

Hansard of 14 June 2000

Attachment 1

Justice claims that a 50-bed stand-alone institution would cost twice that amount. It went on to say that it would cost twice that amount, notwithstanding the fact that it is constructing a minimum security facility, not a maximum security facility. These alleged costs bear investigation. When one examines them, one sees that the alleged savings are very small and nothing like that which has been purported by the Government.

The Pyrton site is very large and the prison is proposed to occupy only one portion of that. When the Government sought planning approval for the prison on this site, it was not given. The Government was told by the statutory planning committee of the Planning Commission that it needed a structure plan for the entire site. That has not been produced. To avoid producing a structure plan for the entire site, the Government has set aside the rest of the site for community purposes. While that is applauded, the Government has valued the rest of the site at \$4.5m. That was a late decision made by the Government to overcome a planning impasse. The true cost of the Pyrton prison is the cost of the open space - \$4.5m; the cost of the land on which it will be constructed - \$1.5m; and the cost of refurbishment - \$1.8m. I defy anyone to produce figures demonstrating that it would not be possible for that amount to be used to construct a new prison.

I will deal with the planning issue and the appalling way this has been dealt with by the Government. Early in the piece, I requested that the proposal to place a prison on the Pyrton site be dealt with as a major amendment to the metropolitan region scheme. That request was denied. The Planning Commission became involved to determine whether the construction of a prison on the site was appropriate. A media release issued by the Planning Commission on 29 June 1999 advised that the commission had resolved to refuse the application by the Disability Services Commission on behalf of the Ministry of Justice for the development of a minimum security prerelease facility on the Pyrton site at Eden Hill on two grounds. Those grounds were that the applicant had not dealt with the strong Aboriginal association with the land and that no overall concept plan for the site had been developed. As a result of that decision, the minister had the right to appeal, but he did not exercise that right. It was a community expectation that, whenever those two matters were addressed, a further application would be made to the Planning Commission. However, that application was never made. The Government decided not to go back through the Planning Commission process and not to seek planning approval for the site but, rather, to circumvent that by getting the Minister for Works to issue a taking order under the Town Planning and Development Act to change the zoning of that site.

The other issue concerning the original matter that was raised by the Planning Commission has not been properly addressed. It is true that the Minister for Aboriginal Affairs has approved the site under the Aboriginal Heritage Act, but that approval was based on legal advice that the committee charged with the responsibility for making recommendations to the minister had no power to consider the substantial matters that were before it with regard to that site.

The Government has totally ignored community opinion in this process. The Government has simply put on earmuffs and refused to listen to community opinion. The Government has misrepresented the community's views by trying to pretend that the community does not object to this proposal. The Government has circumvented the planning process with regard to this proposal, and it has misrepresented the costs by using them as a justification for going ahead with this proposal.

It is a mystery to me why the Minister for Justice will not listen to the community, will not provide information and will not consider viable alternatives, but obviously he has taken that view for some reason. What I am seeking with this Bill is to redress that situation by ensuring that the Governor's proclamation of a prison on the Pyrton site is revoked and the community's views are upheld.

Debate adjourned, on motion by Mr Tubby.

SELECT COMMITTEE ON THE DAMPIER TO BUNBURY NATURAL GAS PIPELINE

Establishment - Motion

DR GALLOP (Victoria Park - Leader of the Opposition) [4.23 pm]: I move -

That this House establish a select committee to inquire into and report on whether or not the State Government gave assurances or guarantees to the purchasers of the Dampier to Bunbury natural gas pipeline about the level of tariffs to be charged for the future use of the pipeline.

This issue is summarised extremely well in an article in *The Australian* headed "An Epic dispute over charges for pipeline". There is a nice play on words in that heading, but underneath those words is the fundamental reality with which we are dealing; that is, the dispute between the Government of Western Australia on the one hand and Epic Energy on the other. Of course, Epic Energy was the successful purchaser of the Dampier to Bunbury natural gas pipeline. I think the dispute is summarised very well in the article, the heading of which I referred to a moment ago. It is an article by Roger Martin. I quote -

Just two years after negotiating the biggest privatisation in the state's history, Epic Energy and the Court Government are poles apart on what guarantees were given to secure the \$2.407 billion price tag.

Epic is adamant it has an agreement with the Government for the tariff regime it is proposing for the pipeline.

It further says -

But Energy Minister Colin Barnett is equally adamant there was no agreement and Epic must take its chances with the gas-access regulator.

This is a very important issue for the people of Western Australia; it is a very important issue for the reputation of the State; and it is a very important issue in terms of any potential liability for the taxpayers of Western Australia. Our view is that the issue is so important that it requires resolution. What the Opposition says is very simple: There is Epic's view on one side, there is the Government's view on the other, and it is very important for our State that this difference be resolved. Someone is right and someone is wrong. Let us have a parliamentary committee look into this matter.

Mr Barnett: That will certainly get to the truth.

Dr GALLOP: Why will it not? Why cannot a select committee of Parliament get to the truth? Let us look at the players involved in this dispute; not only the direct players but those who are affected indirectly. By doing that we will illustrate very clearly how important this issue is. On one side is Epic Energy, the purchaser of the Dampier to Bunbury natural gas pipeline, a major corporation working in the oil and gas business throughout the world, now part and parcel of the economic fabric of Western Australia. It argues with a great deal of force that it has an understanding from the Government of Western Australia that was given to it when it purchased the pipeline. Inasmuch as we know what its thinking is on this matter, it is revealed in the submission that it has made to the gas regulator on the future price that should be charged for the transmission of gas. In its submission, which can be obtained on the Internet, it says that there is a clear government assurance on this matter. It quotes from the minister's press release when he announced that the Government would sell the pipeline, and said that many issues needed to be sorted out before the pipeline was sold and that it was not just about the sale of the pipeline itself; there were all sorts of economic issues related to it which had to be sorted out. When the pipeline is sold the Government is not just selling a pipeline, it is selling a package of proposals.

The minister in his speech in this Parliament on 16 September 1999 said -

In the sale of the Dampier-Bunbury pipeline a number of policy issues were thought out and implemented prior to the sale. From my perspective that was one of the keys to the success and the achievement of such a high price. Apart from the \$2.4b in proceeds, the sale included a reduction in transport tariffs of 18 per cent over three years.

He then talked about the widening of the easement and the extensions in the pipeline capacity that have come with the sale.

Epic said -

To summarise, our model can be said to reflect the circumstances of that purchase, that is, the purchase of the pipeline by Epic in the sense that Epic specified . . .

Here information is deleted from the submission.

In its successful bid, the Government rejected Epic's alternative bid with . . .

That information is also deleted.

The Government had recognised Epic's proposed tariff as contributing to the success of the sale and as supporting the price received.

That is what we know publicly about Epic's case. It is summarised by its view that when it paid \$2.407b, there was an understanding about what that would mean for future tariffs in Western Australia. It is certainly very aggrieved by the fact that the Government disputes that there was such an agreement.

I now turn to the Government. The minister said that there is no agreement and the future tariff will be set by the regulator who has the final say in the matter, and that is the end of it. There is no agreement, beyond the reduction of tariffs in 2000. That is a fair summary of what the minister said. He then went on to complicate his position by saying there is no agreement but he is relaxed about the submission made by Epic Energy to the gas regulator. It is incumbent upon the minister later tonight to explain precisely what he meant when he said he is relaxed about it.

The minister also said we need a solution to this disagreement. If there is no basis to the disagreement, why do we need a solution? The minister's position is puzzling. On one hand, he said there is no implicit understanding, no assurance and no guarantee but he is relaxed about the price that Epic Energy submitted to the regulator. On the other hand, he is concerned about the disagreement and urges AlintaGas to settle with Epic Energy. The minister must explain a little more comprehensively his position as, on the surface, there is a contradiction at the core of it.

Western Power and AlintaGas, which are important players in this equation, are ultimately under the ministerial guidance of the Minister for Energy, the same person who said he is relaxed about Epic Energy's submission to the regulator. What does AlintaGas say about the matter? It is frank in its views on this subject. It said -

AlintaGas public affairs manager David Sweet said Epic's submission, if approved, would have a big impact on transmission charges and was not in the spirit of competition.

"The bottom line is, it is going to cost us more money to get the same volume of gas down," he said.

AlintaGas is therefore very concerned about the price proposal submitted by Epic Energy. Western Power is also concerned. It said -

The tariff rise and new penalties would affect Western Power's gas-fired Kwinana power station and two smaller co-generation plants.

