the Bill.

**Clause 1: Short title -**

Hon N.D. GRIFFITHS: As the committee has observed, the Australian Labor Party opposed the second reading. It continues to oppose the Bill. It opposes what the Bill stands for. It will make that clear through appropriate divisions during the course of the committee debate. Some members of the Australian Labor Party who have particular expertise in this area will also comment on specific issues as we progress through the committee debate. We will not be dividing on every clause but only because we do not believe in endless repetition.

Hon LJILJANNA RAVLICH: I oppose this clause. This is a very sad day for Western Australia, and members opposite should be hanging their heads in shame for pursuing this agenda without a mandate from the Western Australian people. The way this legislation has been dealt with by the Government is a disgrace. Members on this side still have not seen any of the amendments, we do not know what is in them and consultations are ongoing while we are debating the short title. We on this side of the Chamber have a number of major concerns apart from the fact that we do not support privatisation. We know the basic contents of this legislation but we think some of the checks and balances which the Government claims it has included in the legislation will be in place for only a fairly short time. Beyond the two-year period it will be pretty much open slather not only in terms of Western Australian mums and dads being able to access and hold on to shares but also in the price that most mums and dads in Western Australia will pay for their gas.

Some of the clauses of this legislation offer no comfort whatsoever. That is the case with the initial public offering. Individual shareholdings, other than those of the cornerstone shareholder, will be limited to 5 per cent for two years after the sale. Many people are asking what will happen after that two-year period. It would not be a surprise if there were no protection for individual shareholders. The provision is structured in such a way that, taken to its extreme, it would allow fewer than 11 shareholders to control all the shares in the public share float, in comparison to the 1.8 million people who currently see themselves as shareholders in a government trading enterprise which has served them well until now. The argument that mums and dads will be better off and that they will be the beneficiaries of this government initiative does not stack up when we look at the current access to shares of all Western Australians compared with what could happen to the ownership of AlintaGas and those shares if it is taken to extremes.

We are concerned about other provisions such as AlintaGas Limited being directed to have its headquarters in Western Australia and its chief executive officer and the majority of its directors ordinarily resident in Western Australia. I note with interest that clause 10 contains no provisions or penalties to ensure that that is the case. If, at the end of the day, the Government is not prepared to provide for penalties to ensure that directors and chief executive officers behave in a certain way, clearly it is not dinkum about the obligations it wants to impose on those individuals.

We on this side of the Chamber are also concerned about the question of tariff increases. The Government has made it clear that there will not be any tariff increases in 1999-2000 and 2000-01 and that tariff increases will be no more than the consumer price index in 2001-02. However, the legislation does not contain any guarantees about tariff limitations beyond that period. Given that tariffs will be able to be increased by the CPI plus 2 per cent, and with the onset of the goods and services tax from 1 July next year, we are concerned that this could result in a major impost on Western Australian households.

At the moment the consumer price index is running at about 2 per cent. It is projected that it will increase 3 per cent or 4 per cent as a result of the goods and services tax, and that is probably a conservative estimate. That would bring the figure to about 7 per cent. A 2 per cent increase on top of that will take the figure to about 9 per cent. There is a real possibility that even in the short term, gas tariffs will increase substantially in this State. In my view, the Government is negligent in going down this path, and not being able to do better in the assurance it gives the Western Australian taxpayers. Obviously, the Australian Labor Party will not support the privatisation.

We are also concerned at the lack of consultation with employees; in particular, representatives of the gas industry employees. I refer to the Communications, Electrical and Plumbing Union. It is an absolute disgrace that the AlintaGas sale steering committee has not been in a position to consult on an ongoing basis with these people. I am advised that as late as this afternoon, those representatives have been brought in for meetings with that steering committee. As I said previously, that is an absolute disgrace. It is a very bad reflection on the Government, which has had no appetite for consultation and which at the very last minute - at the twelfth hour - decides that it is high time to consult with the unions because if it does not, it will have no chance of getting this legislation through the Parliament.

This is an arrogant Government. Because of its arrogance, it has failed to go through a proper consultative process with not only the unions, but Western Australians generally. I am amazed that I am making a contribution on the short title of the Bill without the Government having any idea of what it has consulted about or agreed to with the unions, because those consultations are occurring at this moment. I repeat: That is a very bad reflection on the Government. It is an indication of the arrogance with which it has approached the whole privatisation agenda. In my view, this is the last straw. Western Australians have copped a series of privatisations, but we are getting to some big issues. Enough is enough. The result of the Government's policy initiatives and directions will speak for itself at the next poll. With those remarks, the Labor Party opposes the privatisation of a key strategic state asset and core service. We do not believe the Government has a mandate to privatise AlintaGas. We will not support the short title.

Hon HELEN HODGSON: I was about to raise that matter with the Leader of the House. It is a little disconcerting to reach

the debate on the short title of a Bill in Committee, when we know negotiations have been underway for the past week or 10 days but are wondering whether any amendments will be proposed to the Bill. My interpretation of what was said in the summing up by the Leader of the House is that many of the issues will be dealt by administrative fiat. At this stage we do not know that. I seek clarification from the Leader of the House on whether there will be amendments to the legislation. Although I have some amendments on the Supplementary Notice Paper, it is difficult to form a position when I do not know what is going on here.

Alternatively, given what the Leader of the House said, if no amendments are to come forward, I wonder whether he could circulate something which outlines the terms of the agreement reached. That might allay some of our concerns on some issues. As members are aware, when we are sitting in the Chamber taking notes during a speech, we sometime miss some key facts. We must make a decision when we are being kept in the dark about something that has been under negotiation and we are unclear about the implications of some of those negotiations. Is the Leader of the House prepared to circulate something in writing? If we can at least see what we are working with, whether there are formal undertakings and how they will be policed, we will have an opportunity to make a reasoned decision on this matter.

From what I have heard, the negotiations relate primarily to the issues of widening the corridor to provide access for a second pipeline, infrastructure corridors to Kalgoorlie and Oakajee, and some conditions on the public float to ensure a significant proportion of Western Australian shareholders participate in the initial float. As far as those issues are concerned I appreciate and understand Hon Mark Nevill's argument that widening the corridor will provide real competition. However, I question how that can be incorporated in the legislation, because that matter is not contained in this Bill. If the privatisation of the utility is contingent on something that is totally outside the Bill, I question how that will be managed. I suggest that the privatisation and these particular conditions will benefit the industry and the big end of the market, but will probably have a negative impact on the tariff to consumers. A clause in the Bill refers to the tariff protection given to consumers. I am concerned that the outcome of the Bill is that price rises for domestic consumers will not occur for two years, but will occur at the end of that period. Competition will be occurring in the industrial sector, which will experience lower prices. However, in order to maintain profitability the company will have to increase its prices at the domestic consumer end.

I argued earlier that we should ensure a significant amount of Western Australian ownership through the public float. I appreciate that, from what I heard the minister say, a commitment will be made on that in the float conditions. In that sense it is a step forward. However, will any monitoring be done to ensure those ratios and proportions are maintained? I am concerned that the current Bill contains only a two-year limitation on the cornerstone investor and, I presume, there will be no limitation at all on the float. I think that the minister referred to a 75 per cent allocation to Western Australian institutions and investors, but only in the initial offering. I am concerned that it would be easy to circumvent that, and soon after the float there could be a huge shift and a swamping effect with investors from other places coming in. In effect, the impact of the arrangements that have been agreed between the minister and Hon Mark Nevill would be overturned if there were no amendments to protect that agreement. In that context, I refer members to amendments on the Notice Paper in my name which will assist to protect the arrangement that has been made. At the appropriate stage I will ask the Leader of the House and Hon Mark Nevill to support those amendments in order to protect the integrity of the deal that Hon Mark Nevill believes he has with the Leader of the House. It is disconcerting to reach this stage of the debate and to have so many grey areas in front of us.

Hon N.F. Moore: That is what the committee stage is for.

Hon HELEN HODGSON: Yes, but the Leader of the House will appreciate that it is difficult to sit in the Chamber making decisions on the run without information or any opportunity to go to other sources for confirmation.

Hon N.F. Moore: I am happy to explain the circumstances.

Hon HELEN HODGSON: It would be much appreciated if the minister circulated something so we can see what are the conditions and address each of them as we proceed.

Hon N.F. MOORE: I will not argue about the various issues members have raised because they will be dealt with during debate on each clause. With respect to the so-called deal with Hon Mark Nevill, he has indicated he will support the Bill. As I indicated during my second reading debate summing up, the Government has agreed to accede to a number of requests by Hon Mark Nevill. They relate to the widening of the Dampier-to-Bunbury pipeline easement. He has also sought the Government's support for the provision of an easement from the Geraldton area to the north eastern goldfields, which the Government has indicated it will do its best to expedite. I think it will allocate \$10m to assist in the development of that pipeline access route because it sees much potential benefit from that. However, as I indicated, it will proceed when economic circumstances justify it. As I also said during my summing up, the Government has indicated that it will accept Western Power's becoming involved in competition with AlintaGas within three years rather than five years as the Bill indicates. I also indicated that the cornerstone shareholder will be limited to 45 per cent and the other 55 per cent will be made available to the investing community. Of that 55 per cent, 75 per cent will be offered to Western Australian investors.

We are now debating the clauses of the Bill, and if anyone wants to move amendments they can do that. However, it is the Government's intention to proceed with the Bill as it has been sitting on the Table for some time, because we believe Hon Mark Nevill will support it provided we undertake those commitments that are not part of the Bill.

The work force is not part of the legislation. Contrary to what was said today, negotiations will be held with the unions with the aim of reaching a position that we hope the unions will find acceptable. It is not a condition of the sale that the unions agree because that would be like asking Hon Ljiljana Ravlich to agree with the sale before we proceeded with it and obviously that could not be a condition of the sale.

Hon N.D. Griffiths: She is a very reasonable person.

Hon N.F. MOORE: She is a very reasonable person; she just puts her ideological blinkers on at times.

Hon Ljiljanna Ravlich referred to the Government's not having a mandate. I wonder where the Labor Party was when the Howard Government was elected following its stated intention of introducing the goods and sales tax. That is a mandate; nonetheless, the Labor Party felt constrained to vote against the GST. If members opposite want to argue about mandates they should have voted for the GST because that is what the public want.

Circumstances change and Governments are elected to make decisions. If Governments did only what they said in their election policies they would do they would spend half their life avoiding making decisions about many things that arise from time to time. The Labor Government would never have bought the Fremantle Gas and Coke Co from private shareholders if it had gone to the polls on that issue. Had it gone to the polls on actions it took, it would not have done half the number of things it did. Next the Labor Party will be telling us it had a mandate to flog off the Bell Group Ltd shares or to buy half the metropolitan area to solve Robert Homes a Court's financial problems. The Labor Government made those decisions on the basis of circumstances at the time. However, they were the wrong decisions and the Australian Labor Party has subsequently paid the penalty.

Hon Ljiljanna Ravlich: The Government will pay its penalty.

Hon N.F. MOORE: The Government made a decision that, for all the good reasons I outlined, AlintaGas should be sold to become part of a competitive gas market. Hon Ljiljanna Ravlich is right; we will wear the consequences. However, I emphatically believe - otherwise I would not be doing this - that the public will think it a good move. It is a good move because - and the Opposition fails to recognise this - people are very keen to become shareholders in major corporations. The Australian public has flocked to buy shares in privatised corporations and I have no doubt they will do the same with AlintaGas. People like the idea of being shareholders in corporations; they like to keep an eye on their company. Many of the people buying shares also voted for Hon Ljiljanna Ravlich. Heaps of them have discovered the share market and they like it. The Government is proceeding with this proposal because it believes it is in the best interests of Western Australia and Western Australians.

I will not respond to other objections during debate on this clause because we will deal with them as we progress through the particular clauses. For Hon Helen Hodgson's benefit, there are no amendments or deals which significantly amend the Bill. The only amendments I am aware of are the ones she has placed on the Supplementary Notice Paper. I hope they are the only amendments.

Hon LJILJANNA RAVLICH: The Leader of the House commented that Western Australians like the idea of having shares in a company. Some Western Australians might like the idea, but they also like the idea of being able to pay their gas bill on a regular basis.

Hon N.F. Moore: We will talk about that issue when we come to the clause.

Hon LJILJANNA RAVLICH: Yes, we will talk about it when we come to that clause. The Government's agenda is driven by its lack of financial management. Although the Government crows that it is a good financial manager, the budget deficit speaks volumes. This Government has a budget deficit of \$638m. It is imperative that the utility is sold to retire the Government's debt. That is what this Bill is about. It is not about Western Australia's best interests but the Government's best interests in dealing with the problem it has created with the financial management of this State.

Hon Helen Hodgson made some excellent comments, particularly about the deal between Hon Mark Nevill and the Government. I am amazed there are no amendments before us.

Hon N.F. Moore: Hon Ljiljanna Ravlich should talk to Hon Mark Nevill about that.

Hon LJILJANNA RAVLICH: I understand the Government is drafting his amendments.

Hon N.F. Moore: The member obviously knows more than I do.

Hon LJILJANNA RAVLICH: Is the Leader of the House saying there are no amendments?

Hon N.F. Moore: What did I say to Hon Helen Hodgson? There are no proposed amendments other than hers. The member should listen.

Hon LJILJANNA RAVLICH: Is the Leader of the House saying there will not be any other amendments?

Hon N.F. Moore: No. If Hon Mark Nevill wants to move amendments, he can move them, as can Hon Ljiljanna Ravlich.

Hon LJILJANNA RAVLICH: That is true, but if something rolls up -

Hon N.F. Moore: I am not aware of any amendments.

Hon LJILJANNA RAVLICH: Given that the Government had so long to deal with the legislation, it is not good enough if somebody comes into this place with 30 amendments that we are expected to deal with by 10.30 tonight. We would be negligent in our responsibilities to the people who put us in this place if we did not properly scrutinise the amendments.

Hon J.A. SCOTT: The minister said there were no other amendments. However, I understood Hon Mark Nevill was seeking a total trade sale. He has clearly dropped that requirement.

Hon N.F. Moore: I said we are proceeding with the Bill. Hon Mark Nevill voted for it to be second read. Does that not indicate that he supports the Bill? I have already said there are no amendments. If those two are put together -

Hon J.A. SCOTT: It is confusing because initially he said he would not support the Bill unless there was a total trade sale and an agreement with the unions.

Hon N.F. Moore: The message now is that he is supporting the Bill.

Hon J.A. SCOTT: I am unsure. Has he dropped those requirements from his demands?

It is clear from the minister's response to the members in this House that there was a huge focus on the additional competition for the gas resource. One of the matters of concern to the Greens (WA) is that gas is a finite resource, and while I understand the minister's point of view that it is better to have gas than coal power in terms of increasing the use of energy, which is what the competition will do, because the expected increase in sales and dividends coming from gas sales has been mentioned, it clearly means that more gas must be used. While I heard that gas was better than coal for greenhouse purposes, I did not hear anything about trying to conserve our energy resources of gas. The Greens (WA) see energy in much the same vein as water - as a resource which needs to be looked after and one which needs to be managed strategically. I am not quite sure of the direction in which the Government proposes to go and the direction this Bill is going, which is just one part of the whole plethora of changes that it will be able to manage to have any strategic control at all of such an important strategic resource.

It concerns me very much because while it has been pointed out that there are big reserves off Western Australia, the reserves, on a worldwide basis, if we sell to the world market, will go into steep decline in 26 years. It is one thing if we use it only for ourselves. However, if we sell on the world market the decline will happen. We really need to give some thought to what we will do with the reserves because the new industries that the Government is hoping will go into places like Oakajee and other industrial estates are highly energy dependent and if we do not use this resource carefully, it will not be used by our grandchildren. I am concerned that the Government has no strategic approach at all except to sell as much as it can. I want to find out what the Government thinks about this because while AlintaGas is only one small part of the energy debate, we should be looking at the whole energy question and making sure that energy saving policies are in place and that the new Gas Corporation is required to provide energy saving services to its clients so that rather than just selling gas it is selling energy services. At least there would then be some satisfaction in this sale.

I am pleased that Hon Mark Nevill has dropped his push for a complete trade sale because I think the State will be much worse off in the long term. I do not know where the \$80m figure came from and while there may have been an \$80m better price, if that were the case, I believe the years of dividends coming back to Western Australia would far outstrip that. I am pleased that it has been dropped.

#### **[Questions without notice taken.]**

Hon J.A. SCOTT: Before we broke for question time I was saying that I was still concerned that the Government was not really taking these energy saving issues or the strategic control of energy resources seriously. I cannot say precisely what the Leader of the House said, but I thought he said that Hon Mark Nevill had sought undertakings for additional pipeline corridors to be provided. I did not catch whether he said it was an additional pipeline to the Oakajee estate or a pipeline corridor. I noted that the Leader of the House said that the Government would use its best endeavours to provide these additional corridors and also \$10m. Will the minister be more specific about the meaning of best endeavours? Are there specific plans in place to satisfy Hon Mark Nevill's requirement?

Hon N.F. MOORE: I do not want to continue to argue the second reading during the debate on clause 1, and I think we are getting to that stage. Members raised a number of issues which should quite rightly be raised later in the committee stage, and I do not propose to respond to them now. Hon Jim Scott wants me to talk about energy policy in Western Australia. I am not here to tell members about energy policy; I am here to support the sale of AlintaGas. That is my job today. If Hon Jim Scott wants to know about the Government's energy policy, he should ask the Minister for Energy, and he will be quite happy to tell him about that. If Hon Jim Scott wants the Government to own every energy producer in Western Australia, that is fine. If that is his philosophical view, he can argue that. This Government believes that the best way to handle gas, for a start, is to sell AlintaGas.

It is the Government's proposal, as I have already said twice now, to proceed with this Bill as it is. I am not aware of any amendments being drafted by anybody. The only amendments of which I am aware are those which Hon Helen Hodgson has on the Supplementary Notice Paper. It is the Government's intention to proceed with the Bill as it is. Therefore, if Hon Jim Scott has read anything in the newspaper about what Hon Mark Nevill may or may not have said, I indicate that apparently Hon Mark Nevill does not intend to proceed with the trade sale proposal. He is prepared to accept the Bill in its current form. However, the Government has agreed, as I said - I say it again for the third time - to a number of his requests, which are not in the Bill but which relate to pipeline policy and development. The first is to proceed as quickly as possible with the widening of the corridor for the Dampier to Bunbury natural gas pipeline. As members are aware, part of the facilitation of that was done when we sold the pipeline in the first place and made provision for the widening of the corridor. Therefore, Hon Mark Nevill is seeking the Government's support to have these easements available as soon as possible; that is, Dampier to Dongara by the end of 2000, and Dongara to Bullsbrook by the end of 2001. The Government will seek to deliver on that commitment.

Hon Mark Nevill also wants the Government to sponsor an infrastructure corridor from Geraldton to the north-eastern goldfields, bearing in mind that the north-eastern goldfields is an active mineral province, with a lot of other prospectivity as well, and there is a natural alignment in the minds of many people between Geraldton and the north-eastern goldfields.

I have been through this debate of Geraldton versus Esperance over many years, and I do not propose to get into that right now. However, Hon Mark Nevill believes that there should be an infrastructure corridor between Geraldton and the north-eastern goldfields.

Hon Kim Chance: You should try having the two of them in your electorate. That is a lot of fun.

Hon N.F. MOORE: I have almost had Esperance but not quite.

The Dampier to Bunbury Natural Gas Pipeline Corridor Working Group has been instructed by the minister to commence the acquisition of easement rights for a corridor from that pipeline to the Oakajee industrial area to begin this exercise. It is subsequently intended to extend the corridor to the north-eastern goldfields. The Government is prepared to contribute \$10m to expedite the establishment of this corridor. That will be for purchasing properties, easement rights and that sort of thing; the Government has agreed to that. I also indicated that the Government has agreed to allow Western Power to sell into the AlintaGas area within three years instead of the five indicated in the Bill. I further indicated that the Government has determined that the cornerstone investor will have 45 per cent of the company and the other 55 per cent will be made available to the investing public and 75 per cent of that 55 per cent will go to Western Australian investors.

Hon N.D. Griffiths: What is the total cost?

Hon N.F. MOORE: The total cost of what?

Hon N.D. Griffiths: Of your concessions to Hon Mark Nevill. What is he costing the community?

Hon N.F. MOORE: I would have thought that he was making a significant contribution to the community.

Hon N.D. Griffiths: What is it going to cost? How much of the sale price are you giving away?

Hon N.F. MOORE: It depends on how we sell it. If we sold AlintaGas through a straight trade sale, we would get more than we will the way we intend to sell it. That was Hon Mark Nevill's initial position as I understood it. That sort of sale would return more money to the State but at the same time, as Hon Jim Scott said, it would mean AlintaGas could be bought by a foreign investor and Western Australians would not have a chance to have any equity in this project. Hon Mark Nevill has seen the virtue of the argument and has agreed to the sale which will proceed on the basis that Western Australians will have a chance to buy shares in the project. A member raised the two-year provision but one does not tell people that they must keep their shares for 100 years. People buy and sell shares when they think they are ready to do so. To try to put restrictions on when people can buy and sell shares is ludicrous.