Western Power says Epic's estimates show tariffs rising to as much as \$1.30 per gigajoule within 15 years.

This is a vital issue, given that Western Power is a large consumer of gas for its gas-fired power station and may in fact upgrade its use of gas in Kwinana.

Mr Barnett: Can you elaborate on whether that is a nominal or real indication?

Dr GALLOP: I am quoting what Western Power said about this issue. The minister would agree it is very concerned about it?

Mr Barnett: Yes.

Dr GALLOP: That is all I am saying: It is concerned about it. Western Power said these tariffs will affect its ability to conduct business on behalf of the people of Western Australia, as did AlintaGas. Epic Energy is therefore saying there is an agreement; the minister is saying there is no agreement, but he would like the matter to be sorted out and he is relaxed about its submission; but the minister's two major utilities are saying they are very concerned about the submission by Epic Energy to the gas regulator. This morass of difference is creating a climate of uncertainty about Western Australia's future economic development.

Fourthly, the bidders for AlintaGas are clearly concerned about this situation. If they are to purchase AlintaGas, they must know what the price will be for the transmission of gas; currently they do not know. The Government's planned sale of AlintaGas is creating a great deal of uncertainty.

Fifthly, other potential users of the pipeline who want to use gas for industry development in Western Australia do not know what the gas transmission tariffs will be. They are obviously concerned about the difference between the Government and Epic.

Sixthly, and finally, the poor old taxpayers of Western Australia are also concerned about this matter, as Epic said it will take the matter to court if it cannot reach an understanding with the Government.

This is not an issue about opposition policy versus government policy. It is an issue about a disagreement at the heart of government in Western Australia between Epic on one side and the Government on the other, which is creating enormous uncertainty in Western Australia today.

Mr Barnett: I do not think it is.

Dr GALLOP: The minister is the only person who does not think a climate of uncertainty exists. The bidders for AlintaGas think a climate of uncertainty exists. The taxpayers of Western Australia believe that to be the case because they are told, through the newspapers, that a major economic player will take the Government to court. Western Power and AlintaGas are very concerned about the situation. The minister's actions on the matter are extremely confusing. There should not be a situation in which the minister says he is relaxed about a submission, and the two major agencies under his responsibility say that the submission has serious consequences for economic development. The problems are, first, the uncertainty in Western Australia. Potential investors in AlintaGas and potential investors in new industry do not know what the tariff will be. That uncertainty will continue for a long time if the matter goes to litigation, which is a most unsatisfactory state of affairs. Second, the Government is at loggerheads with a major economic player over a major economic issue. From what Epic Energy Pty Ltd is saying publicly, the disagreement looks almost certain to go to litigation.

Mr Barnett: Will we wager on that?

Dr GALLOP: The minister is very arrogant and self-centred in his approach to this issue. It is a serious matter. The Parliament could resolve this by saying it is a matter of difference and letting the courts determine who is right and who is wrong. However, that will do nothing about the uncertainty. Another way of resolving the issue would be for us to use the powers of this Parliament to set up a select committee to inquire into the matter. That is necessary because the bottom line is that the integrity of government in Western Australia is at stake. The minister may or may not like it; however, his position and integrity are at stake. It is an important issue. The Opposition is not prejudging the question, but noting the issue that is at stake.

Mr Bradshaw: I put my money on the minister.

Dr GALLOP: The member should feel free to put his money on the minister. Does the interjection imply that the member will vote for the Opposition's motion for a select committee to determine whether his bet is successful?

Mr Bradshaw: I doubt it.

Dr GALLOP: It does not lead to that conclusion. That indicates that the member's comment is worthless.

Mr Bloffwitch: He does not support you.

Dr GALLOP: Is the member saying that Epic Energy is lying?

Mr Bloffwitch: I am not saying anything about Epic Energy.

Dr GALLOP: I am not asking the member for Geraldton; I am asking the member who said he would back the minister. Is Epic Energy lying when it says there is an agreement?

Mr Bradshaw: I am not sure what it is saying.

Dr GALLOP: The member is not sure what Epic Energy is saying, but he will back the minister.

Mr Bradshaw: I know he is straight.

Dr GALLOP: I will tell all the bookies in Harvey to ring the member for Murray-Wellington, because he is obviously an easy touch. This matter must be resolved for the maintenance of the reputation of this State. It must be resolved for the benefit of the certainties that must exist about future economic development in Western Australia. Epic Energy is either right or wrong; the minister is either right or wrong. Does he agree that it must be one or the other?

Mr Barnett: You make your speech and I will make mine.

Dr GALLOP: Will the minister answer that in his speech?

Mr Barnett: No, you can ask me that question tomorrow.

Dr GALLOP: We are debating this today. Yesterday, the minister asked the Opposition to initiate a debate, which it has done. Will the minister answer the question? Epic Energy is either right or wrong or the minister is right or wrong. Will he answer the question?

Mr Barnett: You make your speech and I will make mine.

Dr GALLOP: That comment shows the evasiveness of the minister. No wonder there is frustration in the marketplace with the performance of this minister. There can be only one answer to the question of whether Epic Energy is right or wrong. There can be only one answer to the question of whether the minister is right or the minister is wrong. That is why we need a parliamentary inquiry into this matter. It is a discrete and clear issue and it could be dealt with very expeditiously by a parliamentary inquiry. It will not require a huge amount of time or resources. Unlike other inquiries I could mention, which this Government has set up for its own political ends, this inquiry has some importance for the future economic development of the State. We have a state of uncertainty and a potentiality for legal action, which is undermining confidence in our State. The issue must be resolved.

If the minister had the courage of his convictions, he would be happy to support the establishment of a select committee of this House. Instead, what we have from the Government is the arrogance that we see on all issues that come before it in Western Australia today. On issues such as the construction of the belltower, the approach to the finance brokers crisis and our health, police and education systems, this arrogant Government believes it is in a different class from the ordinary people and can do and say things, and make decisions for which it does not have to be held to account because it is special and different. The attitude that the minister is oozing in this Parliament, not only yesterday but also today, indicates that he has fallen into that trap. I am afraid this issue will not go away and it needs resolution. I would have thought that if the minister were confident of his position, he would have no trouble whatsoever in setting up a select committee. The numbers on that committee would obviously be in favour of his side of the House but it would get to the truth of whether assurances were given. The Opposition's view is very clear and straightforward. It requires a simple response: Yes or no. Then we can deal with the matter and sort out this difference, and the State can get on and do what it needs to do to provide new jobs and opportunities. If the Government says no to this question, all we can conclude is that it has something to hide on the issue.

MR RIPPER (Belmont - Deputy Leader of the Opposition) [4.42 pm]: The background to the motion moved by the Leader of the Opposition is the dispute between government agencies on the one hand and Epic Energy on the other about the circumstances in which Epic Energy purchased the Dampier to Bunbury natural gas pipeline. Epic Energy has stated that it purchased the pipeline and, in so doing, reached what it calls a regulatory compact with the State Government. I will quote from some of Epic Energy's comments on this matter. Paragraph 5.9 of its "Submission 4: The Regulatory Compact" states -

The Government could have structured and executed the pipeline sale process in a different way. It could have sought to lower gas transmission tariffs by reducing the emphasis it placed on achieving the highest possible sale price . . . Alternatively, it could have sought a higher price by accepting a lower reduction - or even an increase in - gas transmission tariffs.

Paragraph 5.10 states -

In the event, the Government chose to structure and execute the DBNGP sale process in a way that delivered the sale price, and the tariffs and tariff path that supported that sale price. In accepting the sale price, and the proposed tariffs and tariff path, the Government secured a particular balance between the interests of users and prospective users of the pipeline, and the wider public interest. It made a strategic decision of the type a government is elected to make on behalf of the community.

Paragraph 5.11 reads -

It is the value the Government of Western Australia placed on the pipeline that must now be used in establishing the initial capital base for the DBNGP.

The initial capital base is a very important aspect of the regulator's decision. It will affect the tariffs that this regulator and future regulators will decide on for the Dampier to Bunbury natural gas pipeline for one or two decades, or even longer. Epic Energy is saying there is a regulatory compact between this State Government and Epic Energy, arising out of the sales

process of the pipeline which bears on the decision that the regulator must make on the initial capital base and the tariffs. The key issue is this: Did the Government accept a higher price for the sale of the Dampier to Bunbury natural gas pipeline and, in return for that higher price, agree to a higher tariff future for the pipeline? The material Epic Energy has put into the public arena causes people to have grave doubts about the way in which the Government conducted the sales process.

I will quote, to the extent I can, from another of Epic Energy's submissions; in fact, from an appendix to a previous submission. It is the proposed regulatory model for the Dampier to Bunbury natural gas pipeline, dated October 1999, and reads as follows -

A direct connection between the tariff commitment and the purchase price was drawn by Epic's acknowledgment that the proposed tariffs would "provide the Buyer with an acceptable return on investment [.]".

The government's acceptance of this commitment can be inferred from the requirement that each bid specify prospective tariffs, combined with the acceptance of Epic's winning bid. The discussion of tariffs under Schedule 39 was not optional; Epic's bid would have been rejected had it failed to specify a tariff. More importantly, Epic also made a second bid.

We then come to the Government's censorship of Epic's public comments on this matter, because the sentence concludes in the following way -

[this information has been deleted. See NOTE at start of Submission]

Table 4, which is interesting, is a menu of bids offered for DBNGP, and it has two columns - bid 1 and bid 2. Underneath those columns is the following information -

[this information has been deleted. See NOTE at start of Submission]

The next paragraph reads like a Sri Lankan newspaper; it is practically impossible to understand because of the Government's censorship. It reads -

In economic terms, the bids presented a trade-off to the government between two key objectives: maximising revenues from the privatisation, and achieving lower transmission prices for consumers. By selecting the [this information has been deleted. - See NOTE at start of Submission] bid, the government effectively expressed a preference for [this information has been deleted. See NOTE at start of Submission] in revenue from the [this information has been deleted. - See NOTE at start of Submission] bid, in exchange for [this information has been deleted. See NOTE at start of Submission]. Although we understand that [this information has been deleted. See NOTE at start of Submission], Epic would not have submitted two different bids unless it believed [this information has been deleted. See NOTE at start of Submission].

That information has been deleted not because Epic Energy wanted it deleted; it has been deleted because this State Government wanted it deleted. That is made clear in the submissions by Epic Energy. I will quote from the beginning of submission 4 -

One of the four submission released by OffGAR was a submission from Epic Energy ("Epic Submission 1"), which among other things, described in some detail the process of the sale through which it acquired the DBNGP from the State of Western Australia. The version of that submission released by OffGAR is a modified version of the submission lodged with the Access Arrangement on 15 December 1999, which has not been released by OffGAR. The modifications are the deletion of certain information covered by confidentiality obligations.

Those confidentiality obligations have been imposed by the State Government, which does not want information about the pipeline price process in the public arena. The Government does not want the public to know the choices it faced or to understand any trade-offs agreed to between tariffs and the sale price for the pipeline. The State Government wants only to boast about the \$2.4b proceeds of the pipeline privatisation. If the Government had a regulatory compact with Epic Energy, the Government's account of the DBNGP privatisation has been misleading. This was the largest financial transaction in the State's history. Clearly, a trade-off occurred between the price received for the pipeline and the tariff expected for the pipeline in the future. The question arises: Did the State Government bring forward benefits to its state budget in return for allowing a long-term tax on gas consumers to be applied? Did the Government sacrifice the medium and long-term interests of this State, in economic development and employment arising from cheap energy, in return for a quick hit to the state budget?

Perhaps that is what the Government did, and perhaps that is why it will not let Epic Energy release to the public the full detail of what happened in the Dampier-Bunbury natural gas pipeline sale process. If the Government made a regulatory compact with Epic for a high tariff future for the pipeline, its decision will have a significant impact on the future economic development of the State, which depends to a large extent on the availability of cheap energy. Perhaps the Government did not reach a regulatory compact with Epic Energy. I have an open mind on the matter - I want to know the truth. I am not alleging what Epic alleges. However, I am very concerned that a significant company is at such loggerheads with the Government on this sensitive issue.

There is another way to look at this matter: If the Government reached that regulatory compact and has reneged on the compact, deserted Epic and let the regulator set a lower tariff path than Epic expected as a result of the sales process, an implication arises for the State's reputation. What large investors will feel comfortable about investing in infrastructure in

Western Australia if they have a perception that the rules of the game will change once the investment is sunk into the State? That is a significant issue. If potential investors cannot, and do not, have confidence that the State Government will keep its word, they will be reluctant to make investments in Western Australia. Epic Energy has drawn attention to this aspect. I make it clear that I am not necessarily adopting Epic's view. I quote from its submission because it raises an important argument. I have an open mind about the truth of this matter. Let us consider what Epic has said publicly about sovereign risk. A major foreign investor is prepared to place its view about sovereign risk in this State on the public record. Submission 4, the regulatory compact, reads in paragraph 6.2 -

Epic Energy is equally concerned about this aspect. In this situation the State clearly acted in a way to maximise the sale price by accepting and setting a particular environment for a tariff to apply to the asset in the future. It is not acceptable for the State or its utilities to now suggest that that should not apply and instead a lower tariff is more appropriate. For this to occur, or even the fact that a lower tariff is regulated, given the environment in which Epic Energy acquired the DBNGP and its reasonable expectations as to the tariff that would apply, has serious implications for investors' confidence in the State and the country.

That is not the Labor Party; that is not a party in opposition; that is not a green group; that is not a small residents' action group. That is a major foreign investor whose comments on these matters might be expected to receive serious consideration by other potential foreign investors.

Dr Gallop interjected.

Mr RIPPER: As the Leader of the Opposition points out, when those sorts of comments are made by a major investor in this State, the Parliament must be concerned. On the one hand, the possibility is that the Government has traded off the economic development of the State and the prices to be paid by gas consumers in return for a short-term boost to the budget. On the other hand, the possibility is that by seeking to renege on an alleged deal like that, the Government is projecting an image that Western Australia is a place in which it is risky to make an investment. These are very significant issues for the future of this State, for investment in this State and for economic development in this State. They raise the possibility of litigation. I understand from the budget papers that \$50m has been set aside for potential litigation arising out of the sales process for the Dampier to Bunbury natural gas pipeline. Those matters are dealt with in budget paper No 3, the *2000-01 Economic and Fiscal Outlook*. If I recall correctly, I understand that five possible disputes have arisen between the Government and Epic Energy that may need to be settled within that \$50m envelope. However, the litigation about which I am talking is not the litigation that is foreshadowed by that section of the budget papers. It is broader litigation arising from the dispute between Epic and the Government over the tariffs.

What happens if Epic does not accept the regulator's decision and, instead, decides to take legal action in pursuit of its view that it had a regulatory compact with the Government? In what costs would that involve the Government? What delays would there be to the tariff-setting processes? What would the damage be to the reputation of the State? Alternatively, would the Government be tempted to enter into some sort of commercial settlement to have the matter dealt with and concluded? That might, of course, involve the taxpayers in a significant payout to Epic Energy. Another question arises: In the event of that sort of legal action, could the gas access regulator's decision stand? Would his decision be legally robust in the face of that sort of legal action from Epic Energy, should that occur? I hope that does not occur. However, these are important issues, and these are some of the reasons that the Parliament and its committees should look at this issue.

The tariff decision is absolutely critical for the sale of AlintaGas. I have been told by people associated with the bidders that the tariff decision could make a difference to the value of AlintaGas of up to \$500m. A considerable responsibility is resting on the regulator. His decision on these pipeline tariffs could change the value of AlintaGas by up to \$500m; yet this Government wants to rush ahead with the privatisation, ahead of that decision of the regulator. Why would the Government insist on privatising AlintaGas in July and August when the regulator's decision is expected in September? How will the Government know what is the real value of AlintaGas, when people are saying that the tariff decision will make a difference of as much as \$500m to the value? How will the bidders work out precisely what sort of bid to make? Surely that sort of uncertainty will cause some discounting of the bids. When there is uncertainty people take less of a risk: They will lower their price. That is a matter of great concern. I cannot understand why the Government will not delay the privatisation of AlintaGas. I have made it clear that I do not agree with the privatisation. However, I cannot understand, in the light of these developments, why the Government will not delay privatisation.