Hon Ljiljanna Ravlich: But you have.

Hon N.F. MOORE: It is two years for certain investors. However, the individual shareholders will buy and sell when they like.

In respect of the Dampier to Bunbury natural gas pipeline, Hon Mark Nevill has asked the Government to expedite the provision of the corridor. I do not know what that will cost, but the money would be spent anyway. The Government set aside money from the sale of the pipeline to allow that to happen; the money is there. As I indicated, the Government will provide \$10m for the infrastructure corridor from Geraldton to the north-eastern goldfields. As a person who knows that area very well, I support that proposal 1 000 per cent. It is potentially of great significance to the economy of the mid west and the north-eastern goldfields. If it costs \$10m, it is chicken feed given what it can potentially deliver.

I do not think anything else will cost anything. Hon Mark Nevill has done the State a favour by pushing the Government along with a couple of important infrastructure developments at the same time as he is assisting the Government in selling off this utility to give it a chance to better compete in the world of gas in the future. We are not talking about Harradine; we are talking about Hon Mark Nevill who is looking after the interests of Western Australia.

Hon KIM CHANCE: I am not sure that this is the appropriate time to do this but I am sure the Leader of the House will tell me if it is not.

The CHAIRMAN: I will.

Hon KIM CHANCE: I am sure you will, Mr Chairman. I have a question to ask and if it cannot be answered right away, I would appreciate an answer at some time in the committee stage. It seems to me that crucial to the Government's position on the sale of AlintaGas is the idea that the sale needs to occur because there is a lack of confidence in AlintaGas' capacity to compete with private competitors, particularly as the threshold level at which private competitors can seek clients steadily falls - it will reduce to 1 terajoule in July 2002 if I recall the Leader of the House's response to the second reading accurately. Is my assumption correct that the lack of confidence in the ability of AlintaGas to compete is a key element in the Government's sale? If it is not a key element, is there another reason which drives the Government's decision in this matter? I ask that because of my conversations with other people in this place privately, whom I do not need to name. It seems to be a general feeling among people of that view that, as a result of poor business decisions in the past and, particularly those in respect of the purchase price for gas which have been entered into with AlintaGas, and for that reason alone, it would be uncompetitive with private providers in the future. I think the Leader of the House has caught my general drift. If he would rather answer that question after the dinner suspension, I would be quite happy.

Hon MARK NEVILL: I have not come to the decision to agree to the sale of AlintaGas from an ideological position. I am very uncomfortable with the whole concept of privatisation. I opposed the privatisation of BankWest and the State Government Insurance Office and I would continue to do that because they were already competing in a deregulated market



very successfully. The situation with AlintaGas is very different. We now have a national competition policy to allow private operators to come in and target the most lucrative contracts AlintaGas has. Not only has it lost 20 per cent of its industrial customers in the past 12 to 18 months, but also we can almost guarantee that it will have to screw its gas price down to keep a lot of its existing large customers. That seems to me to be a fairly bleak situation. I understand one of its very large customers in the Canning Vale industrial estate has had its delivered gas cost reduced by 50 per cent. AlintaGas makes a small loss on the domestic or residential market, which is cross-subsidised by the industrial market. The financial statements for AlintaGas last year show that its profit deteriorated from the previous year, and I expect that trend to continue under government ownership.

Private gas companies are quite ruthless in their capacity to compete with each other, let alone with AlintaGas. It is my judgment that in two or three years it will be a real financial risk to the Government, and also that it will be worth less to the taxpayer. I may be wrong, but I must make that judgment. As the contestability level drops each year, more and more competitors are moving in. AlintaGas is now increasing its market by pushing its sales into an area where it is not yet contestable. I do not see a future for AlintaGas in government hands with the national competition policy. The national competition policy is a two-edged sword: Some aspects of it have been very good; some, unfortunately, have not been good. The effect of national competition policy on the statutory corporations, such as AlintaGas and Westrail which have a relatively small number of large customers, is of concern. The changes that I have agreed to with the Government are aimed at bringing forward the prospects of an industrial gas pipeline from the Pilbara. If that occurs we can reduce the cost of delivered gas by 30 to 40 per cent. That creates problems in itself, and I can understand the Greens (WA) not wanting cheaper gas, because consumers will use more. However, when we have a monopoly provider, is it better for the consumers, residential and industrial, to get cheaper gas or for that profit to be extracted by a private company, and consumers use less gas? Western Australia has massive gas reserves, and we should try to deliver that to industry and to residences at the lowest possible price.

I have been concerned that the Government might protect the owners of the Dampier to Bunbury gas pipeline, because they paid a premium for that pipeline. I want to ensure that the corridor is widened as early as possible so that someone who wants to build a second pipeline or to use the Iron and Steel (Mid West) Agreement pipeline does not have to wait two years for the corridor to be widened to build that pipeline. If the Parmelia pipeline, which is the old Wang pipeline that goes from the south west to Dongara, can be connected to a pipeline to Geraldton we can deliver industrial gas to the south west. The real prize will be to get industrial gas here two years before that might otherwise occur. That will be a great benefit to the economy. The Government agreed that Western Power would be excluded from competing with the privatised AlintaGas for only three years instead of five years. That provides the prospect of more competition, particularly in the residential market. That again is a compromise.

On the issue of the float, I preferred a trade sale. I spoke to a number of business leaders around Perth. Some of them put compelling arguments about building up the critical mass of Western Australian business. We have only a couple of major public companies in this State and if the company is domiciled in Western Australia, the service work will be carried out here rather than in Sydney, Melbourne or somewhere else. Having the major shareholding in Western Australia will benefit Western Australians. To ensure that occurs, one of my requirements is that 75 per cent of shares be offered to Western Australian retail and institutional investors. Typically with share floats of utilities, people hang on to shares and they are not heavily traded.

Hon Kim Chance: That was not the situation in Britain.

Hon MARK NEVILL: I am not sure of the situation in Britain, but with Telstra, BankWest and the Commonwealth Bank, a large number of people hold on to those shares, while others keep trading in them.

A number of matters concerned the unions. I understand that not a lot of matters are outstanding and the principal issues have been sorted out. I added two extra requirements. One was the purchase of a cyclotron. Treatment for cancer patients in Western Australia is five or 10 years behind the times. We discussed the cyclotron a few weeks ago when Hon Giz Watson was talking about Lucas Heights. The cyclotron produces radioisotopes. The radioisotopes required in Western Australia must come from Sydney. They have a minimum half-life of 15 or 16 hours. A lot of the short-life isotopes like fluorine 18 can be used to detect cancer a lot earlier. That will get widespread public support and will be available for everyone in Western Australia. The private hospitals will probably attract clients from South East Asia with access to that piece of equipment. The cyclotron needs another piece of equipment, a positron emission tomography scanner.

Hon Ljiljanna Ravlich: What is it worth?

Hon MARK NEVILL: About \$6m. The State Government should be able to obtain a commonwealth contribution towards that.

The other project into which I have asked the Government to put some money is a world class tourist attraction; that is, the golden pipelines project that starts at Mundaring with the C.Y. O'Connor Museum. It will refurbish all the magnificent old pumping stations along the goldfields water scheme pipeline, only a third of which is in my electorate. The other two-thirds is in Hon Kim Chance's area and Mundaring. Approximately \$16m will be spent on what will be a great tourism asset to Western Australia.

Hon HELEN HODGSON: The minister said that conditions similar to those in the Dampier-to-Bunbury pipeline agreement have been offered to the union. Has that been signed off by the negotiating team, the executive or the members of the union? How binding is the agreement? I have a summary of the terms of the Dampier-to-Bunbury pipeline agreement and it includes a transition payment. Will a transition payment be made; if so, under what terms? Will an employment guarantee be made?

Will redundancy provisions be included in an agreement? The Dampier-to-Bunbury agreement contains a clause requiring the new employer to give new employees union application forms and to take out payroll deductions for union fees if requested by the employee. It also contains a clause concerning trade union training, study leave, defence force leave and cultural leave. It also contains substantial provisions on superannuation obligations particularly concerning members in the Government Employees Superannuation Board Gold State superannuation scheme. Are all those conditions being addressed in the negotiations with the unions and what outcomes have been achieved so far?

Hon N.F. MOORE: As I indicated to members when I was summing up at the end of the second reading debate, I do not know those details. I understand that negotiations are being held with the aim of reaching a similar arrangement to that reached with the sale of the Dampier-to-Bunbury pipeline. I was also advised provisions would be made for employees to acquire shares in the new privatised AlintaGas. During the suspension I will seek to find out details about what was agreed. However, I will not talk about issues that are not resolved.

Hon Helen Hodgson: I want it on the record.

Hon N.F. MOORE: I may not be able to put anything on the record because negotiations may not be concluded. It would be inappropriate for Parliament to debate an agreement that is being negotiated.

Hon N.D. Griffiths: The agreement is not relevant to the Bill.

Hon N.F. MOORE: I said earlier that it had nothing to do with the Bill. There is no requirement under the legislation to negotiate a deal with the unions. However, as I did earlier, I assure members opposite that every endeavour is being made by the Government to seek an arrangement that will be satisfactory to the employees. I cannot do any better than that at this time nor will I necessarily be in a position later tonight to provide all the details of an industrial agreement. I do not wish to jeopardise any discussions taking place by having us argue about them here. That would be counterproductive. It is proper for the employer and the employees to hold their own negotiations and for the sale committee to be involved in that process rather than having members of Parliament debate those issues. Many other issues that have been raised can be dealt with in Committee.

Regarding the comments by Hon Kim Chance, there is no lack of confidence by the Government in its capacity to deliver at present. However, as Hon Mark Nevill explained, and as I sought to explain in my summing up, the sale of AlintaGas is about the position in which it will find itself in a future competitive environment. It is the Government's view that, due to the competitive environment that has emerged, incidentally, as a result of a policy given to us by the former federal Labor leader - I agree it is a two-edged sword competition policy - AlintaGas would be far better placed to compete as a private company than as a public entity.

*Sitting suspended from 6.00 to 7.30 pm*

Hon LJILJANNA RAVLICH: It is beholden on me on behalf of all Western Australians to ask how firm the deal is between Hon Mark Nevill and the Government about the list of undertakings given to Hon Mark Nevill. Those undertakings relate to the Government's contribution of \$10m to expedite the development of the infrastructure corridor between Geraldton and the eastern goldfields; an assurance that Western Power will not sell gas for a period which has been reduced from five to three years; the provisions agreed to about the percentage of public float versus the cornerstone investor; the CY O'Connor tourist attraction gold pipeline; as well as the cyclotron. In asking, I put on record my dismay that a key strategic state asset is being sold off, in part to pay for a \$6m cyclotron machine for cancer. That is a bad reflection on the State Government. This State Government could have bought many cyclotrons at \$6m if it did not have massive overruns on numerous contracts.

*Point of Order*

Hon N.F. MOORE: We are debating the sale of AlintaGas, not cyclotrons or the State's contracting-out policy. I seek the Chairman's indulgence on clause 1. The debate is developing into a retread of the second reading debate and an opportunity for members to talk about anything they wish. I ask the Chairman to draw the member's attention to the fact the Chamber is debating clause 1 of the Bill, which is to do with the sale of AlintaGas.

The CHAIRMAN: I thank the Leader of the House for his advice. I was considering how far the speech could dwell upon the motivation that caused the clauses to be included in the Bill, as opposed to the clauses itself. However, the speech ought to be related to the clauses.

*Debate Resumed*

Hon LJILJANNA RAVLICH: I do not agree that this is a rerun of my speech during the second reading debate because I did not know about the cyclotron when I made that speech, nor did I know about any of the other arrangements that had been put in place as a part of the deal. The bottom line is that Western Australians have a right to know that their key strategic state asset, AlintaGas, is being sold off in exchange for promises given by Government, and they should know how firm the Government's undertakings are. I want to know whether the Government has simply given Hon Mark Nevill a wink and a nod or whether a more formal arrangement is in place. I ask this because there is every possibility that if the Government stalls on the undertakings given to Hon Mark Nevill and it is not successful in winning the next state election, the State will get very little from the deal with Hon Mark Nevill. It behoves the Government to advise all Western Australians of just how firm this offer is and when some of these initiatives will commence.

Hon N.F. MOORE: I cannot work out the logic of the member's comments. Hon Mark Nevill has had discussions with the Minister for Energy and has agreed to the passage of this Bill on the basis of firm undertakings given by the Minister for

Energy in respect of a number of issues. Hon Mark Nevill has been advised that the Government has agreed with a number of the issues that he raised and is prepared to ensure that they are implemented, and he has accepted the Government's assurances on those matters and has voted for the second reading. I do not know how much firmer the member wants it, other than that I get a great block of concrete and chisel it in there somewhere.

Clause put and a division taken with the following result -

Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery

Hon N.F. Moore  
Hon Mark Nevill  
Hon B.M. Scott

Hon Greg Smith  
Hon W.N. Stretch  
Hon Muriel Patterson (*Teller*)

Noes (12)

Hon Kim Chance  
Hon J.A. Cowdell  
Hon Cheryl Davenport

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (*Teller*)

Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon E.R.J. Dermer  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clauses 2 to 4 put and passed.**

**Clause 5: Disposal of business and property authorized -**

Hon HELEN HODGSON: I move -

Page 4, after line 27 - To insert the following -

- (c) for not less than the prescribed percentage of the shares in the corporate vehicle which are to be offered to the public to be the subject of a first offer to employees of the corporation; and
- (d) for the Under Treasurer on behalf of the State to arrange with the corporation for the establishment of a financial facility to enable employees of the corporation to purchase shares in the corporate vehicle.

I understand that the minister, in discussions today, said that a proposal will be put in place for employees to have an opportunity to purchase shares in the corporate vehicle when it is floated. The purpose of my amendment on the Supplementary Notice Paper is to ensure that an employee share scheme is in fact made available to employees. The two proposed subclauses do two things. Firstly, proposed paragraph (c) states that there will be a prescribed percentage of the shares offered to the public to be the subject of a first offer to employees. We therefore have not imposed a prescribed percentage figure as it would not be appropriate to do so without a more detailed knowledge of the structure of the share float. However, we want to ensure that a prescribed percentage is made available to employees as an employee share scheme.

Proposed paragraph (d) makes provision for the Under Treasurer to arrange for the establishment of a financial facility. The model that I used in developing these proposed paragraphs simply says that such a facility must be in place. A great deal of work is required by the Australian Taxation Office to develop an appropriate form of an employee share scheme that meets all the tax obligations.

I have some knowledge of the Telstra float because I did some tax work for Telstra employees at the time these shares were floated. I have therefore seen all the prospectuses and the way in which the float was structured. Essentially, in that float, a loan arrangement was created so that employees were able to acquire shares. The finance facility was made available through Telstra's employee share scheme. I believe it is called the ESOP trust, which is the employee share ownership plan trust. As dividends become payable, those dividends pay off the loan. At the termination of employment, employees have an opportunity, provided they are notified of their entitlements in time - I understand a few employees missed out because of some paperwork glitches - to pay out the loan and acquire the shares in their own name. That requires significant structural planning, which is why the paragraph states that the Under Treasurer must arrange with the corporation for the establishment of a facility. This scheme will not utilise any State funds or proceeds of sale and I have been advised that it does not fall foul of the appropriations restrictions in this place. It will provide for the arranging of a facility which the corporation must implement. Given that Hon Mark Nevill believes it is an important feature of any sale, and the minister said he is prepared to entertain putting in place such a facility, I hope that they will see the wisdom of, and support, this particular amendment.

Hon LJILJANNA RAVLICH: Clauses 5 and 6 go to the heart of this Bill. Clause 5 deals with the disposal of business and property, sets out a number of conditions in respect of that and outlines the entitlement of a cornerstone investor, as opposed to the entitlement of a public share float. Clause 6 gives the minister power to order the disposal of the business. There are

a number of outstanding issues on those matters. Although some clarification has been given, the cornerstone investor will now be entitled to have a 45 per cent of the shares and the public float will consist of 55 per cent of the shares as part of a deal struck by the Government with Hon Mark Nevill.

I seek clarification on a number of other issues. Clause 5(2) states that the disposal is to be through an intermediary being a body incorporated under the Corporations Law, which body will also be known as the "corporate vehicle". I assume that the intermediary body is no more than a holding company and that in itself is the corporate vehicle. For what purposes do we need this corporate vehicle? Why can we not simply go from our current position to one where the cornerstone investor through a contractual arrangement, or whatever arrangement the Government will put into place, will be able to acquire its 45 per cent and float on the stock market? Why is there a requirement for an intermediary body, that intermediary body or corporate vehicle being the vehicle into which AlintaGas employees will be transferred; the employees being later transferred from that corporate vehicle into AlintaGas Limited, which I understand will be the final company?

I am not satisfied, and nor are some of my colleagues, that on the question of employee entitlements, some key matters have been resolved in regard to workers being transferred from AlintaGas into the corporate vehicle. In particular, I want to put to the minister the issue about the Communications, Electrical and Plumbing Union and the lack of consultation. The Government has not consulted extensively with the CEPU. The CEPU requested some time ago from the minister a legal opinion on how the Government proposed to transfer AlintaGas workers into this corporate vehicle against their free will, given that workers cannot be forced to forgo their current contract of service with the Government to sign a new contract of service with the holding company and the new owner. I need some clarification in that respect.

I am very disappointed that negotiations between the CEPU and the Government have been so strained and that there has been no preparedness on the part of the Government to engage the CEPU in this process until the twelfth hour when the CEPU was called in today to meet with representatives from the steering committee. I understand that a deal cannot be struck because the CEPU wants to put a range of issues to its membership tomorrow. For the minister to say in this place that most of the issues in regard to AlintaGas employees have been resolved is a misrepresentation of the truth. The issues of the transfer of employees are a long way from resolution.

What costs are associated with the establishment of the corporate vehicle and the disposal of AlintaGas? Has AlintaGas Limited, which will be the name of the new company, been registered through the Ministry of Fair Trading?

Hon N.F. MOORE: It would be easier if we dealt with the amendment first and then dealt with the other issues that Hon Ljiljanna Ravlich wants to raise. If she raised them one at a time it would make life a bit easier for my tiny brain. Hon Helen Hodgson's proposal is that a prescribed percentage of the shares in the corporate vehicle are to be first offered to the employees of the corporation. I am not sure what she meant by a prescribed percentage.

Hon HELEN HODGSON: I indicated when I moved the amendment that the difficulty in establishing an appropriate percentage is that as yet there is not a lot of information about the structure of the float. For example, how many units will the shareholding be broken up into? I asked a question at one stage and I think I was told that AlintaGas has 313 employees. It could be appropriate to say that there is a ceiling on the number of shares for each employee, depending on the dollar value of those shares, or it may be appropriate to say that it is 10 per cent in the corporation as a whole. I agree that those issues must be resolved by way of further discussion with the unions in question.

Another point we must remember is that tax rulings will need to be obtained to get this scheme up and running. If I were too prescriptive in the amendment, it would run the possibility of falling foul of the tax law. I say that because the tax incentives for the employee share scheme plans are based on the dollar value. I could turn around and say that it is 313 employees at a certain value; however, in this case, I have decided that it is appropriate to put the principle into the legislation. We are constantly being told not to write an instruction book by way of legislation, but to put the principle into the legislation. A power allows regulations to be made when necessary to implement the legislation and to ensure that negotiations between the unions, the tax office and the task force are set up to make sure that this is implemented properly. I am not prepared to simply sit back and say that it should be there without having something in place in the legislation, although I am prepared to let the detail be worked out behind the scenes in the light of the appropriate tax rulings and with the unions as a party to that.

Hon N.F. MOORE: I thank the member for the explanation. There was some doubt in my mind about what "prescribed percentage" meant. If we start talking about 45 or 50 per cent of the action, it becomes very large sums of money for employees. The Government does not believe it needs to include this in the legislation. As I indicated earlier, it is the Government's intention - it is being carried out now - to negotiate with the union about the circumstances surrounding the employees of AlintaGas. It is intended to work out with the union a proposal about the acquisition of shares by employees. That is adequate at this point, and I do not think it is appropriate to include it in legislation as a requirement. It can be negotiated. If we took Hon Ljiljanna Ravlich's view about the shares, the employees would not want any and they might want to negotiate something else. We should allow the negotiations to work out what is appropriate. As I said earlier, we think that people want to be involved in the acquisition of shares. A deal will be struck with the union on that matter, and we hope it will involve an option being provided to employees to acquire shares, but the details have yet to be finalised.

Hon LJILJANNA RAVLICH: I will clarify why I think questions in relation to employees are pertinent to this clause. Clause 5(1) states -

A business carried on by the corporation, anything associated with such a business, and anything else belonging to the corporation may be disposed of by the corporation or the State in accordance with an order under section 6.

I assume that that also refers to employees. I seek clarification from the Leader of the House on that matter. In the event that it does refer to employees, there is a critical issue about the Communications, Electrical and Plumbing Union not receiving a legal opinion on how the Government proposes to force current AlintaGas workers, who have a contract of service with the Government, to sign a new contract of service with a holding company or new employer. I am sure this has come up in consultation between CEPU and the Government, and I am sure legal opinion has been sought. Can the minister give me that legal opinion or, better still, will he give an undertaking that he will table that legal opinion?

Hon N.F. Moore: Which legal opinion?

Hon LJILJANNA RAVLICH: I refer to the opinion on the status of workers with contracts of service, and whether they can be transferred easily under a workplace agreement or forced to sign a new contract of service with the holding company.

Hon N.F. MOORE: The member knows that legal opinions are not tabled in Parliament. How many times must I say it? The tradition has been around for yonks.

Hon Ljiljanna Ravlich: It depends upon what is in it.

Hon N.F. MOORE: I do not have a copy, and I do not know what is in the opinion. The member wants to argue about the terms of arrangements being made with employees, but I have said about six times that I do not know the detail. It is not finalised, as negotiations are ongoing. In-principle agreements have been reached. I have been passed a note outlining some of the things agreed to in principle; namely, \$1 000 worth of shares will be provided per employee; transitional payments will be made - I do not know the amount; recognition will be given to years of continuous service with the State Energy Commission and AlintaGas; annual leave, sick leave, long service leave and so on will be preserved; and some superannuation arrangements have been agreed to.

Clause 5(1) refers to the disposal not of individual employees, but business interests and so on.

Amendment put and a division taken with the following result -

#### Ayes (12)

Hon Kim Chance  
Hon J.A. Cowdell  
Hon Cheryl Davenport

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (*Teller*)

#### Noes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery

Hon N.F. Moore  
Hon Mark Nevill  
Hon B.M. Scott

Hon Greg Smith  
Hon W.N. Stretch  
Hon Muriel Patterson (*Teller*)

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#### Pairs

Hon Ed Dermer  
Hon Tom Helm  
Hon Tom Stephens  
Hon Ken Travers

Hon Derrick Tomlinson  
Hon Simon O'Brien  
Hon Murray Nixon  
Hon Barry House

#### Amendment thus negatived.

Hon HELEN HODGSON: I move -

Page 5, after line 5 - To insert the following -

- (9) The Minister is to ensure that any contract effecting the transfer of shares in the corporate vehicle to the cornerstone investor is laid before each House of Parliament within 30 days of such House next sitting following the execution of such contract.
- (10) In subsection (9), a **"contract effecting the transfer of shares"** includes all the tender documents which specify the terms of the sale of the shares which are the subject of the transfer to the cornerstone investor.

The effect of these subclauses is to ensure that the contract will be tabled in Parliament within 30 days of its being executed. In his summing-up during the second reading debate, the Leader of the House said that there is already a clause that requires the Auditor General to review and table a report on the processes relating to the sale. That is an important clause, and one of which I am very supportive. However, that on its own is not sufficient. If we are talking about truly open and accountable government, we should be able to see the contract. Viewing the contract is probably far easier when one has the assistance of the Auditor General's report, which is why I consider the two to be complementary. In the report on the Dampier to Bunbury sale, which the Auditor General tabled, he reviewed all the processes, highlighted any potential clauses and indicated whether he had any difficulties, which he did not, and the reasons for that. Therefore, in that sense, the Auditor General's report is a useful tool for ensuring that the processes and the procedure have been carried out correctly. The contract will ensure that all the terms and conditions of the sale are out in the open and available for public scrutiny. We think that is a very important principle.

The drafting of this clause is based on the drafting of the clause that was recently inserted in the Prisons Amendment Bill, which is now the Prisons Act, which requires full tabling of any contracts related to the operation of the prison that is currently under construction. In that sense the Government has already accepted the principle that there are times when contracts should be available for public scrutiny. I suggest to the Committee that this is another of those occasions. This sale is very important to the public of Western Australia, and the public should have full and open access, through the tabling procedures in this place, to the full terms and details of the contract.

Hon N.F. MOORE: The Government does not support this amendment. The Minister for Energy has given an undertaking in the other place that he will table a report in Parliament on the sale after it has taken place. There is no particular reason that he would not include in the report a copy of the agreement. However, that will be determined at the time. At the moment we cannot think of any reason that he would not. Therefore, rather than legislate for it, I give an assurance that that will be taken into account when that report is tabled. I draw the Chamber's attention to clause 37, to which the member referred and which requires the Auditor General to also report on this matter. I cannot see that any purpose will be achieved by this amendment.

Amendment put and a division taken with the following result -

#### Ayes (12)

Hon Kim Chance  
Hon J.A. Cowdell  
Hon Cheryl Davenport

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (*Teller*)

#### Noes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(*Teller*)

#### Pairs

Hon E.R.J. Dermer  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

Hon Simon O'Brien  
Hon M.D. Nixon  
Hon Barry House  
Hon Derrick Tomlinson

#### Amendment thus negated.

Hon LJILJANNA RAVLICH: Subclause (5) provides that the allocation to the cornerstone investor is to be undertaken through a tender process. Who will handle the tender process? Will it be handled as normal by the Department of Contract and Management Services or will special provisions be put in place and, if so, what are they? In view of the comments a few days ago of the Minister for Works that all tenders and contracts can be found on the Internet, could the minister advise whether the tender has been drafted and when it will be available on the Internet? I also refer the minister to subclause (5)(b) that provides for shares in the corporate vehicle to be offered to the public through the application of subscription and allocation. I understand that AlintaGas has acknowledged that there will be some difficulties in registering the proposed new entity "AlintaGas Limited" on the Australian Stock Exchange. I understand that one of the requirements of the ASX is that a company must demonstrate a successful history of trading prior to registration. If my information is correct, has the Government resolved any outstanding matters?

Hon N.F. MOORE: Hon Ljiljanna Ravlich asked why we needed a corporate vehicle. The Gas Corporation is a statutory authority and we cannot sell a statutory authority, so it will be retained in due course. We need to register AlintaGas Limited as the vehicle that can be used to sell the corporation. Tenders will be called and awarded by the AlintaGas steering committee. General information is already on the web site.

Hon Ljiljanna Ravlich: Will the contract be put on the web site?

Hon N.F. MOORE: No. I understand there will be no difficulty listing the new company on the Stock Exchange. The matters to which the member referred are not a problem and there will be no difficulty having the company registered.

Hon LJILJANNA RAVLICH: I understand that a scoping study was prepared by Deutsche Bank and forwarded to the AlintaGas steering committee. Obviously the findings of the work done by Deutsche Bank are fairly critical to this proposed sale and to the work we are doing here tonight. To the best of my knowledge that report has not been tabled in this place, nor has it been made public. If that is the case and it has been tabled in the other place, will the Government make the report public, or is the minister running the line that it is commercially confidential so that the Western Australian taxpayers, who will be losing a key asset as a result of this Bill, do not have access to critical information?

Hon N.F. MOORE: No, it will not be tabled. It contains commercially confidential information which would be of great value to AlintaGas' competitors. We will not put AlintaGas at that disadvantage. Members opposite should not have the impression that commercial confidentiality is new. I have been here longer than most people and I have heard that description many times in 23 years. Some things are commercially confidential and must remain so if the Government is to operate in the world of private business, as it must do. We cannot make some things public without placing at a serious disadvantage government activities or companies wanting to deal with the Government.

Hon LJILJANNA RAVLICH: Although the minister's response is disappointing, it is not surprising. It is an absolute disgrace that the Government is not prepared to table the scoping study. Although I do not know what it contains, surely the whole report is not commercially confidential. The minister's response highlights the inaccuracy of comments of the Minister for Works the other day that when the Parliament asks for information the Government does not have any difficulty forwarding it to the Parliament. It is difficult, if not almost impossible, for members in this place to get a handle on strategic decisions in which they must participate on behalf of the people they represent when they do not have access to information that is critical to that decision-making process.

How much did the report by Deutsche Bank cost? Has a commitment been made to have the bank involved in other aspects of the sale process? What will be Deutsche Bank's ongoing involvement with AlintaGas? Will it be similar to the situation with Westrail Freight?

Hon N.F. MOORE: I understand the Deutsche Bank has been contracted to provide financial advice to the AlintaGas Sale Steering Committee. I have no idea what the contract costs, but if Hon Ljiljanna Ravlich is patient, I will provide that information to her tomorrow.

Hon J.A. SCOTT: Subclause (4) states -

For the purposes of the disposal the Minister and the corporation may each, on behalf of the State -

- (a) receive an allotment and issue of, or otherwise acquire, securities in the corporate vehicle; and
- (b) hold and dispose of any securities so acquired.

Can the Leader of the House explain the purpose of that amendment? Does it have anything to do with ensuring that the correct percentage is held so ownership of the corporation remains in this State and so on? I am trying to work out the main purpose of the clause.

Hon N.F. MOORE: I apologise. Some of these questions are very technical and I am not the minister responsible for the legislation. Members should forgive me if it takes a little while to understand every issue.

Hon J.A. Scott: I did not get the information during the briefing.

Hon N.F. MOORE: One of the reasons for briefings is so that people can understand these things.

Hon Ljiljanna Ravlich: Briefings do not provide everything.

Hon N.F. MOORE: Members can take as long as they like during briefings. The Government will provide briefings for 100 years if that is what members want.

Hon N.D. Griffiths: If we ask for a briefing tonight will the Leader of the House delay the Bill?

Hon N.F. MOORE: If that is what Hon Nick Griffiths wants. I am not trying to rush this legislation. If the Opposition wants more time for briefings we will stop now and have them.

Hon Ljiljanna Ravlich: I know the Leader of the House will come good.

Hon N.F. MOORE: I am asking members to be patient with me providing answers because I do not know them. I am doing my best. If I was the Minister for Energy I would know the answers right off the top of my head.

The shares will be issued by AlintaGas Limited to the Gas Corporation. Subclause (4) enables the Gas Corporation to sell those shares to the cornerstone investor and the other investors who will make up the remaining 55 per cent of shareholders.

Hon Helen Hodgson: It is standard corporate law restructuring.

Hon N.F. MOORE: Perhaps Hon Helen Hodgson could come and sit at the table for a while!

Clause put and a division taken with the following result -

#### Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(Teller)

#### Noes (12)

Hon Kim Chance  
Hon J.A. Cowdell  
Hon Cheryl Davenport

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (Teller)

#### Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon E.R.J. Dermer  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clause 6: Minister may order disposal -**

Hon LJILJANNA RAVLICH: Subclause (1) states -

The Minister may make an order for the disposal referred to in section 5(1).

Will employees be included as part of that order?

Hon N.F. Moore: No.

Hon LJILJANNA RAVLICH: Subclause (2) states -

An order under this section may include provisions as to details of the disposal, and may deal with incidental and supplementary matters.

What matters will be defined as incidental and supplementary matters?

Hon N.F. MOORE: This is a belts and braces provision to ensure that everything is covered. I cannot give an example. It may be to do with dates, times and issues that arise during the process and that may need to be included in an order. Rather than limit ourselves too much, it gives us a bit of flexibility.

Hon LJILJANNA RAVLICH: One of the areas that will obviously need to be looked at by the Government in an order for disposal is the Government's existing contractual arrangements with private sector contractors. That matter will need to be addressed prior to the sale process. How will the contractual obligations that the Government has to the private sector be dealt with once AlintaGas is privatised?

Hon N.F. MOORE: They will be assigned as assets and liabilities to AlintaGas.

Clause put and a division taken with the following result -

Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(Teller)

Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon E.R.J. Dermer

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (Teller)

Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clause 7: Minister may give directions to corporation -**

Hon LJILJANNA RAVLICH: Clause 7(2) empowers the minister to give directions to the corporation for the disposal of AlintaGas. Paragraph (a) specifically states that a direction under subclause (1) may require the corporation to form or acquire a subsidiary. Is the "subsidiary" in that paragraph AlintaGas Limited? Is the subsidiary the same as the holding company, or is this a power to acquire additional subsidiaries other than the corporate vehicle?

Hon N.F. MOORE: The "subsidiary" referred to in paragraph (a) is AlintaGas Limited.

Clause put and a division taken with the following result -

Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(Teller)

Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon E.R.J. Dermer

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (Teller)

Pairs



Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon M.D. Nixon  
Hon Barry House

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clause 8 put and passed.**

**Clause 9: General powers -**

Hon LJILJANNA RAVLICH: This clause gives the minister very wide-ranging powers. We have a concern about the extent to which the minister has discretion to exercise those powers. For that reason we will be opposing the clause.

Clause put and a division taken with the following result -

**Ayes (13)**

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(*Teller*)

**Noes (12)**

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon E.R.J. Dermer

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (*Teller*)

**Pairs**

Hon Derrick Tomlinson  
Hon M.D. Nixon  
Hon Barry House  
Hon Simon O'Brien

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clause 10: Corporate vehicle's constitution to contain certain provisions -**

Hon LJILJANNA RAVLICH: Clause 10 is the biggest load of nonsense I have come across in a long time. Clause 10 deals with the corporate vehicle's constitution and aims to contain certain provisions. If members look at this clause, particularly clause 10(1), they will see a number of requirements in the constitution of the corporate vehicle. Essentially, it requires that the vehicle be incorporated in Western Australia, that the head office be located in Western Australia and at least the majority of the board plus the chief executive officer also be residents of Western Australia. However, members might think that this is not a bad provision if there were some guarantees that AlintaGas would not be sold off to an international, multinational corporation and that, more than likely, it could be an Australian or Western Australian company. However, the provision in subclause (2) basically negates any requirement that exists under clause 10(1)(a) to (d). Subclause (2) states -

If the constitution of the corporate vehicle does not comply with subsection (1), it is to be regarded as having been amended to include the provisions required by that subsection and the constitution of the corporate vehicle lodged under the Corporations Law is to be regarded as being the constitution as so amended.

My reading of that is that if it does not comply with subclause (1), it is regarded as complying with it in any event. I seek some clarification on that point. There is no penalty in that provision, so if there is non-compliance with clause 10(1)(a) to (d), there are no penalties. If the CEO and the majority of the board of directors of AlintaGas decided that they did not want to reside in Western Australia, what could the Government do about it?

Hon HELEN HODGSON: This is quite a good clause because it endeavours to ensure that there is Western Australian management. I probably have the advantage of a bit more experience in looking at corporate vehicles than do some other members of this House. The way I see this clause operating is that if a set of articles and documents were established on a standard pattern which did not incorporate these, the legislation would override the pattern document and would ensure that these were effectively written in by virtue of the legislation. My concern is on a different tack: Although this provision relates to central control and management and the corporate vehicle which will hold the assets, once the cornerstone investors are in place, other entities will become involved down the track which will not be required to maintain that Western Australian component. I have no problem with the interpretation of this clause that the entity conducting the operation should have Western Australian management; however, usually the directors of such an entity come from other significant shareholders who could have ties or management offshore or in other States. This would undermine the effectiveness of this clause. The provision's construction provides protection: If the documents as originally prepared do not comply with the provision, the legislation will override the corporate documents.

Hon J.A. SCOTT: The Greens (WA) support the clause.

Hon LJILJANNA RAVLICH: Will the Leader of the House please explain what this provision can do?

Hon N.F. MOORE: The clause determines the constitution and contains the provision as outlined by Hon Helen Hodgson. It will be enforced by shareholders as it will be a contract between shareholders. Therefore, people will be required to operate under the conditions of the constitution.

Hon LJILJANNA RAVLICH: Is this the same as the requirements of Corporations Law or the Australian Stock Exchange?

Hon N.F. MOORE: Yes. The constitution cannot be changed. Clause 10, which will become law, requires the constitution to contain certain aspects which cannot be changed. Anyone who seeks to make change or to do something different from what is required will breach the requirements of the constitution. Therefore, a shareholder, or anyone else, could take action against that person and it would be sorted out in the courts.

### **Clause put and a passed.**

#### **Clause 11: Cornerstone investor's share entitlement to be frozen for 2 years -**

Hon HELEN HODGSON: I move -

Page 9, lines 10 and 11 - To delete the passage "within 2 years after that person or another person becomes the cornerstone investor".

I speak essentially to the amendment to clause 11. However, other amendments on the Supplementary Notice Paper hinge on the outcome of clause 11; if I range a little more widely, it will be because the amendments hang together as a whole.

A concern I expressed during the second reading debate was that the structure to be established will provide for cornerstone investors, and for the balance of the shares to be held widely through the stock market. I understand the reasons for that arrangement. My concern is that a two-year limitation will apply to this structure. After that time, the specified percentage will no longer cap the shareholding of the cornerstone investor. That percentage will be able to increase or decrease after two years depending on whether the cornerstone investor wishes to retain his or her investment. We are trying to ensure a stable investment structure with a primarily Western Australian focus. However, it will be easy for a company to come in from elsewhere once the two years expire and buy up the shares of the cornerstone investor. That could be by way of a formal takeover under the provisions of the Corporations Law or it could be by way of a creeping type of arrangement. However, there is nothing here, after the two-year period, to limit it. If AlintaGas is to be sold, and having recognised that this is the best structure in which to sell it, we must ensure that that structure is maintained. Therefore, the purpose of this and the following amendments is to remove the effect of that two-year freeze, as I think it is labelled in the heading - "frozen for 2 years".

The subsequent problem is how to then monitor and enforce the level of shareholding of the cornerstone investor. After a little lateral thinking, the proposed new clause, which in due course I will move if we reach that point, will ensure that somebody has the power, apart from the other shareholders, to ask the Australian Securities and Investments Commission to inquire about who is holding the shares. The cross-reference to part 6.8 of the Corporations Law - I will move a small amendment at the appropriate time in respect of part 6.8 of chapter 6 of the Corporations Law - concerns the power to obtain information on the beneficial ownership of shares. This would give the independent gas regulator the power, in writing, to request the Australian Securities and Investments Commission to give notices in relation to specified voting shares in the company. We would therefore ensure that somebody who is acting in the interests of the Western Australian public and the Western Australian community would ask ASIC what is the current ownership level of the cornerstone investor.

That goes beyond the cornerstone investor's own share entitlement, because the amendments to clause 12 also deal with the fact that, through corporate structures, there could be a multiplying effect, and that could be used as a vehicle to alter the entitlements. If it is for only two years, it is probably not necessary to go down this path to make sure that the tracing can be done. However, I firmly believe that it should not be just a two-year restriction; it should be an ongoing restriction, and if that is to be enforced, there must be a person who has the ability to ask the question. Once the question has been asked, then the Act can be enforced and the appropriate measures under the Corporations Law can come into play. However, somebody must be given the power to make that inquiry on behalf of the public.

That is the way in which the remaining clauses work together. The intention is to remove the two-year freeze and to ensure that somebody has the ability to ask what is the current holding of the cornerstone investor. I believe that will be in the best interests of ensuring that the public is protected and that the entitlement that the public has to what is at the moment 55 per cent - 75 per cent of the 55 per cent would be Western Australian - is protected from predatory overseas interests.

Hon LJILJANNA RAVLICH: Hon Helen Hodgson is attempting to safeguard the public interest by ensuring that the cornerstone investor's share entitlement is capped at 45 per cent indefinitely, and by eliminating the potential for the cornerstone investor to buy up shares which may be part of the public share float and thereby raiding small shareholders' entitlements. I had some concerns about the original provision that the cornerstone investor not acquire or dispose of shares for a set period of two years, and some of those concerns will apply to the amendment moved by Hon Helen Hodgson. I am not an expert in the area. I have only dabbled in shares, and always lost my money, so I have given it up. Is restricting the acquisition of shares by the cornerstone investor anti competitive and do any Australian Stock Exchange rulings cover that? Given that the price of shares is determined by market supply and demand considerations, is isolating part of that market and restricting its share trading capacity a breach of any ASX requirements? Could the minister advise whether any legal opinion has been sought on the matter?

Hon N.F. MOORE: Clause 11 will freeze the cornerstone investor's share entitlements for two years. The effect of the amendment will be to freeze it forever. That is a rather interesting and unusual proposition. The Australian Stock Exchange has given approval for this for two years and no longer. Obviously the Australian Stock Exchange is not in the business of

ensuring that shares cannot be bought and sold by freezing a particular entitlement forever. The effect of the amendment would be to cause the cornerstone investor to be locked into the initial shareholding percentage of AlintaGas Limited - in other words, it would be frozen forever. That would cause the company to be unique in having a locked-in shareholding. This is likely to reflect in reduced interest in the trading of shares in later years by other people who might wish to purchase shares in that company. The rigidity which is inherent in the amendment is neither necessary nor desirable in the longer term interests of public shareholders. If the shares were frozen in the ownership of the cornerstone investor, that investor could not be taken over. The Government does not support the amendment and does not believe it is necessary.

The CHAIRMAN: The question is that the words proposed to be deleted, be deleted. Those of that opinion say aye; to the contrary, no.

Hon Helen Hodgson: Aye.

Government members: No.

The CHAIRMAN: As there was only one voice there cannot be a division.

#### **Amendment thus negated.**

Hon HELEN HODGSON: Given the failure of that amendment, there is no point in my moving the remaining amendments to clauses 11 and 12 or the new clause.

Hon LJILJANNA RAVLICH: This clause pertains for only two years. I note that the penalty under subclause (1) is \$200 000. I wonder whether it is sufficient. I do not know what will be the value of the shares, but we are looking at a realised revenue stream of about \$1b from the sale of AlintaGas via the cornerstone investor and public share float. It may be in the interests of a cornerstone investor to risk breaching this section of the Act and, in a sense, acquiring up to an additional 5 per cent of shares, which would provide a sizeable profit. The acquisition would be worth \$50m; yet the penalty is only \$200 000. If the Government really wants this penalty to stick, why is it so low?