This is a sorry set of issues which the Minister for Energy has brought on himself. The minister arranged the sale of the Dampier to Bunbury natural gas pipeline. He presided over the negotiations with Epic Energy. He set up the scheme for the regulation of tariffs. He decided on the privatisation and the timing of the privatisation of AlintaGas. The minister's mode of administration has him running one line and his agencies, Western Power and AlintaGas, running another line. The Opposition has offered the minister a solution to these difficulties. We have said for months now that he should release all the documents associated with the Dampier to Bunbury natural gas pipeline privatisation. Let everyone concerned - the public and the Parliament - see the asset sales agreement and all the other correspondence between Epic Energy and the Government. We can then determine the truth of this matter. Epic Energy wants that information made public, but is censored by the State Government which insists on confidentiality obligations. This Government wants to keep the confidentiality obligation even though no-one with whom it has an obligation wants that obligation kept.

The minister has rejected the Opposition's first solution, so we offer today a second solution: Let a parliamentary committee examine it. If the minister thinks it is all too sensitive to be released publicly, a parliamentary committee can hold an in-camera hearing, and look at it. The Government would have a majority on the committee; that majority could decide what

to publish and what not to publish. What has the Government to fear from a parliamentary committee knowing what happened in the Dampier to Bunbury natural gas pipeline sales process? Why can a parliamentary committee, such as the Public Accounts Committee chaired by the member for Avon, not examine the trade-off the Government made in the largest financial transaction in this State's history? If the minister has nothing to hide, let the Parliament examine what he has done with that very large financial transaction.

MR BARNETT (Cottesloe - Minister for Energy) [5.02 pm]: It may not surprise the House that the Government does not support this motion, and I will explain why that is on a number of counts. Before I do so, I shall put on the public record my views of what this motion is all about. In the first instance, it is designed to discredit me as Minister for Energy. Perhaps that is a fair political tactic. Given the editorial performance of *The West Australian* - at least in the past 12 months - the Opposition may succeed in that. However, I want to concentrate on the facts rather than opinions. Secondly, presumably, whether by intent or default, the object is to undermine the role of the independent regulator, Dr Ken Michael, who administers in Western Australia the national gas access code for sale, distribution and transmission. The most recent comments by the Deputy Leader of the Opposition challenged in this Parliament the ability of the regulator to make a decision and questioned whether his decision could be overridden. It cannot. His decision is final. The only thing that can be challenged is the process by which he arrives at the decision.

Dr Gallop: What if Epic takes you to court? What a ridiculous comment.

Mr BARNETT: The Deputy Leader of the Opposition said it. The third objective of the Opposition by taking this course of action is to promote a high cost transport option in preference to a low cost transport option. I do not know what the household and business consumers of gas in Western Australia would think of a Labor Opposition promoting a higher rather than a lower transport option. Somehow in its conclusions about submissions made by AlintaGas and Western Power, the Opposition also tried to say that it was presenting a contrary point of view to mine. By implication, the Opposition seems to be asserting that I as minister should give instructions or directions or somehow try to influence the submission that AlintaGas and Western Power make to the gas regulator.

Dr Gallop interjected.

Mr BARNETT: I should not do that. I listened to the Leader of the Opposition; he can listen to me. I have in no way sought, nor would I seek, to influence whether AlintaGas or Western Power make submissions. They are corporatised trading enterprises with their own boards effectively accountable under the Companies Code. Indeed, I did not request, nor did I even see, a copy of their submissions prior to their going to the regulator. For me to have done so would have been improper.

Dr Gallop: Nothing you have said is relevant to this issue.

Mr BARNETT: The Leader of the Opposition should sit and listen; it will be educative for him.

Dr Gallop: Nothing is relevant to this debate.

Mr BARNETT: If he does not want to listen he should go outside and let me speak.

The **ACTING SPEAKER** (Mr Masters): The Leader of the Opposition has made the same interjection five times. Twice is sufficient to get the message across. If the person on his feet chooses not to answer, he should give up.

Mr BARNETT: This motion is an attempt to discredit me as Energy minister. By pursuing a political objective the Opposition, whether by intent or not, seeks to undermine and question the independence of the independent gas regulator in Western Australia. He is a former eminent public servant in this State established as the gas regulator under statutory powers with bipartisan support. If anything, the Opposition is also promoting a higher cost rather than a lower cost transport option, which has implications for both household and business gas customers. It is also implying that in some way I as minister should influence the ability of Western Power or AlintaGas to make submissions to the regulator.

Dr Gallop: Come on!

Mr BARNETT: That is what it is all about.

Dr Gallop: It is about who is right and who is wrong. Get on with it.

Mr BARNETT: I have been speaking for four minutes. I am tempted to take a point of order on my own speech.

Dr Gallop: You are very touchy, touchy, touchy, because there is a little problem, problem, problem.

The **ACTING SPEAKER**: Order! When I took over the Chair the Leader of the Opposition was not in this House. I have no idea whether he heard what was said earlier, but I request he give the minister more than four minutes in which to put his view.

Mr BARNETT: Thank you, Mr Acting Speaker. I accept that the Opposition's attempt to discredit the minister is politics.

Dr Gallop: There is no attempt to discredit the minister.

Mr BARNETT: That is what the politics is about and I will comment on that.

In 1993 I took over the Resources Development and Energy portfolios.

Mr Thomas: We remember.

Mr BARNETT: Yes. If there is one area in this State in which the stakes are high it is the resources and energy industry. The resources sector in this State is worth about \$19 000m a year. It is an industry that attracts investment from within, mainly internationally, of anywhere from \$2 000m to \$5 000m. If ever there was an industry sector in which Governments or people, whether they be politicians or public servants, could get it wrong at a cost to the taxpayer or people or could be compromised, or in which conflicts of interest could arise, it is in this area because the stakes are very high. I have managed those portfolios to the best of my ability since 1993.

I will contrast my performance with what occurred prior to then. I will talk about WA Inc only briefly, so members opposite should not get upset. When the Burke Government first took office it recognised the significance of the resources industry sector. In those early days in government, it jumped in and did a couple of things. One of the first things it did was to extort \$50m cash out of Argyle Diamonds by allowing it to use a fly-in fly-out work force and by relieving it of an obligation to have a locally based work force. It used that money to buy Northern Mining Corporation, I think from the Bond Corporation. Northern Mining was the vehicle the Labor Government set up for the Western Australian Development Corporation and all the scandal that followed from that. Where did it all start? It all started from the approach of the Labor Party to this high-value, high-dollar, high-investment industry. The second thing the Labor Party did - one of the biggest tragedies of its period - was to go back into the resources industry and get behind a failed petrochemical project - the famous Petrochemical Industries Co Ltd project. Again the Labor Government got its little fingers into the project. People will ask why the project went wrong. The Labor Party will say it was because Connell, Dempster, Bond and people like that were involved and they were not necessarily reliable or honest people. That is the common view. Why did the State lose money over the PICL project? It was not so much because of the character of the people involved, although they had nothing to commend them. It occurred because the project did not have substance. The only reason it got as far as it did was that the Labor Party in government provided all sorts of guarantees and securities. When the project proved to be just a lot of blue sky, it cost Western Australian taxpayers \$400m because of the activities of the Labor Party in greedily getting into the resources sector.

The third example of the Labor Party getting its greedy little fingers into the resources and energy sector was over coal contracts - a big feature in the WA Inc royal commission. The Labor Government pre-paid for coal, and it was all tied in to a failed attempt to develop a 600 megawatt power station at Collie where the price and the risk to the State got up to the order of \$2.3b. Let us preface this attempt to discredit me by reminding the public - as we will do - of Northern Mining, WADC, the petrochemical project, coal contracts and the Collie power station. That was the Labor Party's decade in government.

Mr Bradshaw: What about power? You have left that out.

Mr BARNETT: That was not so directly in the resources sector, but it is true, they had resource interests.

Several members interjected.

Mr BARNETT: Mr Acting Speaker, I ask for some support here, because this motion is an attack on my credibility and I have an important speech to make.

Dr Gallop: You have a lot of colleagues here defending you!

Mr BARNETT: I do not care, I do not expect that. I have the ability and the right to defend my credibility.

The ACTING SPEAKER (Mr Masters): While the minister is referring to activities of previous Governments, the Opposition should have the ability to interject. When the minister starts to talk about the substance of this motion, I will suggest to the members opposite that they behave themselves.

Mr BARNETT: I have finished with the disastrous WA Inc period. However the one point I will make from that is that it was the greed of the Labor Government to get into this perceived wealthy large industry sector that led to such a disastrous loss of taxpayers' money, and which had such a dramatically disastrous impact on the credibility and reputation of Western Australia. That is something which the current Government has had to work extremely hard to correct.

Mr Acting Speaker, excuse me if I appear immodest, but when I took over the Energy portfolio in 1993, I dealt with a number of issues. I will not go into them in detail, but I will remind the Opposition of them.

Dr Gallop: When will the minister get on to the subject we are supposed to be debating?

Mr BARNETT: The Leader of the Opposition will have to listen to me for a little while. The first issue I dealt with was the Collie power station; that was resolved. The State was facing huge potential losses due to litigation. The Collie power station was built - to a different configuration, granted - and no legal action ensued. The project is operating today. The next project built under government mandate was the goldfields gas pipeline. That was another project the Opposition tried to criticise. The goldfields gas pipeline is operating today, and has resulted in enormous investment in lateritic nickel projects. The next project - after 30 years - for which I claim credit in getting under way was iron ore processing in the form of BHP's direct reduced iron process plant, which I acknowledge currently is having some commissioning problems.

Dr Gallop: The minister criticised us for that proposal. Is the minister now claiming that as his own?

Mr BARNETT: I actually did it. The next major project which I tackled was the renegotiation of the North West Shelf

contracts which led to energy deregulation in this State. I renegotiated contracts which had 10 years to go and perhaps \$10b worth of gas to be delivered.

The final point - there are others - was the sale of the Dampier to Bunbury natural gas pipeline for \$2 407m. I am not blowing my own trumpet -

Several members interjected.

Mr BARNETT: Members opposite have criticised me and I will defend myself.

Members should look at the size and complexity of the deals - the Collie power station, the goldfields gas pipeline, the North West Shelf renegotiation, gas deregulation and the sale of the Dampier to Bunbury natural gas pipeline. It irks the Opposition that, in sharp contrast to the 1980s, I am still standing here, I am not going to jail and there is no risk to the credibility or finances of Western Australia as a result of anything I have done. I can look anyone in the eye and say that I have not lost \$1 of taxpayers' money and I have not given \$1 of taxpayers' money to any company in this State. That is all I will say about credibility. *The West Australian* journalists will write it differently because that is their style.

Mr Marlborough: You are touchy.

Mr BARNETT: No, I am not; I simply do not like being called the things *The West Australian* calls me.

Several members interjected.

The ACTING SPEAKER (Mr Masters): Order! I ask members of the Opposition to give the minister some leeway. He is about to talk to the substance of the motion.

Mr BARNETT: Everything I have said is important because it relates to government credibility and sovereign risk, and the ability of a Government to handle major transactions of international consequence.

On 16 August 1996, as Minister for Energy I announced the first step towards the privatisation of the Dampier to Bunbury natural gas pipeline.

Mr Thomas: What percentage was that?

The ACTING SPEAKER: The member for Cockburn will come to order!

Mr Thomas: He will not answer.

The ACTING SPEAKER: The Leader of the House has the right to choose not to answer. I ask the member not to interject on the same issue or I will be forced to take harsher action.

Mr BARNETT: I set up a steering committee to look at a range of issues, including whether it would be full or part privatisation.

A second media release was issued on 7 September 1997 outlining a number of key points of the sale. Those points included a cap on tariffs being introduced and declining over the period 1998 to 2000, a state commitment to adopt an access code containing a negotiated base access, and a pricing regime that would be consistent with the national access code's becoming law in January 2000. In September 1997, the Government announced declining tariffs as part of the sale and that it would be subject to the national access code as of January 2000.

Dr Gallop: Read it again. It refers to negotiation.

Mr BARNETT: The Leader of the Opposition can have a copy and read it himself.

On 22 May 1997, I announced details and policy issues relating to the privatisation at an address to an Australian Institute of Petroleum conference. I will spare members the full speech. I do not work from written speeches, but I do have notes. When referring to transport costs, I pointed out that there would be a declining cap on transport tariffs. Tariffs would decline from the then current level - that is, \$1.26 a litre - to \$1 a litre by 2000, and thereafter the national access code would apply. Those three substantive points were made in public to 300 people on 22 May 1997. On 12 November 1997, I again made a statement outlining the number of candidates who were bidding for the pipeline and giving a progress report on the sale process.

Dr Gallop: You are still not dealing with the issue.

Mr BARNETT: I thought the access regime and declining tariffs were the substance of the motion. On 3 March 1998, the Premier and I jointly announced the sale of the Dampier to Bunbury natural gas pipeline. The press release put out on that date states -

Under the transitional access regime, tariffs will fall 20 per cent from \$1.19 (nominal) in 1998 to \$1 (nominal) in 2000. From the year 2000, the National Access Code will be adopted in WA.

Epic Energy Australia is prepared to spend \$874 million through to 2007 to double the capacity of the pipeline

From 1997 through to the sale in March 1998, there were consistent statements about declining tariffs being subject to the national access code, without any question whatsoever.

On 10 March 1998, I said in a speech to the Parliament on the sale of the Dampier to Bunbury natural gas pipeline -

Under the transition access regime, pipeline tariffs will fall by approximately 20 per cent to \$1 per gigajoule by the year 2000 and from the year 2000 the National Access Code will apply to tariffs on this pipeline.

Dr Gallop: How definitive is the national access code?

Mr BARNETT: The Leader of the Opposition should know; we passed it through this Parliament. Consistent statements have been made all the way through from 1997 about declining tariffs being subject to the national access code.

The motion states -

That this House establish a select committee to inquire into and report on whether or not the State Government gave assurances or guarantees to the purchasers of the Dampier to Bunbury natural gas pipeline about the level of tariffs to be charged for the future use of the pipeline.

The Dampier to Bunbury Pipeline Act, which was the legislation to sell the pipeline, contained a provision on guarantees and the like - and why not, given the history of the 1980s in this State - that the Auditor General shall report to the Parliament within 60 days of the completion of the sale on any obligations on, or guarantees that are given by, the State. The Auditor General reported to the Parliament on the question of obligations or guarantees, which is the subject of this motion, and he gave the sale a clean bill of health.

Mr Ripper: Did he talk about an assurance?

Mr BARNETT: He talked about obligations and guarantees. That is pretty clear. What are we on about here? There has been a consistent policy statement by this Government.

Dr Gallop: You are saying Epic is a bunch of liars. That is what we are on about.

Withdrawal of Remark

Mr BARNETT: I have never accused Epic of being a bunch of liars.

Several members interjected.

Mr BARNETT: Mr Acting Speaker, you have got to protect me.

The ACTING SPEAKER (Mr Masters): Minister, I am waiting to hear your point of order.

Mr BARNETT: I am trying to say my point of order, which I have an entitlement under standing orders to say uninterrupted. I have been impugned because the Leader of the Opposition has accused me of referring to Epic Energy as a bunch of liars. I have never and would never use such language and to use it in Parliament is totally inappropriate and I ask that he withdraw the remark.

Mr THOMAS: If the statement that has been made is incorrect, it is a point of fact, not a point of order, and it is not a breach of the standing orders and it can be corrected by the minister in his speech.

Dr GALLOP: The minister is defending his position in the Parliament today by saying there are no assurances, obligations, guarantees or commitments in respect of the future tariffs on the pipeline. Epic Energy, reported in many newspapers, is saying there is such a thing. Therefore, I asked the minister, by way of interjection, whether he was saying that Epic Energy is a bunch of liars. I think that is a perfectly legitimate question to ask.

Mr BARNETT: The Leader of the Opposition did not say that.

Dr GALLOP: What did I say? Perhaps I said something else. By implication the minister is saying that it is a bunch of liars. That is what the minister is saying. He should have the guts to get up in this Parliament and say it!

Mr JOHNSON: I heard quite clearly what the Leader of the Opposition said.

Dr Gallop: What did I say?

Mr JOHNSON: He said that the minister was basically calling you a bunch of liars.

Dr Gallop: Sit down.

Mr JOHNSON: That is what I heard.

The ACTING SPEAKER (Mr Masters): Order members!

Mr JOHNSON: It still does not alter the point of order. He impugned the Minister for Energy because the minister would not use that sort of unparliamentary language here. I suggest that the member withdraw the remark.

The ACTING SPEAKER: I have listened to the points made by the minister and other members. I refer to Standing Order No 98(2) which states that -

If the Speaker considers the words are objectionable or unparliamentary, the Speaker may order the words to be withdrawn and may require an apology.