Hon N.F. MOORE: Penalties included in Acts of Parliament are based on a fairly tried and true formula that parliamentary counsel drags out of the bottom drawer when drafting a Bill. It has comparable penalties for comparable offences.

Hon Mark Nevill: Not with prostitution.

Hon N.F. MOORE: That legislation did not come out of the bottom drawer! The Government accepts the advice of parliamentary counsel that this penalty is appropriate for this offence and is comparable to penalties for similar offences in other Acts.

Hon LJILJANNA RAVLICH: Which companies have expressed some interest in becoming cornerstone investors? Would preferential treatment be given to Western Australian companies?

Hon N.F. MOORE: I do not know the names and addresses.

Hon Ljiljanna Ravlich: Just the names will do.

Hon N.F. MOORE: I do not know the names but there are many companies. I do not know whether it is appropriate to provide the names of the companies. Perhaps they have not told their wives yet! I do not propose to list any names other than to say that significant interest has been shown. I suspect it is outside the tender arrangements to give preference to any company. The preference with respect to shareholders will be the 55 per cent that goes to Western Australian shareholders.

Hon J.A. SCOTT: One of the Government's stated objectives is to have a more competitive system of gas sales in this State. Will the Government consider the effect on competition if by the cornerstone acquisition of AlintaGas the companies involved largely corner the market? A couple of companies that have cornered the liquid petroleum gas market have gone before the Australian Competition and Consumer Commission due to the high prices they are charging in Western Australia, which they do not seem to be able to justify.

Hon N.F. MOORE: It is a condition of the tender process that the purchaser - the cornerstone investor - has clearance from the Australian Competition and Consumer Commission. That will ensure that the concerns raised by Hon Jim Scott will not be an issue.

#### **Clause put and passed.**

#### **Clause 12: Restrictions on share dealings for 2 years -**

Hon LJILJANNA RAVLICH: My question relates to subclause (1). My understanding of the subclause, particularly paragraph (b), is that no institutional or individual investor will be entitled to more than 5 per cent of the shares in the corporate vehicle. As I said during the debate on the short title, I am concerned, because 5 per cent appears fairly generous. It may well result in up to 11 key investors having control of AlintaGas through the public share float component. I want to know why 5 per cent was chosen, because it is quite high.

Hon N.F. MOORE: Could Hon Ljiljanna Ravlich please repeat the last part of the question? I am a little lost.

Hon LJILJANNA RAVLICH: If my reading of subclause (1)(b) is correct, institutional and individual investors can buy up to 5 per cent of the available shares in the public float. Given that 55 per cent of the total allocation will be available for

the public share float, the situation could result in which only 11 players are in the market, together with the cornerstone investor. In the worst case scenario, 12 players could control AlintaGas Limited. Five per cent of the share allocation seems pretty high. Why was that figure chosen, as opposed to, say, 2 per cent which would have guaranteed more players in the market?

Hon N.F. MOORE: Technically, there could be 11 players; however, the allocation policy will provide for the proportion of institutional investors and the proportion of investors from the Western Australia public and others to prevent a situation in which 11 people each hold 5 per cent of shares and control the total amount of shares. It is the Government's intention to ensure that the share allocation policy means the problem about which the member spoke does not arise.

Hon LJILJANNA RAVLICH: The opportunity for that to occur is provided. It will be open slather once the two-year period is over. The institutional buyers, together with the cornerstone investor, will want to maximise their entitlement to the available shares. Although 1.8 million mums and dads could have access to these shares, we might end up with a situation in which only 15 or 20 players are in the market after the initial two-year period. The institutional investors will buy out the mums and dads of Western Australia pretty quickly. That is my concern with this clause.

Hon HELEN HODGSON: My concern relates to a slightly different aspect; that is, the ability of the directors of the cornerstone investor, which will itself be a corporate vehicle, to own a shareholding which effectively would mean that although there might be no legal beneficial ownership issue, if the directors' personal interests and the cornerstone investor's interests were accumulated, they could end up with a significant proportion of the company. Will there be an allocation policy to ensure that the directors are not allocated sufficient shares to effectively increase the allocation of the cornerstone investor above the specified percentage?

Hon N.F. MOORE: In respect of the comments by Hon Ljiljanna Ravlich about what will happen in time, obviously as with all public companies which have shares available to be bought and sold, people will buy and sell those shares on the basis of whether they think they are making enough money. Mums and dads will in fact buy the shares, and hang on to them.

Hon Mark Nevill interjected.

Hon N.F. MOORE: I agree. Hon Ljiljanna Ravlich would be surprised at the number of mums and dads who are buying shares. As I said earlier, it has become a bit of a national pastime for many Australians to buy and sell shares.

Hon Ljiljanna Ravlich: I do not know that many people in Cannington do.

Hon N.F. MOORE: I think the member will find that they do, far more than she could ever imagine, and as people are becoming more aware of what the stock exchange and ownership of shares is all about, people are increasingly becoming a part of that. A number of the privatisations of government entities have increased the interest of people in buying and selling shares. The bottom line is that the marketplace will decide how many people own how many shares, and that is the way all these things work over time.

With regard to the question asked by Hon Helen Hodgson, the provisions of clause 12 prevent associates from buying shares that increase the cornerstone investor's holding to above 45 per cent. Directors are associates of the cornerstone investor.

Hon HELEN HODGSON: Clause 12(1) states that a person must not, whether as principal or agent, apply for shares if that would have the result that the cornerstone investor's entitlement would become more than the specified percentage. I cannot find a reference to associates in that clause.

Hon N.F. MOORE: This is a complex issue and I have some difficulty coming to terms with it. I draw the member's attention to the definition of "entitled" in clause 3. The definition of "entitled" in the Corporations Law refers to associate entitlement.

Hon HELEN HODGSON: It may assist the Leader of the House if I were to reframe the question, as I think I understand where he is going. Unfortunately, I do not have a copy of the Corporations Law with me. However, because the definition of "entitled" in clause 3 refers to the Corporations Law, am I correct in assuming that the definition of "entitled" in the Corporations Law is framed in a way which takes into account the shareholdings of associates, which includes directors?

Hon N.F. Moore: Yes.

**Clause put and passed.**

**Clauses 13 and 14 put and passed.**

**Clause 15: Minister may make transfer orders -**

Hon LJILJANNA RAVLICH: My question specifically relates to clause 15(1)(b), which states that the minister may make and publish in the *Government Gazette* an order that specifies any asset or liability of the corporation that, by operation of section 16, is to be assigned to the person specified in the order. Does this power of transfer apply to AlintaGas employees?

Hon N.F. MOORE: No.

Clause put and a division taken with the following result -

Ayes (13)

Hon M.J. Criddle

Hon Dexter Davies

Hon B.K. Donaldson

Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery

Hon N.F. Moore  
Hon Mark Nevill  
Hon B.M. Scott

Hon Greg Smith  
Hon W.N. Stretch

Hon Muriel Patterson  
(*Teller*)

Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon N.D. Griffiths  
Hon John Halden

Hon Helen Hodgson  
Hon Norm Kelly  
Hon Ljiljanna Ravlich

Hon J.A. Scott  
Hon Christine Sharp  
Hon Bob Thomas

Hon Giz Watson  
Hon E.R.J. Dermer  
(*Teller*)

Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clauses 16 to 30 put and passed.**

**Clause 31: State indemnities and guarantees -**

Hon N.D. GRIFFITHS: The Australian Labor Party opposes this clause, which is as wide as it can get. It is open slather for the Treasurer of Western Australia to give away anything he wants to those he favours.

Hon HELEN HODGSON: I asked a question during the second reading debate. If it was answered when the Leader of the House summed up, I did not hear the answer. The question was about any loss-leading contracts there may be in AlintaGas. If there are any contracts where gas has been purchased at a higher price than the price for which it is being on-sold, will there be any residual liability to the Government as a consequence of those contracts or will AlintaGas be taking on any future liability of those contracts?

Hon N.F. MOORE: This is a fairly complicated issue and it has taken a bit of time to get some briefing and advice on this. I am advised that the Government has not yet given consideration to the recommendations of the sale steering committee on the nature of the contractual liabilities that might be retained as a result of this process. I am having some trouble answering the member's question because it is an issue that has yet to be resolved in the context of what might or might not confront us in respect of any contracts that might be in existence when the sale goes through. The Government will have to consider the matter and make a decision based upon the circumstances as they are presented to Cabinet at the time. Under clause 37, the Auditor General must report on these issues. As the Government contemplates the conditions of the sale, it will make a decision based upon any liabilities that might be presented to the Government to deal with. How that is done, I cannot say as yet because I do not know what they will be.

Hon HELEN HODGSON: Is there a possibility that the Western Australian taxpayers could still face a liability for contractual obligations to purchase gas at particular prices which are currently in place, even if AlintaGas were no longer owned as a public asset; and the minister cannot quantify how much that might be?

Hon N.F. MOORE: Yes, that is the situation.

Clause put and a division taken with the following result -

Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(*Teller*)

Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon N.D. Griffiths

Hon John Halden  
Hon Helen Hodgson  
Hon Norm Kelly

Hon Ljiljanna Ravlich  
Hon J.A. Scott  
Hon Christine Sharp

Hon Giz Watson  
Hon Bob Thomas  
Hon E.R.J. Dermer(*Teller*)

Pairs

Hon Derrick Tomlinson  
Hon Simon O'Brien  
Hon M.D. Nixon  
Hon Barry House

Hon Tom Stephens  
Hon Kim Chance  
Hon Tom Helm  
Hon Ken Travers

**Clause thus passed.**

**Clause 32: State takeover of certain obligations -**

Hon LJILJANNA RAVLICH: This clause provides that the State will take over certain obligations; that is, it is a mechanism

to pay out liabilities of indemnities and guarantees outlined in clause 31. The State's taking over of certain obligations will make the sale of AlintaGas more attractive. The Government is taking away all the liabilities and risks from the purchaser, so why would it not be more attractive to a prospective purchaser? However, Western Australian taxpayers will be left with those liabilities and obligations, many of which may be long term. Has the minister estimated the total value of the State meeting those obligations? Has the sum of those obligations been deducted from the anticipated revenue of the proposed AlintaGas sale, or has that already been factored into the sale price?

Hon N.F. MOORE: I apologise for the delays in responding. The liabilities were considered along with the assets of the Gas Corporation when the value of the sale was considered by the financial adviser, Deutsche Bank. The sum has thus been considered by government in deciding to proceed with the sale; in other words, the Government looked at both sides of the equation and decided it should proceed with the sale.

Hon LJILJANNA RAVLICH: I do not believe that the Leader of the House has answered my question. He clearly knows what the assets of AlintaGas are. I asked a very simple question, and that is: If the State is to take over certain obligations for the liabilities, what is the value of those liabilities, and has that been deducted from the anticipated sale price of AlintaGas, which is foreshadowed to be anywhere between \$850m and \$1.2b? I am absolutely amazed that the minister is having difficulty responding to something so fundamental.

*Sitting suspended from 9.35 to 10.01 pm*

Hon N.F. MOORE: I apologise to the Chamber for the inconvenience I have caused in the past little while, but I am seeking to provide answers to difficult and complicated questions on a difficult and complicated Bill from the point of view of a person who is not a commercial lawyer. I apologise if it takes me a little while to get the answers from the advisers on these complicated matters. However, I will continue to do my best to give the information that members want. In the event that I cannot, I will take the question on notice and provide the advice in due course.

In respect of matters raised by Hon Ljiljanna Ravlich, I advise the Committee that the assets and liabilities that are relevant to the ongoing business of AlintaGas will be transferred to AlintaGas Limited. Only those liabilities that are already in the Gas Corporation and that have no impact on the future conduct of the AlintaGas business will be retained by the Gas Corporation and thereby the State. For example, these could include the rehabilitation of the site of the Albany gas works, which is a problem; workers compensation; and any contingent liabilities out of the earlier sale of the Dampier to Bunbury pipeline. These types of liabilities belong with the State, and can best be managed to their conclusion by the State. The State will take on liabilities only if that will improve the overall value of the sale to the State. Reasonable provisions for meeting these liabilities will be made from the proceeds of the sale, in the same way that funds were made available from the sale of the Dampier to Bunbury pipeline for contingent liabilities. A similar process will apply to this sale.

Hon LJILJANNA RAVLICH: This highlights the downside of rushing legislation through this place and of government members not being well informed about the legislation for which they have responsibility. The Government does not have an excuse for not having an appropriate response to this question. The question was asked in the other place of the Minister for Energy. It is a fundamental question; yet no attempt has been made by the Government to do the work that will enable it to provide not only this place but also, through this place, the Western Australian taxpayers with the information that is critical to the privatisation of this key strategic asset.

I am amazed that on the one hand, this Government can calculate the assets of a government entity such as AlintaGas but, on the other hand, show no appetite for calculating its liabilities. At the end of the day it makes this exercise an absolute joke. This privatisation has been sold to Western Australians as one that will be of enormous benefit to them because it will generate a revenue stream between \$850m and \$1.2b. They have been told this is a great thing; yet when we get to the heart of this issue, we do not know with what liabilities the State will be left. On behalf of Western Australian taxpayers, I want to know whether the liability is in the order of \$30m, \$80m or \$200m. I have no idea. I do not know whether it will be possible to dispose of the liabilities on a one-off basis or whether they will be ongoing liabilities, with which the Western Australian taxpayer must contend and which will continue to be carried by the public purse.

That is not good enough. It is an appalling situation. Until the Government knows the value of its total liabilities, it will not be in a position to give Western Australians an indication of how they will be better off. There is no way any projected benefits to the State can be calculated because at the end of the day a fundamental component of this arrangement is missing; that is, the value of the liabilities that will be left to the State.

I do not accept that the problem will be eliminated by transferring both assets and liabilities to the corporate vehicle. At the end of the day those assets and liabilities must be transferred out of the corporate vehicle across to the cornerstone investor and to the mums and dads who buy the shares. Obviously many of the liabilities will be retained by the State.

I can understand why the Bill includes a clause providing that the State will take over certain obligations. Clause 32(2) provides that -

The Treasurer, in the name and on behalf of the State, may, in connection with a section 6 disposal, agree to take over an obligation.

It is fundamental that we know tonight what the obligation is. It is not good enough for the Leader of the House to say that the member can put a question on notice. It is an appalling state of affairs, because the Leader of the House and his advisers have had at least two weeks to prepare a response to that question. The question should have been foreseen by the Leader of the House because it is so fundamental to the Bill. The Leader of the House simply stated that the State will take on only those liabilities that will provide a benefit for the sale of the asset. That goes to the heart of the issue. The Leader of the

House said that the Government will pick up the liabilities so it can get a better return from the cornerstone investor in the short term. However, this does nothing about the long-term difficulties that may be imposed on the State and Western Australian taxpayers. The Leader of the House, who is representing the Minister for Energy, is negligent to pursue this Bill unless he can give the Western Australian public an honest and informed response. He should tell them the exact liability they will be left with and he can calculate that liability when he tells them how good it will be for them. From everything that the Leader of the House has said tonight, I sense there is little that will be good for the Western Australian taxpayers. They have a right to know whether the proposed and much touted \$1b generation from the sale will be in that order or whether it is more likely to be substantially lower. The lowering in price of the asset is largely a direct result of the liability the State will pick up.

Until the Leader of the House can come clean, it is totally irresponsible of him to pursue this legislation. I know he does not like me using that term.

Hon N.F. Moore: I find it outrageously insulting.

Hon LJILJANNA RAVLICH: I think it is outrageously insulting that the Leader of the House expects Western Australian taxpayers to cop it because, as their representative, I cannot cop it.

Hon N.F. Moore: Hon Ljiljanna Ravlich would not represent more than 1 per cent of anything.

Hon LJILJANNA RAVLICH: As their representative, I cannot cop the fact that the Leader of the House cannot give me, at the very least, a ballpark figure on what the liabilities are. As their representative, I should not accept the crummy response the Leader of the House gave to this place on this fundamental and critical issue of the sale of this key strategic state asset.

Clause put and a division taken with the following result -

#### Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(Teller)

#### Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon N.D. Griffiths  
Hon John Halden

Hon Helen Hodgson  
Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Bob Thomas

Hon Giz Watson  
Hon E.R.J. Dermer (Teller)

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#### Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clauses 33 to 44 put and passed.**

**Clause 45: Section 38A inserted -**

Hon LJILJANNA RAVLICH: This clause deals with an amendment to the Electricity Corporation Act 1994 to insert a new section 38A. In my view, this clause is about limiting competition. It will basically give the Governor the power, from time to time by instrument in writing served on the corporation, to direct the corporation not to sell or supply gas. I can understand why the Government may want to do this, and I understand it is also part of the deal that it has struck with Hon Mark Nevill. The original period was five years. It has now been reduced to three years. This clause attempts to restrict competition in the area of gas by ensuring that Western Power does not deliver gas to the market. I have concerns about this clause. I also have concerns about the fact that when Hon Mark Nevill originally insisted that there be a full trade sale, he said that the direct result of a full trade sale as opposed to a cornerstone plus public share float arrangement would be approximately \$80m. Obviously that is no longer the case. I will be interested to hear whether Hon Mark Nevill will support this clause, because anyone who supports competition will not want to support this clause because it is anti-competitive.

This clause attempts to make the sale of AlintaGas artificially attractive for a new player by ensuring that there will be no competition in the market place. Those who support competition would find themselves in a totally contradictory situation if they support this clause. It is anti-competitive and not in the interests of Western Australian taxpayers. If the Government wants competition and runs the line that the whole premise upon which the sale of AlintaGas is based on having more gas suppliers in the market, and as a result of that increased competition it will essentially reduce prices for businesses and consumers of gas, by limiting Western Power's supply of gas to the gas market, the Government will ensure that that competition does not occur. The Government will also ensure that Western Australian consumers and businesses will not benefit from the potential competition that would otherwise exist. I am concerned about that because the Government would not include this clause in the legislation if it supported competition. In view of the fact that I regard this clause as anti-

competitive, I wonder whether the Government has sought an opinion from the Australian Competition and Consumer Commission about this matter. In the event that the Government has not sought that opinion, it might find itself in a vulnerable position as it is clearly anti-competitive. One does not need to be a genius to work out that if the Government, by legislation, limits the potential of a supplier to be a player in the gas market, it must be careful not to interfere with the market forces. I am interested to hear whether the minister has sought and/or received advice from the ACCC; if so, what was that advice?

Hon N.F. MOORE: I cannot speak for Hon Mark Nevill but I have no doubt he will give some thought to that matter. The Government's position is very clear. This clause allows the Government - or the Governor - to direct the former Electricity Corporation not to participate in an aspect of the energy business specified in the instrument. As members will know, Western Power has a considerable quantity of gas purchase contracts and some pre-paid gas. If it were allowed to compete with a privatised AlintaGas, it would be a very significant competitor as it would be able to provide gas and electricity in the same way as the former State Energy Commission of Western Australia used to provide gas and electricity; in fact, it would almost recreate SECWA and could probably put AlintaGas out of business very quickly. We would then be back to where we started, with one organisation selling gas and electricity as a complete government-owned monopoly. This proposal is intended to give a level of assurance to the proposed purchaser that the State, having sold its gas business, will not come back into the business of selling gas through Western Power. That is the reason for the proposal and our legal advice is that it is not anti-competitive at all.

Hon MARK NEVILL: I am not sure that I heard all of Hon Ljiljanna Ravlich's comments. However, she is right that it is an anti-competitive clause. I did not read any of the debate in the other place on this issue and I cannot recall members in this Chamber raising that issue in their contributions to the second reading debate. To my knowledge, I am the only member who raised the issue. I contemplated bringing back the anti-competitive nature of the clause to two years and eventually I settled on three years; that is basically a compromise from that position. If we allow competition from day one, it will put a great deal of doubt into how much of the market AlintaGas could retain. This proposal will allow the buyer to settle into the market and take on that competition if and when it takes place. I make no apologies for winding that back. I was not aware of anyone else raising the issue. My whole focus in this debate is not simply to take a trading corporation out of the public sector and plonk it into the private sector. We must try to do this in a way which generates a more competitive environment. My amendment makes the environment more competitive than it was.

Hon N.D. Griffiths: There is no amendment. It is your agreement with the Government.

Hon MARK NEVILL: My agreement. The period was five years and it comes back to three. It seems that unless the member raised it, and she may well have done so, it may be as a result of the fact that I have raised it.

Hon LJILJANNA RAVLICH: The real issue here is the opportunity cost of deciding to restrict the sale of gas from Western Power onto the market. The Leader of the House has said that Western Power currently has major contracts to supply gas. I would be interested to know the value of those contracts.

Hon N.F. Moore: They are not to supply but to purchase gas.

Hon LJILJANNA RAVLICH: Okay, I would be interested to know approximately how much revenue is generated by Western Power for the supply of gas because, as I understand it, that is what we are restricting.

Hon N.F. Moore: It buys gas to create electricity; it does not sell gas.

Hon LJILJANNA RAVLICH: It will not be buying gas for a period of three years.

Hon N.F. Moore: No, it can buy gas for its own purposes but it cannot sell it.

Hon LJILJANNA RAVLICH: Currently it buys gas and on-sells some.

Hon N.F. Moore: No, it buys gas to use in the generation of electricity and then it sells the electricity.

Hon LJILJANNA RAVLICH: However, the Government is restricting it from the purchase of gas.

Hon N.F. Moore: From the sale of gas in competition with AlintaGas.

Hon LJILJANNA RAVLICH: The Government will restrict it from the sale of gas. If it is selling gas, there must be a dollar value of the gas it sells.

Hon N.F. Moore: It is not selling gas.

Hon LJILJANNA RAVLICH: Will the Leader of the House explain?

Hon N.F. MOORE: Western Power sells electricity. The then State Energy Commission of Western Australia used to sell electricity and gas. It was split into two - Western Power which produces electricity and AlintaGas which sells gas. Western Power sells electricity; AlintaGas sells gas. In order to produce electricity, however, Western Power uses gas. It buys gas and so has gas contracts to create electricity. It does not sell gas as a retail commodity. This clause will prevent Western Power from selling gas in the retail market in competition with a privatised AlintaGas for three years.

Hon LJILJANNA RAVLICH: If I understand the Leader of the House correctly, the bottom line is that this clause prevents Western Power from selling gas.

Hon N.F. Moore: For three years.



Hon LJILJANNA RAVLICH: That is where I was three minutes ago. Obviously with this clause preventing Western Power from selling gas, that gas must have a value to Western Power.

Hon N.F. Moore: What gas are you talking about?

Hon LJILJANNA RAVLICH: The Leader of the House has just said that this clause prevents Western Power from selling gas.

Hon N.F. MOORE: The intention is to prevent Western Power from starting to get into the business of selling gas. It is not in the gas business, so it is not an opportunity lost; it does not do it now.

Hon LJILJANNA RAVLICH: The Government is denying Western Power the opportunity to get into the market.

Hon N.F. Moore: I said why, and if you do not want to accept it, vote against the clause. We have made a decision that it will not be in the business for three years to give a privatised AlintaGas the chance to gain a foothold in the market without being swamped by a new SECWA. It is a policy decision. If you do not like it, vote against it; if you like it, vote for it.

Hon LJILJANNA RAVLICH: We will be voting against it, but the point I am making is that there is an opportunity cost involved for the Western Australian public, because Western Power might have gone into the selling of gas. Now that opportunity is denied and, therefore, it may be that revenue is also denied to the State as a result of this policy decision by the Government. That is the way it sounds and I think the way I have interpreted it is correct; otherwise, there would be no requirement for this provision in the legislation and there would be open slather competition between Western Power and AlintaGas. Clearly, there is nothing to indicate that that will be the case. This clause is in the Bill for a specific reason, and the Leader of the House is now arguing that it does not do anything and is of no consequence. We will be opposing this clause. There is an enormous opportunity cost, given that there is restricted competition, which is exactly what this clause entails and imposes.

Hon N.D. GRIFFITHS: I rise merely to correct the record. The member for Belmont, on many occasions, has pointed out what this clause means, because he, as Labor's spokesperson on this issue, has proper, strong views against what this clause means. Because of that, we are voting against this clause.

Clause put and a division taken with the following result -

#### Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(Teller)

#### Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon N.D. Griffiths

Hon John Halden  
Hon Helen Hodgson  
Hon Norm Kelly

Hon Ljiljanna Ravlich  
Hon J.A. Scott  
Hon Christine Sharp

Hon Giz Watson  
Hon Bob Thomas  
Hon E.R.J. Dermer(Teller)

#### Pairs

Hon Simon O'Brien  
Hon Derrick Tomlinson  
Hon Barry House  
Hon M.D. Nixon

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

**Clauses 46 to 92 put and passed.**

**Clause 93: Repeal -**

Hon LJILJANNA RAVLICH: In view of the Australian Labor Party's position on this Bill, it will not support clause 93 which will repeal the Gas Corporation Act 1994. The information sought tonight has not been adequately provided, and we will not support the legislation until such time as we receive satisfactory answers. The Gas Corporation Act should not be repealed.

Hon N.F. MOORE: The Government supports clause 93. Hon Ljiljanna Ravlich would not be persuaded to support the legislation no matter how much information were provided to her, as she has adopted an ideological position.

Clause put and a division taken with the following result -

#### Ayes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(Teller)

#### Noes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon N.D. Griffiths  
Hon John Halden

Hon Helen Hodgson  
Hon Norm Kelly  
Hon Ljiljanna Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas

Hon E.R.J. Dermer  
(*Teller*)

Pairs

Hon Derrick Tomlinson  
Hon Simon O'Brien  
Hon Murray Nixon  
Hon Barry House

Hon Kim Chance  
Hon Tom Stephens  
Hon Ken Travers  
Hon Tom Helm

**Clause thus passed.**

The CHAIRMAN: I am sure that no member is reading the newspaper in the Chamber as that would be against the standing orders.

**Clauses 94 to 111 put and passed.**

Hon HELEN HODGSON: I will not proceed with new clause 13 because it was contingent on the amendment to clause 11, which failed.

**Title put and passed.**

**Bill reported, without amendment.**

*Report*

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [10.41 pm]: I move -

That the report be adopted.

*Referral to Standing Committee on Estimates and Financial Operations*

**HON N.D. GRIFFITHS** (East Metropolitan) [10.42 pm]: I move -

That the Bill be referred to the Standing Committee on Estimates and Financial Operations for further consideration.

I do so particularly because of what is contained in clauses 31 and 32 of the Bill dealing with state indemnities and guarantees and the state takeover of certain obligations. I refer the House to the annual report of AlintaGas 1999 and its balance sheet, which commences on page 41. I point out that the total liabilities of AlintaGas are \$368 271 000 as at 30 June 1999. It is very important for the people of Western Australia to be aware of just what liabilities this Government considers the State will retain when it sells off AlintaGas to fund its need for money.

**HON LJILJANNA RAVLICH** (East Metropolitan) [10.43 pm]: I support the motion. In doing so, I must say that many questions still remain unanswered. I refer to the comment of Hon Mark Nevill that as a result of national competition policy, for example, 20 per cent of industrial customers have been lost by AlintaGas. Before we look at the merits of this legislation, we must closely scrutinise issues such as that to ascertain whether this is just a one-off matter, whether it is an ongoing trend or whether something could have been done in-house to ensure that there was no further loss of customers to AlintaGas. I am concerned that the scoping study and information which have been put together by the Deutsche Bank and paid for by Western Australian taxpayers have never been made public. I am particularly concerned that we have not received key information which would assist in our determinations on this legislation. The committee would have its work cut out looking into the limitation on competition, for example. As Hon Nick Griffiths just pointed out, AlintaGas currently has substantial liabilities in excess of \$300m. Who will bear those liabilities? Will those liabilities be retained by the State or be transferred to the cornerstone investor? I am amazed that the minister could not provide a response to the question of liabilities, when my colleague Hon Nick Griffiths was able to pick up the annual report of AlintaGas, which gave the current liabilities of that government trading enterprise.

One of the areas of major concern - with which the committee would have its work cut out dealing - that has been ignored by the Government is the issue of the employees. It would be good if representatives of employees had the opportunity to bring their concerns before the Standing Committee on Estimates and Financial Operations. The committee could do some good work looking into the detail of a number of issues, including contracts of employment, contracts of service, the legal entitlements of AlintaGas employees and their future job security with a private operator if this legislation goes through. The committee could also look at funding and whether the projected \$1b revenue which has been strongly supported and promoted by the Government is a reality. On my quick calculations AlintaGas has a debt of \$232m. The committee could look at that debt and the cost of disposal. After it has factored in the liabilities of this government trading enterprise it will be able to provide Western Australians with a more realistic figure on the cost of the privatisation of AlintaGas. From my reading, it is nowhere near as good as the Government purports it to be. Therefore, I would welcome the opportunity for the Standing Committee on Estimates and Financial Operations to have a good look at the sale process, in particular the financial aspects of the sale on behalf of all Western Australian taxpayers.

**HON HELEN HODGSON** (North Metropolitan) [10.48 pm]: This is an unusual motion to be considering at this stage of the debate, but this has been an unusual debate. I would have expected this sort of motion to be moved either prior to the second reading or between the second reading and before the Committee of the Whole House stage. Having sat through the

debate this evening, I agree that a number of issues warrant further examination. In saying this I in no way reflect on the Leader of the House who is handling the legislation in this place. It is extremely difficult to handle legislation which is of a technical nature when we have not been fully briefed on it and we do not know what agreement has been reached, because the agreement was reached after the House had commenced sitting for the day. The advisers who are supposed to be advising us on the issues have been so busy in last-minute, eleventh-hour negotiations that they have been unable to brief the Leader of the House handling the legislation. Essentially, when we ask questions in this place we find that the information is not available, through no fault of the Leader of the House handling the Bill in this House; nonetheless unanswered questions remain. This is what happens when these matters are handled in haste without the opportunity to thoroughly examine them.

During debate on the short title, I asked about employee entitlements. I received a part answer to that later in the debate. However, some matters are still being discussed with the union. They are all matters that could have been resolved had the situation been managed properly. I believe it is two weeks since we reached the point at which it appeared discussions would be undertaken. It appears that all the real work has been done in such a hurry in the past two or three days that the people debating the matter in this place have not had access to sufficient information.

For those reasons I will support the referral to the committee, even though it is an unusual step to take after the Committee of the Whole debate. However, even at this stage, questions are unanswered and the Estimates and Financial Operations Committee will be an appropriate vehicle for determining those answers.

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [10.51 pm]: The Government does not support this motion to send the Bill to the Estimates and Financial Operations Committee. I share the comments of Hon Helen Hodgson about the unusual timing of the motion. It usually occurs well ahead of the adoption of the report of a Bill. This House has passed this Bill through the second reading and committee stages. Whether some members do not think they know enough about it is not my problem; it is their problem. I appreciate Hon Helen Hodgson's comments on this matter.

Hon Ljiljanna Ravlich: Why don't you appreciate my comments?

Hon N.F. MOORE: I have not got to them yet. Another alternative was for the House to sit next week. I do not think anyone wanted to do that. I try to accommodate members' requirements, bearing in mind that about six months ago it was no secret that the Government sought to pass this Bill and a number of others by Christmas. I regret the haste at the end and my inability to answer questions as clearly, concisely and quickly as members would have liked. If members read the committee debate in *Hansard*, they will find a vast amount of information.

At the end of the day members either support the sale of AlintaGas or they do not. It is almost an ideological argument whereby some people do not want to sell public corporations and others do. That is what divides us in the Parliament. I do not think sending the Bill to a committee will make any difference to the end result. However, it is not out of the question for the Estimates Committee to examine these issues. As I understand it, the finances of AlintaGas could be subject to scrutiny by the Estimates Committee on its own motion anyway. If there is a genuine desire for members to know more about this rather than trying to embarrass me, which they have done successfully tonight, I would be very happy to provide as much information and briefings as members need. We can do it now if members want that information, because the officers are still here and can provide the advice. That assistance is available whenever members want it. If they have any further questions, I am sure the Minister for Energy will arrange for them to be given the answers. I appreciate the comments made by Hon Helen Hodgson in a difficult set of circumstances.

The issue of employee entitlements has not been resolved. I indicated that some of the principles have been agreed to, but it is not essential for the passage of this Bill that every t be crossed and every i dotted. The Bill is part of the process of selling this instrumentality. It is only one process and there is still a long way to go before it is concluded. It may be that we will not get as much money as the corporation is worth and we will not sell it anyway. We still have to go through that process. A lot of water is yet to go under the bridge.

Hon Ljiljanna Ravlich: Does that mean if the Government does not get the right price, AlintaGas will not be sold?

The PRESIDENT: Order! This is a motion to refer the Bill to the Standing Committee on Estimates and Financial Operations.

Hon N.F. MOORE: I do not think we need to send the Bill to the Standing Committee on Estimates and Financial Operations because this is part of a process that has a long way to go before it reaches conclusion. I urge the House not to support the motion, but to agree to the adoption of the report and its third reading and let the State continue the process of the sale of AlintaGas.

**HON MARK NEVILL** (Mining and Pastoral) [10.56 pm]: I will oppose the motion, which seems to have been an afterthought. I want to take issue with a couple of comments about the negotiations that have taken place. Those negotiations had little effect on the Bill itself, as demonstrated by the lack of amendments. I do not think the negotiations have had any effect on the way the debate has gone today. This sale was announced almost a year ago and there has been ample time for members to seek information through questions on notice and briefings on the issue.

The question of liabilities is to some degree hypothetical. AlintaGas will have many liabilities and the bidding process will decide which liabilities go with the sale and which remain. That will be reflected in the price that is paid for the corporation. There will be liabilities that no-one will know about. The Leader of the House might have mentioned the contaminated sites and things such as that. I do not think an inquiry into the liabilities will achieve much. Those things can be determined by questions or further inquiries; therefore, I do not support the motion. The Australian Labor Party must be consistent with its policy on privatisation. There is no point in having one policy in government and another in opposition. Privatisation

is such a complex issue that we must look at each case on its merits and support or oppose it, depending on the situation. That is the view I have taken. I do not see that such a referral will add anything of great significance to what we already know or can find out by other means. I oppose the motion.

Question put and a division taken with the following result -

Ayes (12)

Hon J.A. Cowdell  
Hon Cheryl Davenport  
Hon E.R.J. Dermer

Hon N.D. Griffiths  
Hon John Halden  
Hon Helen Hodgson

Hon Norm Kelly  
Hon Ljiljana Ravlich  
Hon J.A. Scott

Hon Christine Sharp  
Hon Giz Watson  
Hon Bob Thomas (*Teller*)

Noes (13)

Hon M.J. Criddle  
Hon Dexter Davies  
Hon B.K. Donaldson  
Hon Max Evans

Hon Peter Foss  
Hon Ray Halligan  
Hon Murray Montgomery  
Hon N.F. Moore

Hon Mark Nevill  
Hon B.M. Scott  
Hon Greg Smith

Hon W.N. Stretch  
Hon Muriel Patterson  
(*Teller*)

Pairs

Hon Kim Chance  
Hon Ken Travers  
Hon Tom Helm  
Hon Tom Stephens

Hon Derrick Tomlinson  
Hon Simon O'Brien  
Hon M.D. Nixon  
Hon Barry House

Question thus negatived.

*Motion to Adopt Report Resumed*

Question put and passed.

*Third Reading*

Bill read a third time, on motion by Hon N.F. Moore (Leader of the House), and passed.

**ADJOURNMENT OF THE HOUSE**

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [11.04 pm]: I move -

That the House at its rising adjourn until a date and time to be fixed by the President.

It has become traditional on this motion that some comments be made about members in the Chamber and that the adjournment debate be reserved for those who want to voice an opinion about things. I take this opportunity to indicate that while the Government does have in mind a particular date for the Parliament to resume next year, I have not set a date. I would like to enter into some negotiations and discussions with the other parties about how we might reduce the size of the Notice Paper reasonably quickly, which might mean that we would meet at a time which was slightly different from when the Assembly wished to resume next year. I indicate to the leaders of the other parties and to the Independent that I will be seeking discussions with them over the Christmas period about that matter.

I take this opportunity to wish members a very happy Christmas. It is traditional at this time of the year for members, and particularly the Leader of the House and other leaders, to convey their thanks to a range of people who make a significant contribution to the Parliament and to the lives of the people who are fortunate to spend time in this place. I thank you again, Mr President, for your excellent chairmanship of this Chamber. I did say once that to fill Hon Clive Griffiths' shoes would be a very big job, and I have no doubt that you have truly done that.

Your chairmanship and advice and the way in which you manage the affairs of the Parliament are exemplary and I commend you for a whole range of things, apart from the Chamber. The work that has been done around the Parliament building is a credit to you and the Speaker and to all those who have been involved in the work. The improvements that have been able to be made are remarkable considering the limited number of dollars that the Government has been prepared to provide for this place. On behalf of members on this side of the House I say to you, Mr President, that the House looks and feels better, is cleaner and is a more pleasant place to be, which is as a result of the work done by you, the Speaker and other officers of the Parliament and I thank you for that.

I thank Hon John Cowdell, as the Chairman of Committees, who continues to carry out his role in a very effective and efficient way and with the pleasant nature that we know as Hon John Cowdell. I appreciate the way in which he handles the committee stage of Bills. It ensures that we progress through the business quickly and that we do not have too many difficulties in what is often the most provocative part of a debate. I thank Hon John Cowdell as well as his Deputy Chairmen of Committees as I appreciate very much the contribution they make to the debates in the Chamber.

I thank my ministerial colleagues, Hon Max Evans, Hon Murray Criddle and Hon Peter Foss, as it is not an easy task, as I said, being a minister in the upper House. Members opposite who have been in that position will know that to be the case. Ministers must represent a range of ministers and portfolios and are expected to be able to handle legislation, often at short

notice and often very complicated Bills. I thank my colleagues for the way in which they have handled their work in this House and indicate to them that I very much appreciate their contributions.

Hon Muriel Patterson, our Whip, as I said last year, has not yet lost a member. On that occasion we had lost a few votes - and that is still the case - but because of circumstances, we are winning a few more votes than we did previously. However, on every occasion our Whip has been absolutely first class in gathering the numbers in this place and I thank her most sincerely for that also.

I say every year that Hon Tom Stephens must be a good guy because his wife likes him. Therefore I will not say it this year. However, I will say he has a lovely family. The Leader of the Opposition and I have many disagreements but deep down I respect his views on many matters and that we are able to work together to ensure the House proceeds in a reasonable way, bearing in mind that so many different points of view are now represented in this place. I thank him and wish him well over the Christmas period.

Similarly, Hon Nick Griffiths, who is managing the Australian Labor Party's business in this House now, is the sort of person who does not believe in wasting much time, if he can help it. That is always well received by me and other members of the House. I thank him for the very effective way in which he has been able to indicate what the Labor Party wants to do in the House and for his enormous assistance in the running of the place.

I thank Hon Helen Hodgson and Hon Norm Kelly who take it in turn to come to management meetings occasionally when they are held. I thank them for the contribution they are making not only to the running of the Chamber but also to the quality of the debate. One of the good things - even though it makes it difficult for people like me who have been here a fair while - is that it is refreshing to hear debates with more than two points of view. There was a time when we had two sides of every argument and that was it. Now we have four or five sides of every argument, which makes the debate more interesting but it takes longer. It is always very helpful for members to hear a range of points of views, in particular on controversial issues.

I thank the Greens (WA) who do not have a leader, as other parties do, but share the leadership around. I thank them also for assisting in ensuring that the House is able to do its business in an effective and efficient way.

I should now acknowledge the Independent, Hon Mark Nevill, who, I guess, is leader of his party. I thank him for his recent support of the Government. I know how difficult it has been for him and how very tough it is for a longstanding member of a political party to find himself on the outer of that party. I said at the time that he became an Independent that I empathised with him and could understand just how very difficult things would be for him. Hon Mark Nevill has made some very hard decisions, which he thinks are in the best interests of Western Australia. I admire him for making those decisions. I suspect that his former colleagues also are prepared to acknowledge that he is doing this on the basis of his own beliefs and that he is doing what he thinks is right and proper for Western Australia.

To all the other members, it is difficult being a backbencher in government because one does not get many opportunities to say much. I thank all my colleagues behind me and alongside me for the tremendous support they give me and the Government in the Legislative Council. It is better to not be able to make lots of speeches when in government than have vast numbers of opportunities in Opposition.

To Laurie Marquet and Ian Allnutt, Ian has been here longer than I have and Laurie almost as long. They run this Chamber in a very efficient way and provide excellent advice to all members. They are totally unbiased and totally committed to the Legislative Council. I thank them both most sincerely, as I do each year.

In the Chamber we have Malcolm, Chris, Jason, Donna and Yu-Li who are at our beck and call and are always very helpful to members, providing for virtually every need in the Chamber. I want to say to them, thank you very much. I know it is very hard when they must stay here all night listening to members of Parliament talk, but I guess that is what they have chosen to do, and they do it very well. I thank them most sincerely, as I do Janeen Robertson and her staff who provide administrative support to the Legislative Council and members here and support to the committees in the Parliament; they are a very big part of the Parliament's work these days, and long may that be the case. I thank Neil Burrell and the Hansard staff, as I do annually. In a sense they have a very difficult job having to record everything we say and do. I am amazed at how well they do that, bearing in mind how inarticulate some of us are at certain times. They manage to convert what we say into reasonable English at the end of the day. To Andrew Gardos at the bar, the kitchen staff and all those who work in the dining room I must say that the quality of service with which we are provided in that part of the building is quite exceptional. The improvement over recent years has been nothing short of phenomenal. I thank them most sincerely for what they do.