I find the implied accusation by the Leader of the Opposition that the minister has used the term "liar" about some of the statements about Epic Energy to be objectionable. I therefore ask the Leader of the Opposition to withdraw any implication that the minister has ever called Epic Energy "a bunch of liars".

Dr GALLOP: I withdraw the implication if the Acting Speaker requests it. I might come back to the issue later and seek some clarification. I withdraw.

Debate Resumed

Mr BARNETT: I remind the House of a few details of the way in which-

Dr Gallop: Are you implying in your comments that Epic are liars?

The ACTING SPEAKER: I warn the Leader of the Opposition and from now on I am going to call members to order because I believe that the minister has been interjected upon 30 times in his 20 minutes. He is getting frustrated and he is unable to say the things he wants to say.

Mr BARNETT: Before it was sold, the pipeline was sold under legislation passed through this Parliament, which laid down a whole lot of procedural things that were to happen. The pipeline was sold against a framework of parliamentary legislation passed in a bi-partisan way by both Houses. The sale process was overseen by me, as minister, and reporting to me was a gas pipeline sale steering committee which consisted of the chief executive officers of Treasury, the Office of Energy and the Department of Resources Development. The sale process was fully documented and was conducted with the full involvement of the Deputy Crown Solicitor and was subject throughout to a probity auditor. It was a large and complex transaction. From recollection, document rooms were open for a period of up to six weeks; each of the bidders literally had teams of accountants, lawyers and financial analysts preparing their bids on the documents. At the request of this Parliament, the sale process was audited by the Auditor General - the independent and responsible officer - who did, according to the Dampier to Bunbury Pipeline Act 1997, meet his obligations, and he reported to this Parliament within 60 days of the sale and he gave it a bill of clearance on the issue on which he was asked to report: Were there obligations on the State or guarantees given by the State? He reported on that and he cleared it. The substance of this motion was dealt with long ago. Within two months of the pipeline's sale in March 1998, the Auditor General had reported to this Parliament on the issues of guarantees and obligations.

The sale process was conducted under closed tenders in the form of binding bids. All the bids had to comprise a standardised form of asset sale agreement and had to indicate the full purchase price including stamp duty. The complying documentation contained only an indication by bidders of their proposed tariff schedule. In the case of Epic that was the famous schedule 39. Under schedule 5 of the asset sale agreement, bidders were required to provide and affirm indications of their proposed tariff rates and the path they would follow. They were required to do that to demonstrate to the gas sale steering committee that, given the price they bid and the price they proposed as tariffs, they would receive an acceptable rate of return on the asset. In other words, they had to demonstrate that they could not only buy the asset, but also operate it profitably and not expose anyone to an unforeseen risk of failure of the business or unanticipated demands for tariff increases. This was not a simple sale. We did not offer the product and say, "Come and make a bid." We sold it subject to a range of policy issues designed to guarantee the business continued and to deliver a 20 per cent cut in tariff which was put in place by me by regulation. A host of matters were contained in a schedule that would guarantee protection for consumers. It was a sale that would guarantee other people multi-user third party access under the National Third Party Access Code for Natural Gas Pipeline Systems. We thought about public interest and competition for the future by making a commitment at the time of sale that we would widen the easement from 30 metres to 100 metres but the easement would remain in public ownership so that Epic would own the pipeline and the steel running down the easement but would not control the easement nor have an ability to affect competition in the future by that ownership.

As I have said in this House a number of times, privatisation is not as simple as it may sound. A host of issues must be dealt with and, as the responsible minister, I dealt with those issues prior to the sale and I enunciated them publicly to 300 or 400 people in May 1997, 12 months before the sale was effected. There was therefore no secrecy, no confusion and no lack of understanding of the policy commitments. I said through various Press announcements that there would be a declining tariff from \$1.20 to \$1 from the point of sale to January 2000 and the regulator would be subject to the national access code and the independent gas regulator. That was stated consistently way back from 1997 right through to the sale process. There is no mystery therefore about that. This was a very proper and very carefully conducted sale process.

Dr Gallop: You are saying Epic is not a liar. What words would you use to describe its public comments?

Mr BARNETT: I will answer the Leader of the Opposition's questions in a moment. It seems that people are suggesting there is no national access code. The Gas Pipelines Access (Western Australia) Act, passed by Parliament at the end of 1998, provided specifically that the Dampier to Bunbury pipeline was a coveted pipeline under the national access code. We legislated in this Parliament to put the access code in place and we put specific provisions in the access code legislation to ensure that the Dampier to Bunbury pipeline was covered. This information has been public right throughout the sale process.

Mr Ripper: Would you not agree -

Mr BARNETT: No, I will finish. The Opposition hates that this process was done by the book, we got a price of \$2 407m and all the policy issues were addressed. The Opposition should name an issue that has not been addressed. I addressed every issue.

Dr Gallop: One big issue has not been addressed. Who is telling the truth? That is one issue that has not been addressed yet.

Mr BARNETT: As I said, what is this about? This is about trying to damage my reputation.

Dr Gallop: No, it is not.

Mr BARNETT: That is all it comes down to. There is no substance. The Under Treasurer and the chief executive officer of the Office of Energy were involved in the steering committee, and Dr Des Kelly, the head of the Department of Resources Development, chaired it. An impeccable group of people was involved. The Solicitor General, independent lawyers, the Auditor General, the probity auditor and the bidders were also involved. The sale process was done without question.

Mr Ripper: Until now.

Mr BARNETT: Until now. Who is raising the question?

Dr Gallop: Epic Energy.

Mr BARNETT: Epic Energy Pty Ltd raised the question. Who is promoting it? Which is the political party for sale, just as it was in the 1980s? The Australian Labor Party: Rent-a-political party. This should remind everyone in this House that the Labor Party in Western Australia has not changed. It is the same party with the same ready-for-sale sign it had in the 1980s.

Point of Order

Mr RIPPER: As the member of the Labor Party who seconded this motion, I regard the minister's comment that the Labor Party is for sale on this issue as a grossly offensive imputation against me. I ask the Acting Speaker to ask the minister to withdraw that remark.

The ACTING SPEAKER (Mr Masters): I do not find that to be an objectionable term because it is a derogatory remark about a political party, rather than a member of Parliament.

Debate Resumed

Mr BARNETT: The documentation was set up and the processes were followed through impeccably. The bidders were not buying a single product. People were buying a pipeline over which the Government had made a range of policy decisions. The principal issue being debated today is the transport charges. The Government's position, which was reflected in various announcements and all the tender documentation, was that the price of gas transport should fall by 20 per cent at the point of sale from \$1.20 to \$1.11, then to \$1. After the sale, I ensured that it would happen by using the powers of regulation. The regulation lapses when the Western Australian Independent Gas Pipelines Access Regulator makes his determination, which he is working on. I guarantee there is no risk of departure from the \$1 tariff until the regulator makes his determination. That is creating certainty and is in place.

In making the bid, people had to bid against the pipeline and its assets, they had to understand the contracts - which was the confidential part - and they had to bid against a tariff for transport that would fall from \$1.20. The bids were submitted on that basis. Epic Energy's bid was the highest by a significant margin. Its bid was \$2 407m and it bought the pipeline. It had to indicate at the time of purchase - not in a binding way - what it would do with the pipeline and the sort of tariff increase it would promote or pursue. Epic Energy had to convince the Government that its bid price was consistent with a reasonable tariff outcome. It also had to indicate its plans for expansion. The Government did not want to sell a pipeline that never expanded; in other words, it did not want to see the development of a tight monopoly. Epic Energy indicated that it would spend \$850m to double the pipeline's capacity by 2007. The sale had two schedules: An indication of future tariff direction and an indication of new investment in pipeline capacity. No contract binds Epic Energy to build that capacity of pipeline expansion, and no contract binds the Government or anyone else to schedule 39 - foreshadowed tariff increases. Attachments to the bid were included to be scrutinised so that the bidders could be questioned by the steering committee to ensure the bid stacked up; that is, that the bid price was consistent with reasonable future tariff changes and the expanding capacity of the pipeline.

That is what I mean by addressing policy issues up-front: Thinking of all of the contingencies, thinking the issue through and answering it clearly and unequivocally for bidders so they can make a bid in confidence. When Epic Energy won its bid and handed over the huge cheque for \$2 407m, it hosted a cocktail party and gave me a silver pen. Its representatives said how pleased they were to get it and they celebrated; they were very happy. They were conscious at that stage that they had paid significantly above the next highest bidder. In all their comments and presentations, they said that they had probably paid more than they had to for it. However, they had won and they were confident about the State, gas sales and the gas industry and market.