Cathy and Marilyn who are on the switchboard have been here for what seems like thousands of years. They are very important parts of Parliament and they do their job extremely well. Ken Craig and the security staff have had their ups and downs, and some days are more difficult than others, but again we always feel secure knowing that they are looking after the place. I also want to mention the gardeners because the gardens of the House are a very important part of making this place look good. They do a really good job and take a great deal of pride in the work that they do. I again thank them. I thank Russell Bremner and the staff of the Parliamentary Services Department. As I said at the beginning, Parliament House is running better than I can ever recall in the past. It is a tribute, not only to the Presiding Officers but also to Russell and his staff who make the place work. Judy Ballantyne and the library staff provide an excellent service to members. I also thank Teena Beale, Julie Holmes and Rebecca Howlett who work in my office here as part of the parliamentary services office. They are very efficient and very effective young ladies who do a great job making the Legislative Council work as well as it can. It is important that they do their job well because it provides the back-up and support to the legislative

program in the House.

I conclude by wishing Hon John Halden every success - I will rephrase - limited success in his new job.

Hon Kim Chance: Personal success.

Hon N.F. MOORE: Yes, personal success in his new job. Hon John Halden has been here for quite a number of years now. I have not had the chance to read through his biography in the biographical books we have about this Chamber but I remember when he first came here. I did not think that he was the sort of person he turned out to be. I thought he was quite meek, shy and little retiring. He did not have a lot to say to begin with. For some reason there was a complete metamorphosis and change of character. He turned into quite a rugged and formidable opponent. That served him well in the Labor Party and obviously he has made a mark for himself. He provided a leadership role. Whether one is on his side depends on whether one thinks it is a good role. Politics is about being in a position to make decisions and to make things happen. Clearly Hon John Halden has played that role in the Labor Party. When he was Leader of the Opposition and I, for a time, was Leader of the Government, we were opponents in that sense. I always appreciated being able to "do deals", to use his language, with Hon John Halden, because whenever I made an arrangement, it always stuck. There was never any doubt that it would not persist into the future, but that is not to say that other leaders have not done it as well. However, with Hon John Halden, one always knew that it was hard work getting an arrangement and a deal in place, but once it was in place, one knew it would stay. One could always rely on him to stick by that agreement no matter what changes might happen subsequent to the agreement being reached. Hon John Halden has made a positive contribution to Western Australia and to this Chamber. I wish him well personally in his new job. I cannot work out why he is taking it. It will take me a while to work out the money side of it - I read about that in the newspaper the other day. Maybe that is how it works, but I do not know. He is taking on a big task, and running political parties is a more dangerous occupation than being a member of Parliament. Again, I thank him for what he has done for this Parliament. It has been significant, and I wish him good luck in his new job.

I conclude by wishing all members a very happy Christmas as we will move into 2000 before we resume again. It is an important milestone in the history of mankind. Importantly, it is the Christmas break when members have a chance to spend time with their families. We know better than anyone else how difficult being a member of Parliament is in the context of one's family. They always come last; everything else takes precedence over one's family. That is the nature of the job. Christmas is a time when we should put that to one side and give our families the time they deserve from us. I will be seeking to do that and I trust other members will have the chance to do so as well. I wish all members a very happy Christmas and a happy new millennium.

**HON N.D. GRIFFITHS** (East Metropolitan) [11.17 pm]: On behalf of the Leader of the Opposition, who is unable to be here because of a bereavement on the other side of Australia, and on behalf of members of the Australian Labor Party, I join with the Leader of the House in thanking you, Mr President, for another year of service; the Chairman of Committees and the Deputy Chairmen of Committees for the work they have done; and members opposite for their contributions, as they see it, to the wellbeing of Western Australia and to the work of this House. On this side of the Chamber, I single out Hon Bob Thomas, our Whip, who has done a magnificent job. In fact, he has won more divisions in the Legislative Council than any other Whip in the history of the Australian Labor Party. I think I will have a word to him about today when we adjourn, because he has let down the side a bit. However, I do not think we should hold him personally responsible because, for part of that time, his able companion and deputy, Hon Ed Dermer, was doing the whipping. I thank Hon Ed Dermer and all of my colleagues for the good work they have carried out during the year.

I also thank the members of the Greens (WA) for their contributions and the leader and the deputy leader of the Australian Democrats for their work. I could almost refer to the Greens (WA) as having a collective leadership rather than, as Hon Kim Chance said, an egalitarian ethos. They may have that, but they have a collective leadership, and I wish them good luck as it works for them.

We are all indebted to the magnificent work carried out by the Clerks at the table; namely, the Clerk of the Parliament, Mr Laurie Marquet, and the Usher of the Black Rod. I enjoy referring to Ian as the "Black Rod"; I am not sure whether he knows how to take that expression, but he does so with good humour most of the time. I thank Mr Peacock and the patient and hard working attendants of this Chamber who make a difference: Sometimes we think we have had enough, but the attendants do the right thing by us and we keep going for another hour or so in our deliberations. They do a magnificent job and never complain and make our work here mostly a pleasant experience.

The members of the Opposition in their work rely greatly on the contribution of the staff of Hon Tom Stephens. I mentioned Mr Ben Harvey and Ms Shelley Eaton. We are also in receipt of considerable assistance from Ms Janeen Robertson and her staff, and from ministerial staff as Teena and co do a fantastic job in ensuring that ministers receive the questions of which we give some notice. What ministers do with them after that is not the fault of staff, and we will deal with that matter next year in some detail.

We are particularly well served by many good staff in Parliament House. I mention those very good people who service our needs under the heading of Parliamentary Refreshment Rooms. I look forward to seeing some of them in the not too distant future. They are very courteous and patient, as I suspect they need to be from time to time. For my part, and speaking for my colleagues, they make our work here very pleasant.

The ladies at the post office protect us very well indeed sometimes from people to whom we do not want to talk, and on other occasions people get through. The ladies do their job very well, and it is great to see them during the course of the year. Those who work in security must be very special as I have never felt insecure. We are very indebted to them.

I join the Leader of the House in his comments about the gardeners. When I arrive here in the morning, I find it an uplifting experience to stop for a moment to look at the work done around the grounds. I note in that context that the Legislative Council has adopted a family of birds which adds to the atmosphere of the building. Perhaps the gardeners can take some credit for that adoption. They have provided many moments of happiness, particularly during the afternoon tea suspensions.

The good people who supply our needs through Parliamentary Services deserve the accolades of the Leader of the House. We cannot do our work properly without the very able support of the Parliamentary Library staff.

Before concluding about those who work in and around Parliament House, I make special mention of the Hansard reporters. There are moments when I wonder what I have said, and I notice that those opposite sometimes wonder too - although not too often! When I read my comments in *Hansard* the next day, I am very thrilled at the magnificent job the Hansard reporters have done with my words to make them intelligible. I am most obliged to them, as I am sure are all members.

The Leader of the House mentioned that my colleague Hon John Halden will shortly be resigning from his position as member of the Legislative Council. I have known John - if I may breach standing orders to refer to him in that manner for a moment - for a good generation. Notwithstanding what the Leader of the House said, I have found John to be very meek, mild and easygoing - some of the time! I suppose there are two very important aspects to the character of Hon John Halden. First and foremost, he is very focused on his adherence to the aspirations of the Australian Labor Party; second, in seeking to fulfil those aspirations, he is very competitive. John is a very competitive person, whether playing cricket, engaging in friendly intra-party activities or dealing with those opposite. I have known John for a long time. I have always enjoyed his company, and I look forward to enjoying his company in his new role.

I should, for the record, refer to some aspects of Hon John Halden's career. He was first elected in the election of February 1986 to the North Metropolitan Province, defeating the then Hon Peter Wells, who it is interesting to note went on to an executive position in the affairs of the Liberal Party. Life has a habit of reflecting itself. At the next election, John chose to offer himself to the electors of South Metropolitan Region, as it then became. He was re-elected to the Legislative Council representing that region in 1989, then re-elected in 1993 and 1996. He held the position of Parliamentary Secretary from early 1990 until the Labor Government was defeated in the election of February 1993. From February 1993 to November 1993 he was Deputy Leader of the Opposition, and from November 1993 to October 1996 he was Leader of the Opposition. For my part, he will be remembered mostly for his role as Leader of the Opposition. He was a very competitive Leader of the Opposition. For part of the time he had as his opposite number the Leader of the House, and prior to that, Mr President, you were his opposite number. He always tried his best at a very difficult time in the history of the Labor Party. He sustained those who worked with him. He never gave up. In his role as secretary of the Western Australian branch of the Australian Labor Party, I believe he will evidence those qualities.

In addition to those positions of seniority in the State Parliamentary Labor Party, Hon John Halden has had responsibility for a number of shadow ministerial activities, in particular Transport, Education, Employment and Training, Federal Affairs, Finance and latterly Prisons. John has also contributed to the Parliament by serving on committees. His committee work, particularly as Chairman of the Joint Select Committee on Parole, has been noteworthy, and over the past few years many of the matters with which that committee dealt have passed into law. I note that for a short period he was a member of the Select Committee on the Western Australia Police Service, but the prorogation of Parliament in January 1993 caused that service to cease. He has also served on a number of standing committees. It is evident from the reports I have read that during the period of his involvement on those standing committees, his views made a great impression on those who had served with him. In passing, I note that Hon John Halden served on the Standing Committee on Government Agencies, the Standing Committee on Constitutional Affairs and Statutes Revision and later on the Standing Committee on Estimates and Financial Operations. I note with some regret Hon John Halden's plans to leave this House. However, I thank him for what he has done and look forward to his future success, both personally and with respect to the fortunes of the Australian Labor Party.

**HON JOHN HALDEN** (South Metropolitan) [11.30 pm]: Mr President, this is one of those rare occasions when I prepared a lengthy speech, but I will not bore you with that and I will keep it as short as I possibly can. It is difficult to know where to start this speech. Perhaps it is one of those rare occasions when I will be short of the odd word. Hon Christine Sharp asked me what it felt like to be here for the last day. I said that I did not know, as I had not noticed the difference. I still have not. The only difference has been in preparing a few notes for this speech and also to read today's *The West Australian*, which was enjoyable. I guess if one must go from one situation to the next, one might as well let people understand that decisions must be made, and I have always had the potentiality to want to make them.

As I look back over the past 14 years, no-one in this place would doubt that my political career has been marked more by controversy than by achievement. That controversy clearly emanated around the tabling of the Easton petition. What emanated from that preoccupied my life in every way for six years. I endeavoured during that time never to allow it to lessen my commitment to the Australian Labor Party or to this Chamber. On occasions that was very difficult, and almost crippling. It was a situation about which a lot has been said and written. I endured that for six years. I do not want to go into this in great depth but every imaginable tactic, pressure and threat that could be directed at me, was. My family, my friends and I endured the prospect of bankruptcy, expulsion from this place, imprisonment and public ridicule. In that time I continued to believe that it was a great privilege to be here, to represent this party, and to be part of this House. I was here always to represent this party and to represent my constituents, whether they be in the North Metropolitan Province or the South Metropolitan Region.

As I look back at the Easton matter now, I can only say that the issue was always one of perhaps personal misjudgment rather than criminal intent. As I look back on that phase, I had the feeling, as I have often said more privately than publicly, that

this House dealt with me far more justly than a \$6m royal commission. However, at the end of the day I cannot dwell on that. I had to go through the court, through the indignity of being charged and through the terrible moment of waiting for the verdict of guilty or not guilty. However, in life we must always face moments that test our mettle, our strength and our purpose. I guess I have had a bit of that in the past 14 years and I will probably have a bit more in the next five to six years.

Since arriving here, and as I leave here and, I hope, work for the Australian Labor Party for the next five or six years, I have had some intrinsic value systems. In spite of the fact that I have probably dealt with many issues, sometimes to my credit and sometimes to my detriment, there are some things I believe in that I will never change and that are not negotiable; nor should they be. I do not want to dwell any longer on that part of my parliamentary involvement.

With the liberty of the House I will refer now to some of the people in here and some of the instances I have enjoyed, or perhaps not enjoyed so much, while being here.

There is an old adage that when one leaves Parliament one leaves without any true friends. In my case I am very pleased to say that is not true. I have had the pleasure of knowing many members in here and have enjoyed their company, probably without exception, although I have argued with probably everybody in all the parties. However, as I leave this House, I have a friend in the true sense of that word, who has always been there and who has always supported me. I leave knowing that Hon Kim Chance will remain my friend forever. There have been some tough times along that road.

I want to acknowledge another person to whom I have not always been as close as I have to Kim, and who unfortunately is not here at this time. Hon Tom Helm will be ending his political career at the end of this term. We are all acquainted with the disappointments people feel when they are not preselected. Hon Tom Helm faced that situation on Monday. He behaved as he always does, although I am sure he was deeply hurt and regretful that his political career had come to an end. He approached it with enormous dignity, significant humility and above all deep commitment to this party. He behaved in a way that is exemplary for anyone who loses their job when they do not want that to happen.

Mr President, I have enjoyed the company of both you and your predecessor, Hon Clive Griffiths, individually and collectively. Although you chair this place differently, you have done it with great impartiality. I leave having enjoyed some wonderful discussions, some wonderful times and some wonderful stories, all of which you and Hon Clive Griffiths know I will not repeat to a soul.

Having worked here closely with many people one cannot leave without thanking those who have assisted me and all of us regularly. To the Clerk, and his party, Ian Allnutt and the other staff in this Chamber, the committee staff, the staff of the dining room, Hansard, gardeners, security staff and all staff, I say that I have never met people who are so obliging. When I ask them for the most outrageous things they smile and say yes, and when I again ask them to do outrageous things, they do it without a grumble. I thank all the staff for the 14 years I have enjoyed their company and for the pleasure of working with them. There have been times in this place when it has been easier, or safer, in my moments of difficulty to share the company of staff than the company of my colleagues. Sometimes it is easier to talk to staff than it is to talk to colleagues. Sometimes it is easier to cry with staff than with colleagues. I have done all that. Sometimes it is easier to yell at staff about others than to yell at or with colleagues. I have done that. I am fortunate to have been supported by an array of staff, as well as colleagues, during my 14 years here. I also want to thank Janeen Robertson who, during my difficult period, taught me how to use a computer with great skill. She taught me how to divide up 5 000 pages of transcript into Excel tables containing my evidence, these people's evidence and all the inconsistencies. It only took me about six months and 500 questions to work out how to do it! I went from being totally computer illiterate to marginally computer literate. Those times were difficult for me. I am not sure whether I should tell this story, but I guess I can. I had just been charged and was drinking in the hallway with Hon Tom Stephens and Peter McKerrow. A fourth person was there but I cannot remember who it was. I remember drinking and not feeling particularly pleased with the world, but I was chatting on. Janeen Robertson walked past, as she is wont to do from time to time. She did not seem too disinclined to join us and have a drink. I was clearly not happy and I do not think anyone was happy after the events of that day. It must have been contagious because she spontaneously burst into tears. Suddenly I felt a bit better that somebody felt worse about this day than I did! Soon after that I started exploiting her computer skills and we returned to a relationship of normality.

Another funny time was during the reform of homosexual law. I was involved in that debate. There was a significant protest involving 8 000 or 9 000 people gathered around Parliament House and I thought the crowd would lynch me. I had to park some distance away and walk through the crowd. I remember somebody yelling out: "There's that poofter Halden!". It did not bother me too much because all I could see above this sea of people were signs saying that the crowd wanted to kill Hon Peter Foss and Hon Margaret McAleer. They were just amending the Bill! Somehow I made it into the building alive. I thought there was no justice in this business: One can get into more trouble amending a piece of legislation than promoting it.

I will end my comments as I am sure I am boring people to the point of ridiculousness. I know that I leave this place in the hands of people with respective capabilities and qualities who believe in what they are doing. They represent the people who elected them and try to provide legislation and a quality of life that improves life for all Western Australians. We may differ about how we reach that end point, but after working with the members for many years I know we all try to achieve common purposes. A new crop of people will come in. My replacement, Graham Giffard, will come in. He is a young man who is probably more of the description to which the Leader of the House referred to earlier than I am. He is a much quieter individual and is probably inclined to work a lot harder and be a lot more dedicated than I. However, I am told by Hon Bob Thomas that he is a Collingwood supporter! I wish everyone a merry Christmas, a happy new year and a safe holiday to enjoy with their family. I know that the job ahead of me will require an enormous amount of my time. I leave members with one thought: Things can only get better, and they will do under a Labor Government.



**HON BOB THOMAS** (South West) [11.45 pm]: I wish my friend Hon John Halden both personal and professional success in his new job. John and I have been friends for many years. We both studied social sciences at the Western Australian Institute of Technology, which is now called Curtin University. John and I were a bit older than the other people in our class, and we both shared an interest in hot-rod cars. John had an SLR Torana, and I had an HR Holden with extractors and Lukey mufflers and those sorts of things. We enjoyed each other's company at WAIT. We were in a couple of tutorials together and had quite a lot of fun.

The one thing I remember about John was that he was very knowledgeable and had a quick wit, and it is his quick wit that will leave me with a couple of my most cherished and enduring thoughts of this place. In 1992, as the parliamentary secretary, John had responsibility for a couple of disallowance motions: The disallowance of some manual handling regulations, and the disallowance of regulations for industrial noise on farms. At that time there was no coalition agreement between the Liberal and National Parties; therefore, the National Party had a lead speaker on that issue, and I think it was the National Party that moved those disallowance motions. The National Party spokesman at one stage interjected on Hon John Halden, who was talking about the manual handling regulations that applied to butchering on farms, or something like that, and said, "Look, the way this nanny state Labor Government is going, you will make it impossible for us men to carry our brides across the threshold", and as quick as a flash, and without thinking, Hon John Halden replied, "I do not know how much you are wearing dresses these days, but I think you will be okay."

On the other occasion we were talking about the industrial deafness of farmers and about tractors without mufflers and those sorts of things, and a National Party member - I think he might have moved that disallowance motion - interjected on Hon John Halden and said, "I do not know too many farmers who are going deaf as a result of that", and without thinking, Hon John Halden replied, "I think I know one member who is going deaf." They are a couple of memories that I will cherish for the rest of my life.

One other memory that I have relates to the large protest that was held at the front of this place during the debate on the decriminalisation of sodomy Bill. Hon John Halden was correct, because the anger of that crowd was directed towards Hon Peter Foss and Hon Margaret McAleer. A memory that I will always cherish from that rally was when a couple of middle-aged ladies saw Hon John Halden standing on the balcony at the front of the press rooms and said, "There he goes, and he perms his hair too!" I genuinely wish Hon John Halden all the best in his future career, both personally and professionally. The Parliament will be a lesser place for his leaving. I wish him good luck.

**HON HELEN HODGSON** (North Metropolitan) [11.49 pm]: I do not want to delay the House much longer this evening as it is the last sitting day. However, I want not only to wish Hon John Halden all the best in his future career - I am not sure about the professional bit but certainly personally - but also to observe the normal courtesies of thanking staff for all the work they have done for the Australian Democrats during the year. I obviously have not known Hon John Halden as long as many other members have. However, he has always been willing, in dealings I have had with him, to leave the disagreements of the Chamber in the Chamber and afterwards we can always talk over the issues. We may still agree to disagree but the issues of the Chamber and the business of politics are one thing and the matters discussed outside are another thing altogether. It is very important to be able to separate the contentious issues and to get on as people outside in our normal lives.

I notice that Hon John Halden has had as much publicity since he has undertaken his new career as he had when he was still a member of this place, except that he seems to have acquired the appellation "head kicker". Whenever his name appears now in the media it is always as "the head kicker, John Halden". I do not know what that means for the future, except that I am sure he will be a formidable opponent to come up against when he is managing the teams in the next election campaign.

I turn to the other purpose of the comments that I am making. I sincerely thank everybody who has contributed to the smooth running of this place in the past year. When one starts to list people to thank there is a danger of overlooking some people. For that reason, I will not even attempt to list all the people who have worked hard to make life easier for us in this place. However, I acknowledge a few people individually. Obviously, I thank you, Mr President, for keeping the order of the Chamber. I thank also the Chairman and Deputy Chairman of Committees, who do an excellent job when they are in the Chair when we may be so engrossed in trying to find a clause of a Bill that we are debating that we do not notice that we should rise or, when the order of business progresses more quickly than expected, we suddenly realise that we have 10 seconds to get from one side of the Chamber back to our seats to move an appropriate motion. It is a good thing to see all these matters managed well and without causing any undue distress or problems to anybody.

I thank the leaders of the other parties, the Government, the Opposition, the National Party, and the co-leadership of the Greens (WA). Generally, we manage to run along reasonably well. I particularly acknowledge the efforts of the Leader of the Government in ensuring that when we are told that a certain order of business will be followed, he does whatever he can to ensure that we are not taken unawares. In view of the position that we find ourselves in as cross-benchers, it means that we can at least ensure that we have the right files in the right place with the right person available to deal with those matters. When there are only two of us, it is those courtesies that make life so much easier. I therefore thank the Leader of the Government for the courtesies that he has tried to show us during the year. When those arrangements break down, sometimes we indicate that we are not happy that arrangements have broken down but on the whole they work out reasonably well.

I thank the Clerks of the Chamber and Janeen Robertson and I would like to add to that list the new general parliamentary counsel who has been assisting us with drafting since his appointment in that role. I acknowledge him in particular, the staff of the committee office and the Chamber staff.

I will continue down the list which may not be complete and, if not, I apologise for that. I thank the Hansard staff, the security staff and the staff in the dining room. I particularly acknowledge the library staff because we find that we have to

rely very heavily on library resources when we need something urgently because something is coming on for debate in a short period. When we say, "Help, we really need this now", the library staff always seem to come through for us. There are so many other staff in the operations of Parliament House, some of whom are not always visible, like the gardeners who have been acknowledged who do their work when we are generally not around to see them.

Those are the key people I would like to thank. I also thank other members in this Chamber for the work that they do in keeping the debates running smoothly. I wish everybody a happy Christmas and a safe New Year. I hope that the Y2K does not hit us all too seriously and that we will return in the new year refreshed.

**HON GIZ WATSON** (North Metropolitan) [11.55 pm]: I will speak briefly on behalf of the Green collective as I have been appointed to say a few words. First, I thank you, Mr President, for your very fair and good work over this past year. I have certainly appreciated the way you conduct business in this place. I join with other members who have already spoken in thanking the staff of all varieties who do such a good job in this place. One of the good things that I continue to enjoy about this place is the goodwill and the professional way in which staff perform their duties and provide services to assist us in our work here. I would also like to thank other members for their collective work. I appreciate the level of camaraderie we have in working together, even with our political differences. It makes it very much easier to work together. I wish Hon John Halden all the best for the next stage in his career. I have certainly enjoyed and learnt a lot from the member in the short time I have been here. I also wish everybody the best for the festive season. I am sure that we are all looking forward to a break. I hope we can all return refreshed and energised for some good decision making next year. On behalf of my Green colleagues, I wish members all the best.

**HON MARK NEVILL** (Mining and Pastoral) [11.57 pm]: I would like to endorse the remarks of all the other speakers and very briefly comment on the departure of Hon John Halden. I was sitting next to Hon John Halden when he read that fateful petition. I am now here next to him tonight, having listened to him make his last speech in this place. I must admit that I was always wary of Hon John Halden because he has always been a member of the left. When I first came into Parliament I was not really a member of any faction. I had a deep suspicion of the tribes that existed. I was particularly wary about standing between Hon John Halden and a vote or a deal. That was one sure way of getting run over! However, when he was charged six years ago things changed a lot. I realised then what he was about to go through because I had seen my close friend and colleague the member for Eyre go through that for a lot more than six years. I knew the personal toll and expense which such an experience drains out of people. It is to Hon John Halden's great credit that he has been able to stand up to that.

I wish him every success in his new job. He will do it really well because he is one person who keeps good links and communications with all the different tribes in the Labor Party. That is an essential ingredient for success. He has a sense of reality about what it takes to win elections. He ran a very successful campaign in the seat of Swan during the last federal election. He will be very successful in that role. It might sound strange for somebody who is not a member of a political party at the moment, but I believe strongly in a two-party system. I hope that Hon John Halden can help rebuild the Labor Party in areas where it has gone backwards over recent years. He has the capacity not only to do that but also to bring together the different strands of the Labor Party to strengthen it in years to come. I wish him all the best.

**THE PRESIDENT** (Hon George Cash): On behalf of all of the staff at Parliament House, I thank the Leader of the Government, the Acting Leader of the Opposition, Hon Helen Hodgson, Hon Giz Watson, Hon John Halden and Hon Mark Nevill for the very generous comments they have made tonight in noting their appreciation for the work that the staff do at Parliament House on our behalf. I am not able to call on the leader of the Clerk's party, Mr Marquet, to address members. However, no doubt the leader of the Clerk's party thanks the Leader of the Government and the leaders of other parties for their cooperation during the year. I am in no doubt whatsoever as to who is running this show, and nothing has changed in the period that I have been in Parliament. I also thank Hon John Cowdell, the Deputy President and Chairman of Committees, for the professional way in which he not only runs the committees in this House, but also assists me in my duties as President of the Legislative Council. I appreciate his support, but more than that, I appreciate the effective and efficient way in which he assists in all those duties outside the Chamber. I also recognise the Deputy Chairmen of Committees who, when they get the opportunity, do a fine job in chairing either the Parliament or the committees. It is true that in the past few years, the Deputy Chairmen of Committees have not had the same opportunity in taking the Chair as was the case in the past. I have taken the view that while I am the President and am paid a salary to do the job, I have a responsibility to do the job. I think that also goes for Hon John Cowdell. That does not reflect on the Deputy Chairmen; it is just that I believe there should be certainty and consistency. However, next year things might be different and I might leave the Chair on many more occasions and let the Deputy Chairmen take over.

I thank the Leader of the Government and the leaders of the other parties for their cooperation during the past year. My job is to ensure that those members who want to speak are given the opportunity to do so in relative silence, or at least to put their point across on behalf of the community they represent. It is my view that that is the situation in the Legislative Council.

I wish Hon John Halden, as the Leader of the Government has done on behalf of the Government side of the House, all the best in his future challenge. We say that more in a personal capacity than in a professional capacity. We are sure that he will do well in both capacities. The Leader of the Government referred to Hon John Halden as being a rugged operator in this House, and I think that is a fair and apt description. I have always believed Hon John Halden to be a very tough and uncompromising negotiator. When I was Leader of the Opposition and dealt with Hon John Halden in his capacity as parliamentary secretary for the then Labor Government, and later when I was Leader of the Government and Hon John Halden was Leader of the Opposition, I, like the current Leader of the House, always found that when an arrangement was made, the deal stuck. In this game, an important element is knowing that there will be some certainty in arrangements that

have been made. Having travelled overseas with a number of members of this place, including Hon John Halden, I found him to be a very affable and friendly person. On the overseas visit which we undertook with other members of this House, all members enjoyed themselves and the company of their respective friends. I wish Hon John Halden good luck in his new position and no doubt we will see him from time to time at Parliament House. No doubt, like most former members, he will give us his good advice, which we will have the opportunity of either accepting or rejecting.

The Parliamentary Services Committee recently had its annual general meeting and members moved a motion to thank, in particular, the catering staff for the changes that have been made in that area in the past 12 months, and also to recognise all the other sections that comprise the Parliamentary Services Department. I, like members, believe that we now have a very professional Parliamentary Services Department in Parliament House under the leadership of Russell Bremner. I hope we can continue to improve the facilities not only for the staff, but also for members.

During the Christmas break, we will be undertaking a fair amount of work. In fact, while members had the pleasure of discussing the Gas Corporation (Business Disposal) Bill, I had the pleasure of spending some time with our works and services manager, Mr Vince Pacecca, in going through some of the work which will be carried out over the summer break. We will be refurbishing 30 members' offices and re-carpeting the bars, the dining room and the dining room corridor. We will be installing and replacing a number of airconditioning units throughout the building. We will be upgrading six toilets, fitting new emergency lighting and exit signage and also modifying the north and south entry foyers to offer greater security for members and staff. Obviously, we will be working hard to see that there is limited disruption to members and staff. However, we ask members and staff to bear in mind the huge amount of work that will be done during the Christmas recess.

I conclude by reminding members that the staff and members' Christmas party will occur this Friday at 3.00 pm in the courtyard. All members and staff are invited. At that Christmas function, long service awards will be presented to some of our staff. Again, on behalf of the staff at Parliament House, I thank members for the most gracious comments they have made. On behalf of the staff, I wish all members a happy and safe Christmas, and we look forward to seeing everyone back here in March 2000.

Question put and passed.

*House adjourned at 12.07 am (Thursday)*

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**QUESTIONS ON NOTICE**

Questions and answers are as supplied to Hansard.
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**DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT, RETENTION OF TREES**

46. Hon NORM KELLY to the Minister for Finance representing the Minister for the Environment:

With reference to question without notice 747 of December 10, 1998, and CALM's response to the EPA's Bulletin 912 -

- (1) From whom did CALM receive legal advice?
- (2) Has the Minister for the Environment received legal advice on her non-compliance with Ministerial Condition 13.1?
- (3) If so, from whom?
- (4) Has the Minister for the Environment received a request to make a determination to ensure compliance with Ministerial Condition 13.1?
- (5) Will the Minister ensure that she does make a determination to guarantee compliance with Ministerial condition 13.1?

Hon MAX EVANS replied:

- (1) Crown Solicitor's Office.
- (2) I refute any suggestion that I have not complied with Ministerial Condition 13.1.
- (3) Not applicable.
- (4) Yes.
- (5) A determination regarding Ministerial Condition 13.1 was made on 13 January 1999. [See paper No 603.]

**GOVERNMENT DEPARTMENTS AND AGENCIES, LAND SALES IN EXCESS OF \$500 000**

533. Hon TOM STEPHENS to the Leader of the House representing the Minister for Small Business:

Can the Minister for Small Business provide the following details of land sales in -

- (a) rural and metropolitan; and
- (b) commercial and residential,

undertaken by departments and agencies in the Minister's portfolio areas, since September 1, 1998, which had a sale value of \$500 000 or more -

- (i) name and location of the land sold;
- (ii) date sold;
- (iii) nature of sale and name of buyer;
- (iv) the names of any non-Government agents involved in the sale;
- (v) proceeds received from the sale;
- (vi) associated revenue from the sale, such as stamp duty; and
- (vii) any associated costs incurred in the sale process?

Hon N.F. MOORE replied:

- (a)-(b) Nil.
- (i)-(vii) Not applicable.

**14 QUEEN STREET, CLAREMONT**

917. Hon RAY HALLIGAN to the Minister for Transport representing the Minister for Local Government:

I refer to the proposed two storey additions/alterations to the existing dwelling at 14 Queen Street, Claremont and ask -

- (1) Does the proposal comply with all the requirements of the Residential Planning Codes and other relevant legislation?
- (2) Does the proposed Design and Construction comply with Clause 76(2)(a) of the Town of Claremont's Development Services Committee Scheme No. 3?
- (3) Did the Town of Claremont Development Services Committee advise the Council that the appearance of the proposed additions were considered to have the potential to cause a detrimental effect on the locality?
- (4) If so, on which date?

- (5) Does the proposed development comply with the Town of Claremont's Development Services Committee Scheme conditions in respect of -
  - (a) protection of townscape;
  - (b) preservation of historic buildings, objects and places; and
  - (c) protection of vegetation?
- (6) Does the proposal meet with the agreement or general approval of neighbours and the surrounding ratepayers?
- (7) If not, for what reasons?
- (8) How many written or other objections have been received from the Town of Claremont ratepayers?
- (9) Has the existing dwellings been identified and placed on the Town of Claremont Heritage Register for its character and representation of dwelling previously prevalent in Caxton Road?
- (10) Is Mr Ronald Bodycoat, an architect, employed as a consultant on heritage and other matters by the Town of Claremont?
- (11) Is Mr Ronald Bodycoat a member of the Town of Claremont Heritage Advisory Committee?
- (12) Did Mr Bodycoat write to the Town of Claremont on September 30 1999, expressing the opinion that the proposed development is excessive in the context of the existing house and environment of the street?
- (13) On which dates did the Development Services Committee meet and consider the proposed development at 14 Queen Street, Claremont?
- (14) Which Councillors are members of the Development Services Committee?
- (15) Who attended the meetings when this matter was considered?
- (16) Who voted on the matter?
- (17) What is a Quorum for the Development Services Committee?
- (18) Did any person in attendance declare any interest in the proposed development at 14 Queen Street, Claremont?
- (19) Has Cr Hatchett carried out or assisted with any construction work at 14 Queen Street, Claremont?
- (20) If so, which work and when?
- (21) Who are the members of the Heritage Advisory Committee?
- (22) On what date did the Heritage Advisory Committee meet to consider this development application and who was present?
- (23) Did any member of the Heritage Advisory Committee declare an interest in the development application at the meeting of the Heritage Advisory Committee which considered this matter?
- (24) What recommendations in respect of this development application did the Heritage Advisory Committee make to the Council?
- (25) What recommendations in respect of this development application did the Development Services Committee make to the Council?
- (26) Is Cr Dick Hatchett related to any of the applicants of the proposed development at 14 Queen Street, Claremont?
- (27) On which occasions did Cr Hatchett vote on this matter?
- (28) Having declared that he is related to the applicant of the proposed development at 14 Queen Street, Claremont, did Cr Hatchett seek to influence any staff, consultants or Councillors on the merits of the development?
- (29) Has the Town of Claremont sought legal advice on the apparent bias in respect of the involvement of Cr Hatchett in the decision making process involving the proposed development at 14 Queen Street, Claremont?
- (30) What is the current status of the application?
- (31) Did Cr Hatchett move a motion at the Town of Claremont meeting held on October 26 1999, that the Ministry for Planning be advised that the Town of Claremont believes that the following issues must be addressed in the review of the Residential Planning Codes -
  - (a) the new codes must acknowledge the existence of historic precincts and special provisions should be included to ensure new development does not compromise existing heritage;
  - (b) the existing Codes have no regard for the streetscape; there should be provision to prevent garages from dominating the streetscape; and
  - (c) the existing codes do not fully address these issues; performance criteria should be included to identify specific areas on adjoining properties that should not be overlooked and the areas that should not be overshadowed?

Hon M.J. CRIDDLE replied:

The following response has been supplied by the Town of Claremont.

- (1) Yes.
- (2) No, note that Clause 76 (2)(a) is very subjective.
- (3) No.
- (4) Not applicable.
- (5)
  - (a) No.
  - (b) Not applicable.
  - (c) No.
- (6) No.
- (7) Loss of amenity, overlooking, overshadowing and non-compatibility of construction.
- (8) Four.
- (9) Yes - significant place.
- (10)-(12) Yes.
- (13) 18 October 1999.
- (14) Cr Hatchett (Presiding Member), Mayor P Olson, Cr Edwards and Cr Balfe.
- (15)-(16) Crs Hatchett and Edwards.
- (17) Two members.
- (18) Cr Hatchett declared that he had no financial interest, but he is related to one of the applicants.
- (19)-(20) Not to Administration's knowledge.
- (21) Cr A Lorenz (Presiding Member), Mayor P Olson, Mrs H Grauaug, Mr R Bodycoat, Mr D Free, Mrs J Paish, and a representative of the Claremont Museum.
- (22) 12 October 1999.
- (23) Cr Hatchett declared that he had no financial interest, but he is related to one of the applicants.
- (24) That it be recommended that the Development Services Committee defer consideration of the application to construct additions to the dwelling at 14 Queen Street and the applicant be encouraged to consult with the Heritage Consultant and planning staff to discuss relatively minor adjustments to the design.
- (25) That PD Smallbone be granted planning approval to construct two storey additions/alterations to the existing dwelling at Lot 15A & Part Lots 16, 17 & 18, No. 14 Queen Street in accordance with the submitted drawings dated 30 September 1999 (Planning Application No. 311) subject to:
  - (a) Engineer designed masonry walls being provided wherever soil levels are altered at or adjacent to a site boundary;
  - (b) All required retaining walls being provided within fourteen days of the earthworks that necessitate their installation;
  - (c) All storm water being retained on the site;
  - (d) Paving and drainage being to Council's specifications;
  - (e) No work being allowed, permitted or suffered to be carried out:
    - (i) before 7.00am or after 6.00pm Monday to Saturday inclusive; or
    - (ii) on a Sunday or on a public holiday;
  - (f) A minimum of three mature trees being planted in the rear setback area. These trees shall be a minimum of 2.4m in height and shall be planted prior to occupation of the dwelling and shall be maintained in a healthy condition at all times. Should any of these trees die, they shall be replaced within 30 days by trees of a similar height and trunk diameter;
  - (g) Roof sheeting to match the existing in terms of colour, materials and profile;
  - (h) Glazed door and 'juliet balcony' on the eastern wall of bedroom 4 to be deleted and the window to bedroom 4 to be placed in the northern wall;
  - (i) Existing fibro/galvanised shed to be removed;

- (j) Airconditioning, pool equipment and other plant to be located and operated at a level where noise does not adversely affect the adjoining owners;
- (k) The external face of the parapet wall to be finished in the same manner, that is rendered and painted to the same standard as the remainder of the brick walls on the building.
- (26) The applicant is married to Cr Hatchett's niece.
- (27) At the Development Services Committee and at the ordinary meeting of Council held on 26 October 1999.
- (28) Not to Administration's knowledge.
- (29) No.
- (30) It has been deferred to the November meeting of Council.
- (31) Yes.

#### LAND CLEARING

950. Hon MARK NEVILL to the Minister for Transport representing the Minister for Primary Industry:

With respect to the answers given to question on notice 344 1(a) and 1(b) asked on August 19 1999 -

- (1) What area of native vegetation in each case has been cleared and on what date was it cleared?
- (2) Were applications made to clear the vegetation in each case?
- (3) What was the broad type of vegetation cleared in each case?
- (4) Who approved the applications to clear native vegetation?
- (5) What was the reason for the vegetation in each case being cleared?
- (6) What crop was re-established on the areas cleared in each case?
- (7) Were there any species of plant on the endangered list in the areas cleared in each case?

Hon M.J. CRIDDLE replied:

- (1)-(7) The majority of the land was cleared prior to the turn of the Century for the purpose of practising agriculture. None of the land was cleared by me.

#### PEARL BAY RESORT DEVELOPMENTS

1068. Hon Tom Stephens to the Minister for Finance representing the Minister for Lands:

I refer to the telephone calls made to the Minister for Lands' Office by the Chairman of Pearl Bay Resort Developments (PBRD) in April and July this year and ask -

- (1) Who are the Chairman and the Principal Lands Officer of PBRD?
- (2) Why was contact made directly with the Minister for Lands office?
- (3) Is it usual for tenderers for Government projects to directly contact the Minister for Lands' office?
- (4) If not, what steps did the Minister take to inform the tenderer to work through LandCorp?
- (5) Did the other tenderer for the development contact the Minister for Lands' office?

Hon MAX EVANS replied:

- (1) The Chairman of PBRD is Mr Barry MacKinnon. There is no such position as the Principal Lands Officer with the PBRD.
- (2) Ascertaining the progress of the project.
- (3) Enquiries relating to the status of projects are not uncommon.
- (4) Not applicable.
- (5) There is no recollection of the other tenderer contacting the Office of the Minister for Lands.

#### PEARL BAY RESORT DEVELOPMENTS, FINANCIAL CHECK

1069. Hon Tom Stephens to the Minister for Finance representing the Minister for Lands:

I refer to the financial check carried out for the Government by Dunn and Bradstreet on Pearl Bay Resort Developments in January 1999 and ask -

- (1) Apart from revealing the organisation details about the company (directors, shareholders etc), what other aspects of the company's financial background were revealed?

- (2) Did this check indicate that the company had the capacity to carry out a project of this size?
- (3) Will the Minister for Lands table the financial background review that was carried out?
- (4) If not, why not?

Hon MAX EVANS replied:

- (1) Dunn & Bradstreet reported on the following company aspects:  
 Overview Summary of Company Structure  
 Executive Search on Directors  
 Evaluate Shareholdings  
 Report any adverse information on the Company  
 Summary  
 Identify the Risk  
 Analyse the Risk  
 Assess and Prioritise the Risk.
- (2) Dunn & Bradstreet recommend both proponents provide capacity information.
- (3) No.
- (4) The Dunn & Bradstreet Report covered Pearl Bay Resort Developments Pty Ltd and W R Carpenter Properties. Both companies should give their approval for the information to be tabled. Neither company has sighted the Dunn & Bradstreet Report.

### QUESTIONS WITHOUT NOTICE

#### BELL GROUP LIQUIDATION LEGAL COSTS

##### **755. Hon N.D. GRIFFITHS to the Minister for Finance:**

I refer to the corporate recovery action by the liquidator of Bell Group being funded by the Insurance Commission of Western Australia.

- (1) Has the minister sought from the commission the reasons for the blow-out in costs to more than \$40m from an estimate of between \$1m and \$2m; for the current funding arrangements and what those arrangements are; and for the terms of placement of the insurance limiting disclosure of the identity of the insurer?
- (2) If so, what are they?
- (3) If not, why not?

**Hon MAX EVANS replied:**

- (1)-(3) There is no blow-out of \$40m on the estimated cost of \$1m to \$2m. The original estimate was there, and the thing has gone on because it is a very big claim against banks, and as I said in an answer to a question last week, they wanted to defer it for as long as they could. There is a lot of evidence. We are suing for a few hundred million dollars, and they do not want to give up the money. Since it happened they have more than earned in interest what has been claimed. I am well aware of what the costs were, and they have been contributing towards that, as other creditors have been contributing to the liquidator's costs to fight this action. We are not the only ones on that. The current funding arrangements are that the liquidator is fighting this action, and it sought to take insurance cover for this sort of thing. The insurance company is one of the largest in the world, and that would seem a very prudent way to do it, and obviously when the insurance companies or their representatives inspected it, they thought it was a good insurance risk, and they are fully covered on that for future costs and must think it is quite a good idea. As I have said previously, we are not in a position to tell the Opposition the identity of the insurers at this stage. They have a AAA rating. We are not in the business of trying to destroy the case of the liquidator against the banks. The Opposition, as I said yesterday, might want to do that, because it would not want the matter to go to court and because it might show up all the things it did in that deal. I will not repeat all that today. Members can read the *Hansard* from yesterday.

#### GOODS AND SERVICES TAX, ADMINISTRATION COSTS

##### **756. Hon N.D. GRIFFITHS to the minister representing the Treasurer:**

In the light of recent disclosures that the impact on prices of the GST will be greater than that stated by the Federal Government in the last election campaign, has the \$81.2m estimate of GST administration costs for the State Government for 2000-01 been adjusted? If so, what is the adjusted figure; and if not, why not?