Dr Gallop: When did they say that they paid more than they had to?

Mr BARNETT: I did not say that they said it; they knew it.

Dr Gallop: You said that they said it.

Mr BARNETT: There was no secrecy about that. There was publicity about what a great job the sale steering committee did. There was no recognition in *The West Australian* of the job the minister did, but that is par for the course.

Mr McGowan: Everyone is out to get you.

Mr BARNETT: They are, but they will not.

Dr Gallop: Everyone is out to get you, particularly the member for Alfred Cove.

The ACTING SPEAKER (Mr Masters): Order, members!

Mr BARNETT: The sale went through.

Several members interjected.

Mr BARNETT: This Chamber is becoming farcical at the moment.

Dr Gallop: Will you answer my question?

Mr BARNETT: I will answer the Leader of the Opposition's question. I have 27 minutes to go and we have several other speakers.

Dr Gallop: Do you want me to ask the question again?

Mr BARNETT: No. I will finish in a moment and then the Leader of the Opposition can ask his questions. As part of it, bidders were required to put in a schedule 39 foreshadowing tariffs, knowing full well that the Parliament was in the process of legislating the national access code and that the regulator would be the only person empowered to set a tariff, and knowing that there would be a \$1 price because that was the sale condition, which I subsequently put in place by regulation. Epic Energy's proposed tariff would come down to \$1, so it complied with the policy position of the Government. There was no argument about that; it would be \$1 and that is why I regulated for \$1. It foreshadowed that it would be proposing tariff increases of two-thirds of the consumer price index in subsequent years. Two-thirds of CPI means that if inflation is 3 per cent, tariffs might go up 2 per cent. That is what it foreshadowed. With regard to a long-term price strategy that it might pursue, I have said publicly that I was comfortable with that, because it implied that the real cost of gas transport would continuously fall. It had fallen 20 per cent by the sale process and it would continue to fall year after year by one-third of CPI, because its increase could be only two-thirds.

Mr Ripper: Did you reject those lower tariffs?

Mr BARNETT: I will come back to that. I have 26 minutes left; I have plenty of time. That was the schedule.

Mr Ripper: Tell us about the second bid.

Mr BARNETT: Epic Energy made a submission to the regulator reflecting that. What is not said, and I do not pretend to understand all the intricacies, is that the price of gas transport is not a simple price. It relates to capacity, priority of gas transport, who would lose their gas supply if there were an emergency situation and a whole lot of other issues. It is not as simple as gas being transported for \$1. There are all sorts of priorities and contingencies. A simple gas transport contract is complex. Epic Energy, for its own reasons as professional pipeline operators, has sought and is seeking to make changes to some of the conditions relating to gas transport. It is not strictly apples on apples. Nevertheless, that is a complexity that only people in the gas transport business fully comprehend. That is part of the reason that AlintaGas and Epic Energy are making submissions. It may not be so much an issue of price; it might be some of the conditions of gas transport and the priority of gas transport with which AlintaGas and Western Power are more concerned.

Mr Ripper: It is not cut and dried. A range of options are available under the access regime.

Mr BARNETT: That is its submission. In broad terms the proposal of \$1, which is now in place due to my regulation, and two-thirds of CPI is a reasonable proposal. I have no difficulty with that. That is why I and the Government had no difficulty accepting Epic Energy's bid of \$2 407m. That was top dollar and it came with a government policy of a 20 per cent reduction in tariff. It came with a commitment - not binding - by Epic Energy to spend \$850m effectively doubling pipeline capacity over an eight-year period. It came with Epic Energy's proposed schedule of tariffs, which implied a decline in real tariffs.

Mr Ripper interjected.

Mr BARNETT: Go away. I have 24 minutes.

Dr Gallop: We will not go away, so get that very clear.

Mr BARNETT: Members opposite will probably have 15 minutes in which to ask questions in a question and answer session.

Mr McGowan: You will sit down.

Mr BARNETT: I will stand here.

That was the core of the transaction. Epic seemed to be suggesting that it had an implied compact, to use its word.

Mr Ripper: A regulatory compact.

Mr BARNETT: This was a large financial transaction. If people spend \$2 407m, one would think that anything that was

important to either party would be included in the contract. If Epic had a contract or agreement with the Government over something to do with future tariffs, Epic would be able to produce the contract. Epic cannot, because it does not exist; it was a schedule to Epic's submission to buy and not part of the binding sales contract.

Dr Gallop: What if Epic had not built extensions to the pipeline? What would you have said to it?

Mr BARNETT: It is not a binding contract.

Mr Ripper: So you would not have said anything?

Mr BARNETT: I would have talked to Epic, but it is not a binding contract; it is Epic's proposed price and Epic's proposed expansion.

Mr Ripper interjected.

Mr BARNETT: I will answer hypothetical questions later.

It seems to be suggested that I can somehow agree or disagree with Epic and put in place a price for gas transport in the future. I could put in place by way of regulation, which I did, a process to bring transport charges to \$1 a unit. The national access code is operating, and this Parliament has established an independent gas regulator who has the final determination. I do not have the power any more to set gas transport charges. This Parliament took that power away from me at my request. It is an independent process under a nationally agreed set of rules and conditions. That is the system and the basis of the sale. Everyone in the Australian gas industry and every bidder, including Epic, understands that.

The \$1 a unit applies until the regulator makes his determination. He will do that; he will probably come out with a draft determination some time around the middle of the year or in the third quarter, and there will be discussion and debate about it in the industry. At some time, maybe in April of next year, he will come to a final determination. That is the complexity of regulation; it is not simple. That is why I am glad he is doing it and I am not doing it. In previous days ministers did it. It is beyond the capacity of ministers to understand and be able to do the sort of detailed work required of an independent regulatory process. That process is set up and in place.

I do not have any problem personally with what Epic proposes, but it is Epic's proposal to the regulator, not mine. Western Power and AlintaGas have put in their submissions. The Government, through the Office of Energy, has also put in a submission, which is essentially neutral. It describes the sale process, acknowledges the role of the regulator and refers to schedule 39, which Epic put in as part of the sales process and attached to its bid because that was one of the issues we wanted to talk about before we accepted the bid.

AlintaGas and Western Power are major players in the gas industry - AlintaGas directly and Western Power as a bigger gas purchaser than AlintaGas because of using gas in power generation. They have a direct commercial interest. They are controlled in all their activities by an independent board, the directors of which are subject to Corporations Law and all the rights, responsibilities and penalties of directors. I have the power to direct the board, but should I direct the board on whether it makes a submission to the independent regulator? I would say absolutely not; indeed, neither should I in any way try to influence its submissions to the regulator. They are independent. It is the responsibility of the directors and senior management to put in a submission in the interests of their corporation. They have done that.

I think what has probably upset Epic is that it sees the Government and me, as minister, acknowledging its proposed schedule of tariff increases. The Government, through the Office of Energy, acknowledged that it was Epic's scenario, but it also reminded everyone that it is ultimately subject to the national access code and the determination of the regulator. It has nothing to do with what I may think or say. AlintaGas and Western Power put in submissions from their commercial points of view. They will argue for lower tariffs, as Epic will argue for higher tariffs. That is the commercial reality - one is selling and the others are buying so they come from different directions.

Dr Gallop: What is your view of their submissions? Are you fazed by them?

Mr Barnett: My view is that they are entitled to make their commercial submissions.

Dr Gallop: What is your view?

Mr BARNETT: I do not have a view on their submissions.

Dr Gallop: But you have one on Epic's.

Mr BARNETT: Yes; I was required to have a view on Epic's as it was one of the things assessed in the sale process as a matter of policy.

Dr Gallop: What do you mean by that?

Mr BARNETT: It was a condition we looked at in the sale process.

Mr Ripper: It sounds like a regulatory compact to me.

Mr BARNETT: No. If the Leader of the Opposition had listened instead of interjecting, he would have heard that the sale process required people to put in scenarios on matters such as future tariffs and future pipeline capacity.

Dr Gallop: Is that what Epic said?

Mr BARNETT: Yes. The Leader of the Opposition would have found out if he had listened that it was not part of the sale documentation, but was a policy issue which was part of the process.