**Hon MAX EVANS replied:**

I thank the member for some notice of the question. The cost of administration of GST by the Australian Taxation Office was revised after the federal election following negotiations with the Australian Democrats in the Senate. As a consequence of these changes, Western Australia's share of the ATO costs is \$81.2m in 2000-01, falling to \$35.9m in 2001-02, as



previously advised by the Premier on 13 October 1999. It should also be noted that if the cost of administration is revised, the guarantee payment will change by a corresponding amount. The Commonwealth has guaranteed that no state budget will be worse off compared with a continuation of current taxation arrangements.

Hon Bob Thomas: If you believe that, you believe in fairies!

Hon MAX EVANS: Is that another question, Mr President?

Hon N.D. Griffiths: No, we know you believe in fairies; just get on and give the answer.

Hon MAX EVANS: The State will therefore not be exposed to those costs. The Opposition must realise that, unlike the previous Government, which never budgeted like this but went from one day to the next, we have had four-year budgets on revenue and expenditure since 1994. That is more than the other States have done. We have implemented those budgets and we guarantee that, with the goods and services tax replacing other taxes, we will reach those figures and the State will not be worse off. There is no worry about that as we have done it in a very businesslike manner. The Opposition, when in government, could not have done that as it did not have four-year budgets.

#### PLANT VARIETIES RIGHTS LEGISLATION

##### **757. Hon KIM CHANCE to the minister representing the Minister for Primary Industry:**

- (1) Is the Government committed to the spirit of the State Trading Concerns Act 1999 and to the commercialisation of intellectual property assets, including property rights, under plant variety rights legislation?
- (2) If so, will the minister explain to the House why the State Government has intervened in the High Court of Australia in support of a Western Australian agency's challenge to the validity of the Commonwealth's plant varieties legislation?
- (3) How does the Government reconcile those conflicting positions concerning intellectual property rights?
- (4) What estimate has been made of the potential cost of the High Court challenge to WA taxpayers?

##### **Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question. The minister has requested that the question be put on notice.

#### KWINANA MOTOR SPORTS COMPLEX, WESTERN AUSTRALIAN PLANNING COMMISSION

##### **758. Hon J.A. SCOTT to the Attorney General:**

I refer to a discrepancy between two answers given by the Attorney General in the past two sitting days relating to the Kwinana motor sports complex. On 8 December 1999 the Attorney General, representing the Minister for Planning, stated -

The Minister for Planning, through the Western Australian Planning Commission, had responsibility for locating a suitable site for the motor sports complex. The minister is also responsible to Cabinet for the International Motorsports Implementation Committee.

However, on 14 December the Attorney General stated -

The Western Australian Planning Commission had no role in selecting the site for the motorsports facility.

Will the minister explain to the House which answer is correct and on which answer he has misled the House?

The PRESIDENT: I can call the Attorney General; however, he is representing the Minister for Planning when he gives an answer. I will call the Attorney General as he may wish to say something else. However, the questions raised relate to a matter raised with the Minister for Planning.

##### **Hon PETER FOSS replied:**

Had the member pointed out a discrepancy, I would have asked that the question be put on notice so that I could check with the person who provided the information. However, the member's question has not pointed out a discrepancy. I do not believe therefore that there is a need even to put it on notice.

#### KIRUP PRIMARY SCHOOL, CLOSURE

##### **759. Hon J.A. COWDELL to the Leader of the House representing the Minister for Education:**

- (1) Is the minister aware of plans to close the Kirup Primary School?
- (2) Will the minister advise of the timetable for this closure?
- (3) How many students will be affected by the closure?
- (4) Which school or schools will take Kirup students and how many students will go to each?
- (5) What measures will be taken at these schools to accommodate these students and what will be the cost of relocation?

##### **Hon N.F. MOORE replied:**

I thank the member for some notice of this question.

- (1) There are no plans to close Kirup Primary School. This message was relayed to the school community by senior officers of the Education Department at a public meeting earlier last week.
- (2)-(5) Not applicable.

## ALBANY POWER SUPPLY BACKUP

**760. Hon MURIEL PATTERSON to the Leader of the House representing the Minister for Energy:**

Will the minister provide details of the backup systems that exist in Albany and surrounding areas should the primary power supply facility fail?

**Hon N.F. MOORE replied:**

I thank the member for some notice of this question. Albany is supplied with power by a dual transmission line that runs from Muja to Kojonup and then to Albany. Power is then distributed via a substation in Albany. In effect, the transmission line provides its own backup through the redundancy of the dual lines. One line will back up should the other fail.

## GOVERNMENT SCHOOLS, POSSIBLE CLOSURE

**761. Hon NORM KELLY to the Leader of the House representing the Minister for Education:**

Some notice of this question has been given. The question is in the name of Hon Helen Hodgson.

- (1) Has the Education Department identified any government primary or secondary schools for possible closure in 2000 or 2001 under its local area planning process?
- (2) If so, which schools have been identified?
- (3) Has the proposal for their closure been advertised?

**Hon N.F. MOORE replied:**

I thank the member for some notice of this question.

- (1)-(3) As previously announced, Scarborough Senior High School will close at the end of 1999, and Kewdale and Belmont Senior High Schools will amalgamate on the Belmont site to form Belmont City College from 2000. Swanbourne and Hollywood Senior High Schools will close at the end of 2000, and the students will attend the new Shenton College from 2001. Cannington Senior High School will also close at the end of 2000, to be replaced by Cannington Community College for years 8 to 10, and Sevenoaks Senior College for years 11 and 12. Karragullen Primary School will close at the end of this week and the students will attend neighbouring schools for 2000. The Karragullen school community, through the district director, principal and parents and citizens association has been consulted throughout the local area education planning process, and have been advised of the decision today.

## METROBUS, REDUNDANCY PAYMENTS

**762. Hon JOHN HALDEN to the Minister for Transport:**

- (1) What is the total cost to 30 November of MetroBus' redeployment payments, redundancy payments, transfer payments and training outplacement costs?
- (2) What is the estimated cost of the latest redundancy offer of four weeks' pay for each year of service?

**Hon M.J. CRIDDLE replied:**

I thank the member for some notice of this question.

- (1) Gathering the information to answer this question will take some time, so I ask the member to put it on notice.
- (2) The cost will be approximately \$7.5m, depending on the number of people taking up the offer.

## PETRELIS, MR ANDREW, DEATH

**763. Hon GIZ WATSON to the Attorney General:**

In respect of allaying public disquiet and suspicion about the death of protected witness Andrew Petrelis -

- (1) Will the Attorney General table a copy of the reply the Director of Public Prosecutions sent in response to the 3 July 1997 letter from Hon Reg Davies, a former member of this place?
- (2) Will the Attorney General let me know what action the DPP took in response to Mr Davies' letter?
- (3) Will the Attorney General call a judicial inquiry to investigate the circumstances of the death of Andrew Petrelis?

**Hon PETER FOSS replied:**

I thank the member for some notice of this question.

- (1) Yes. I seek leave to table two letters dated 8 July 1996 and 14 January 1997. [See paper No 602.]
- (2) On 8 July 1996, the DPP provided a copy of Mr Davies' letter dated 3 July 1996 to the Assistant Commissioner

(Professional Standards) of the Western Australia Police Service and asked for information connected with the matter. The DPP was advised by the assistant commissioner that investigations were continuing, but asked to keep the details of it confidential. The DPP received a confidential report on the results of the investigations by letter dated 19 August 1997, by which time Hon Reg Davies was no longer a member of Parliament.

(3) No.

#### ALINTAGAS SALE, JOHN DAVIS ADVERTISING PTY LTD PROMOTION CONTRACT

#### **764. Hon LJILJANNA RAVLICH to the Leader of the House representing of Minister for Energy:**

I refer to the contract with John Davis Advertising Pty Ltd for the promotion of the AlintaGas sale, and ask -

- (1) In view of the comments of the Minister for Works that the Government has tabled and publishes all its contracts on the Internet, will the minister table the contract or advise at which Internet site it can be viewed in its entirety?
- (2) Will the minister table what advertising media will be used, including a breakdown of amounts allocated for each medium, and, if not, why not?
- (3) If any script or text has been determined for the advertising, will the minister table it, and, if not, why not?
- (4) Will the minister table details of the total costs of the proposed AlintaGas sale to date, excluding advertising but including a breakdown of all advisers and consultants used and the amounts paid, and, if not, why not?

#### **Hon N.F. MOORE replied:**

I thank the member for some notice of this question.

- (1) Contract negotiations between the AlintaGas sales steering committee and John Davis Advertising Pty Ltd are not yet complete and thus at present no contract exists.
- (2)-(3) Planning for sale advertising is as yet not complete and therefore no further comment can be made at this time on this matter.
- (4) The ASSC has incurred no cost thus far relating to advertising or advertisers and/or related consultants.

#### BHP, SULFATE-ENRICHED PLUME

#### **765. Hon CHRISTINE SHARP to the minister representing the Minister for the Environment:**

- (1) At what date did monitoring conducted by BHP first detect the sulfate-enriched plume now moving from the Beenup trial mine areas towards the Scott River?
- (2) What is the maximum distance from the trial mine site at which the plume has been detected?
- (3) When was the detection of the sulfate-enriched plume reported to the relevant authorities?

#### **Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1) BHP has advised that elevated sulfate levels were detected by BHP in January 1997 in a set of monitoring bores commissioned at that time.
- (2) The sulfate plume has been detected in monitoring bores within 100 metres from the trial mine areas.
- (3) The Department of Environmental Protection was made aware of acidic conditions in the trial mining area, which had the potential to elevate sulfate levels in 1996 and this was considered in the Environmental Protection Authority's section 46 assessment of the mining area extension. The acidic conditions were not regarded as posing an imminent threat of pollution to the surrounding environment, and were to be subject to remediation within a few years by mining again the trial mine areas. Following BHP's decision to close the mine, specific details of the sulfate plume were reported to the Department of Environmental Protection and the public as a matter of information in the rehabilitation plan submitted by BHP in August 1999. As reported in the rehabilitation plan, preliminary modelling of the plume indicates that it would take approximately 80 years before the peak sulfate levels associated with the plume would reach the Scott River. As part of the rehabilitation plan, BHP has given an undertaking to carry out additional remediation of the plume if unacceptable impacts are predicted by modelling.

#### FARMING AND FISHING INDUSTRIES, CONTRACT AND CASUAL EMPLOYMENT

#### **766. Hon B.K. DONALDSON to the Attorney General representing Minister for Labour Relations:**

With the increasing use by farmers and fishermen - maybe fisher persons or fishers of casual and contract employment to employ seasonal workers, what efforts have the department made to ensure that employers in these industries are aware of the range of different employment contracts available to them and the legal responsibilities these incur?

#### **Hon PETER FOSS replied:**

I thank the member for some notice of this question.

The Department of Productivity and Labour Relations has offices located in the north west, mid west, eastern goldfields, south west and great southern regions. Regional workplace officers located in the regions provide advice to employers on their rights, obligations and choices in regard to the employment of staff. Regional employers receive priority access to the department's wageline telephone inquiry service to address any query they may have on employment conditions. The department produces a range of publications for small business which include material on casual employment and contract arrangements. Information is also available on the department's Internet site.

#### PYRTON PRISON PROPOSAL

**767. Hon N.D. GRIFFITHS to the Minister for Justice:**

- (1) Is the minister aware that each Wednesday a protest meeting is held adjacent to the Pyrtton site?
- (2) Since answering a parliamentary question in September on the Pyrtton issue, what steps has the minister taken to inform himself of the depth of opposition to the Pyrtton prison proposal?
- (3) Is the minister still intending to proceed with the Pyrtton prison proposal; and, if so, what is the current timetable?

**Hon PETER FOSS replied:**

- (1)-(3) The depth of feeling varies considerably depending on the various interests of the people involved. I intend to address those people's concerns because I am concerned to ensure that the position of women prisoners is recognised. I have received some correspondence from people who say that a women's minimum security prison should not be anywhere in the metropolitan area.

I take that view as being quite unreasonable and unacceptable. I must make sure that those people who expressed that sentiment understand how the position of women prisoners is totally different from that of men and how it is vitally important that minimum security women prisoners are in the metropolitan area, close to their families and their family responsibilities. Although I understand that this attitude is strongly held by some people, I believe that, properly addressed, people will understand it. I say that with some confidence because the view that people have taken about work camps is quite encouraging; people see the need for the community to take responsibility in rehabilitation. Hon Kim Chance can probably tell members that when we announced the work camps in Merredin, *The Mercury* stated that it was a "win, win, win" for the wheatbelt. It is possible for the community to change its views on the rehabilitation of prisoners and the involvement of the community.

Hon Norm Kelly: You should at least have an alternative prepared.

The PRESIDENT: Hon Norm Kelly should not spoil it as that would be his second question.

Hon PETER FOSS: In addition to the site's high suitability for the imprisonment of minimum security women prisoners, it also has the considerable advantage to taxpayers in general that it is virtually ready-made and requires a small expenditure of taxpayers' money in order to use it. Apart from its high suitability and the need for women to have an appropriate equity, it also has a significant tax advantage. Governments have an obligation to explain this point. I have put in place a process to determine whether we can deal with people's concerns and satisfy them that women prisoners and their families are not terrible monsters. I deprecate the efforts of those people who have been spreading scare campaigns and explaining what women prisoners are like and the terrible problems that their visitors will cause. There are also Aboriginal issues and that is being dealt with by the Aboriginal cultural material committee. I have asked for a revised program, which is being prepared by the Ministry of Justice, to take into account some of these delays. I hope shortly, depending upon certain approvals - because a number of approvals are still required - to work out when we will commence using the prison. I hope I have support from members on both sides of this House, particularly from women members, for the use of Pyrtton, because they will understand how important it is that we open that prison.

#### HOME AND COMMUNITY CARE AGENCIES, GST

**768. Hon CHERYL DAVENPORT to the minister representing the Minister for Health:**

In order for non-government, not-for-profit home and community care agencies which receive grants totalling more than \$100 000 per annum to comply with the federal goods and services tax requirements -

- (1) Will the Government increase grants by 10 per cent?
- (2) If not, why not?

**Hon MAX EVANS replied:**

I thank the member for some notice of this question.

- (1)-(2) No decision has been made. The Health Department of Western Australia is awaiting clarification on the exemption from the Australian Taxation Office for home and community care agencies regarding GST requirements.

#### COUNCILLOR EION MARTIN, PLANNING APPEAL

**769. Hon E.R.J. DERMER to the Attorney General representing the Minister for Planning:**

- (1) On what day did Councillor Eion Martin of the City of Stirling lodge his appeal with the Minister for Planning over the council's rejection of his rezoning application?

- (2) Has the Minister for Planning met with Councillor Martin since that appeal was lodged?
- (3) In view of public concern over the inappropriate timing of the community forum set up to receive public comment on the issue, will the Minister for Planning reschedule this forum until after the new year?

**Hon PETER FOSS replied:**

- (1) The appeal before the minister is not against the rezoning application, but against the rejection of a development application by the City of Stirling for a retirement-aged persons village. The appeal was lodged on 23 August 1999.
- (2) No, not on this issue. The minister has seen him on official occasions, such as the opening of the Ellen Stirling Boulevard, along with other councillors, the mayor and other official guests. The minister makes a point of not meeting with appellants or respondents to appeals, to preserve his position of neutrality.
- (3) The community forum convened for 16 December 1999 has been rescheduled for 7.30 pm on 19 January 2000 at the Karrinyup Community Centre. Participants have been advised.

SOFTCOPY DIGITAL MAPPING, MONGOLIAN GOVERNMENT

**770. Hon TOM HELM to the Minister for Mines:**

I refer to the comments of a senior Department of Minerals and Energy officer with regard to the 1997 Mongolian adventures of the Premier's former chief adviser Jack Gilleece: "Do we want to involve Soft Copy DM as an intermediary (I'll bet they would love to get a commercial advantage out of this): They cannot become the defacto agent for Tengraph without going to tender."

- (1) Given this warning, why was the Director of SoftCopy Digital Mapping given a prominent role in the visits of Mongolian officers to DOME in February 1998, and DOME officers to Mongolia in June 1998?
- (2) Why did the minister write to the Mongolian Government in January 1998 offering the hospitality of his department and referring to Mr McGay's role in the Mongolian visit?

**Hon N.F. MOORE replied:**

- (1)-(2) As far as the Department of Minerals and Energy is concerned, the Mongolian Government expressed an interest in the Tengraph system which operates in Western Australia. For the benefit of members, this system enables the various mining tenements in Western Australia to be brought up on a computer screen. It uses the Internet as a vehicle for relaying information. Anyone in Western Australia can bring up on his or her computer screen any tenement which exists in any part -

Hon Tom Helm: We know what it is.

Hon N.F. MOORE: Some members do not know; the member should wait a second so I can tell those members about the system. Anyone can find vacant land and determine which titles and tenements are over areas of land. Many countries would like to have this system. My view as minister is that we should assist third world countries through the provision of this technology if it will assist their industries to develop.

Hon Tom Helm: Should the Premier's adviser do that?

Hon N.F. MOORE: I am answering the question.

Hon Tom Helm: Read the question.

The PRESIDENT: Order! Let the minister answer the question.

Hon N.F. MOORE: The Mongolian Government expressed an interest in this system. My memory is that the Mongolian Government sent a senior officer to Western Australia who had discussions with a number of agencies, including the Department for Minerals and Energy. Mr McGay is a Western Australian surveyor from Kalgoorlie who has been doing a lot of work in Mongolia for a number of years. In the course of his work he has come into contact with officers of the Mongolian Government. He expressed the view to those officers that Tengraph is a world-class system and would be good for Mongolia, and he encouraged them to try to acquire it from Western Australia. Mr Gilleece, who I understand also visited Mongolia on a number of occasions, had a similar view: "Let us see whether we can facilitate the provision of Tengraph from WA into Mongolia." That is all that happened.

Hon Tom Helm: It had nothing to do with McGay being a candidate for Kalgoorlie.

Hon N.F. MOORE: He was not a candidate - his wife was. Frankly, I do not know for whom he votes; the member might ask him some time. His wife was a candidate and was also deputy mayor. She is a well-respected citizen of Kalgoorlie, so the member should not cast aspersions about her.

Hon Tom Helm: Never. I'm not doing that.

Hon N.F. MOORE: That is not the member's style.

If my memory serves me rightly, the department did a review of what Tengraph would mean for Mongolia and came up with the view that that really was not appropriate for the level of the sophistication of the Mongolian mining tenement system.

The department prepared a report which was provided, as I understand it, to the Mongolian Government and nothing has happened since. The only involvement of Mr Gilleece and Mr McGay, as I understand it, was to try to facilitate assistance to the Mongolian Government. I would have thought members opposite would applaud that. Similarly, when I have met with ministers from Tanzania, Zambia and a number of other African countries who want assistance in respect of their mining industry, I have always said to them, "We are here to help." If we can give countries in other parts of the world that have a very low standard of living some serious economic grunt through their minerals industry, we do a whole lot for the citizens of those countries. I am quite happy for the Western Australian Government to make its expertise available at minimal or no cost if that is going to help.

Hon Kim Chance: We all are, minister.

The President: Order! I have some other questions that need to be asked in a minute.

Hon N.F. MOORE: I have not looked at what was tabled yesterday so I do not know what the member is talking about in respect of this matter. The member has quoted from tabled documents and I do not know whether they are accurate. He said, "I bet they would love to get a commercial advantage out of this." Perhaps they would. There was never any intention on the part of the Government to give Mr McGay, Mr Gilleece or anybody else a commercial advantage. It was the intention of the Department of Minerals and Energy to try to facilitate Tengraph going to Mongolia.

Hon Tom Helm: Of course!

Hon N.F. MOORE: It was. No proposal was made to the Government by Mr McGay or Mr Gilleece that they should become anything other than a vehicle for getting the message across to the State Government that they wanted this to happen in Mongolia. I do not know how many times this has to be told to the member, but he has an unfortunate mind that seems to infer the worst in everybody.

Hon Ljiljanna Ravlich: Unlike your good self.

Hon N.F. MOORE: Mr McGay is a fine, upstanding Western Australian citizen; a person for whom I have a lot of respect. His wife happened to be a Liberal Party candidate. She is also the deputy mayor of Kalgoorlie-Boulder, and is also a highly respected citizen. The member suggested that because Mr McGay's wife is a Liberal Party candidate, somehow or other he was getting a special deal in respect of Tengraph. There was never any intention that anybody would get any benefit out of the provision of Tengraph to Mongolia or to anybody else. Whether they had that in mind is beside the point. Why did I write to the Mongolian Government offering the hospitality of this department? Why would I not do so? I do not know what I said in relation to Mr McGay's role, but it would have been that Mr McGay is a well-respected Western Australian citizen on whom they could rely to tell them about the Western Australian mining industry. He comes from Kalgoorlie and knows a lot more about Kalgoorlie than the member will ever know. He is the sort of person whom I am quite happy to recommend as a good Western Australian citizen who knows what he is talking about, which is different from the member who asked the question.

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