Dr Gallop: That sounds like an agreement to me.

Mr BARNETT: I spent a long time explaining this matter as this debate is about politics, not commerce. That is the process. Does the Leader of the Opposition believe that I, as minister, should in any way limit or seek to influence a submission made by AlintaGas or Western Power to the regulator?

Dr Gallop: It depends upon whether you reached an agreement as part of the sale. If you did, you should honour it. I have a view that if you have an agreement with someone, you carry it through. I do not know whether the minister shares that view.

Mr BARNETT: Clearly the Opposition does not understand the legislation which governs AlintaGas and Western Power. The Opposition seems to be implying that I should nobble submissions to the regulator, who has powers under the national access code implemented by this Parliament. That process is now taking place. When the regulator makes a determination, that will be the price of gas transport; QED - end of story. That is fine and should happen. This is a proper process, as it has been a proper process right back from 1997. The Opposition fails to recognise that this Parliament legislated both for the sale and to establish the national access code in the State and the powers of an independent regulator. The Opposition failed to acknowledge that the legislation to sell the pipeline included a requirement for the Auditor General to report to Parliament on any obligations or guarantees involved. He did so, and gave a clean bill of health. The Opposition failed to acknowledge any of those pertinent points.

Instead, it says that we should have a committee. What for? It is to make a political attack on me. I acknowledge that we are fair game in politics; I am in the process like the Leader of the Opposition. However, a committee of the Parliament would immediately undermine the independence of the regulator and -

Mr Kobelke: Why?

Mr BARNETT: Because only he can determine these matters under his statutory power. It is not to be done by me or Parliament any more, unless we change the legislation. The regulator has the obligation to independently and impartially take all submissions, analyse them, look at evidence, do what he wants and then make a determination. If Parliament set up a politically inspired committee, it would ignore the role of the Auditor General and what Parliament required of him, would ignore the sales process, and would ignore and undermine the independence of the regulator. This motion is an absolute joke.

I return to where I started. What I have done as minister, and what this Government has done, in resources energy is in sharp contrast to the activities of the 1980s. Members opposite have 14 minutes to ask their questions.

Dr Gallop: If Epic Energy is not lying when it says that there is some form of agreement, what words would you use to describe its public comments?

Mr BARNETT: I say that there is no agreement on tariffs of a contractual or implied nature between the State and Epic over the sale of the pipeline, other than it was part of the sale process and conditions that the price of gas transport fall from \$1.20 to \$1; and secondly, that the national access code and regulator would set tariffs from January onwards.

Dr Gallop: Why is Epic Energy saying what it is saying?

Mr Bloffwitch: Ask Epic.

Mr BARNETT: That is a good answer: Ask Epic. I suspect it is concerned because the State has consistently presented that picture. Epic foreshadowed what it would put to the regulator. I have said, and I continue to say, that I am comfortable with that. What Epic is probably uncomfortable with is that AlintaGas and Western Power, as government trading enterprises, with their own boards and with commercial independence, have put in a submission to the regulator which differs. I think that is the end of the matter. That is the issue.

Dr Gallop: Do you think Epic is an honest and reputable player in the energy game?

Mr BARNETT: Yes, I do.

Dr Gallop: Why would it say, therefore, that it has an agreement with you, as minister, and the Government of Western Australia?

Mr BARNETT: The Leader of the Opposition had better ask that of Epic. I am saying that there is not an agreement.

Dr Gallop: If what you say is true today, why won't you refer that matter to a parliamentary committee of this Chamber, wherein the Liberal and National Parties have the majority?

Mr BARNETT: Because the Opposition has not won the argument. It has not demonstrated a case to my satisfaction. I do not think any of my colleagues would think it has. The Auditor General has already carried out that task. It is incredible. The Opposition has moved a motion about guarantees and obligations.

Mr Ripper: Assurances.

Mr BARNETT: Okay, assurances and guarantees. None of the opposition members has done sufficient work to even recall or refer to the report tabled in this Parliament by the Auditor General on that matter. They have not even done their homework.

Mr Ripper: Did he report on tariffs? Was it his job to report on tariffs?

Mr BARNETT: The Opposition's motion does not talk about tariffs; it talks about assurances and guarantees.

Mr Ripper: On tariffs.

Mr BARNETT: On anything.

Dr Gallop: No, on tariffs. That is what the motion says.

Mr BARNETT: The Leader of the Opposition should read his own motion.

Dr Gallop: Come on! You're not trying that little trick, are you?

Mr BARNETT: The Opposition has not established its case, so I will not be party to supporting a parliamentary -

Dr Gallop: You're gutless. You won't put your own performance before a committee. The Australian Labor Party had the guts to set up a royal commission. You don't even have the internal fortitude to set up a select committee on which you will have the numbers.

The ACTING SPEAKER (Mr Masters): Order, Leader of the Opposition!

Mr BARNETT: It is beyond belief for the Leader of the Opposition to talk about what I and this Government have done in the resources industry, in privatisation and deregulation in major projects, and to compare that with the 1980s and the royal commission.

Dr Gallop: That was not the comparison.

Mr BARNETT: The Leader of the Opposition drew the comparison with the royal commission into his Government.

Dr Gallop: Yes, we set it up. You haven't even got the guts to set up a select committee when you have the numbers. You haven't even got the internal fortitude to do that.

Mr BARNETT: It would stretch anyone's imagination to think that what this Government has done goes the slightest way towards what happened in the 1980s when the Labor Party was in government and the royal commission ensued. The Opposition does not have a case.

Mr Kobelke: You mentioned that policy formed part of the sale agreement. Does that policy include a form of non-contractual agreement?

Mr BARNETT: No, policy does not form part of the sale agreement; it formed part of the sale process. As I explained, a number of policy matters during the sale process were reflected by the sale steering committee. The major policy matter was the decline in tariffs, which was subsequently regulated from \$1.20 to \$1. In its requirements on bidders, the sale steering committee, through its information memorandum and whatever other documentation was involved, also required that people provide indications on such issues as tariff, expansion capacities and the like. The reason for that was to check the veracity and the robustness, if one likes, of the bid. The Government would not accept a bid which could not be sustained. Therefore, it would have to know what that bid implied, and the bidders would have to demonstrate a proposed scenario of tariffs which would stack up and demonstrate to the sales committee that such a scenario of tariffs would give a return which would enable the money, the \$2 407m, to be serviced. In other words, the Government was not about setting up the gas industry in this State for a shock. On gas tariffs, it wanted to be satisfied that the bidders' scenario was compatible with the price. It also wanted to be satisfied about capacity. I wanted to satisfy the bidders about access. They also raised issues. They wanted to be satisfied about their ability to expand on the easement, and they wanted to know what were the conditions with the Government retaining ownership. This was not a simple sale. It was a very complex matter, involving \$2 407m.

Mr Kobelke: Is that in addition to all those matters in the contract which you spoke about?

Mr BARNETT: They were not in the contract.

Dr Gallop: Aha!

Mr BARNETT: I have not even seen the sales contract; it is a confidential document.

Mr BARNETT: I am telling the Leader of the Opposition that the important point is that the so-called schedule 39 was an attachment to the bids. That is what the bidders were required to do. They were required to present the issues. There is no compact or agreement on tariffs. Again, I stress that I cannot make such an agreement.

Mr Kobelke: That was not the question, minister.

Mr BARNETT: I did not make an agreement, and I cannot make an agreement.

Mr Kobelke: Epic says you did.

Mr BARNETT: I did not make an agreement; the sales steering committee did not make one. We could not make an agreement, because the power lies with the regulator. Those powers were passed by this Parliament. That is why the motion has no substance.

Mr Kobelke: The minister has not answered the question: In addition to the matter that is contractual, was there any form of assurance or agreement that was non-contractual that accompanied the sale?

Mr BARNETT: No, absolutely not.

Mr Ripper: Can you tell us about the second bid and why we are not allowed to know why Epic's submissions have been censored?

Mr BARNETT: If there was a second bid, I do not know what the second bid was. The Government's policy decision that bidders would bid on a set of conditions was put out to all bidders. The prime condition was that transport tariffs would fall to \$1 for the national access code. One does not, at the conclusion of a sale process, suddenly change the rules of the game. To entertain bids on a range of issues or criteria would have changed the rules of the game and would have aborted the sales process.

Mr Ripper: Why can't we know what was in the second bid?

Mr BARNETT: The Deputy Leader of the Opposition should ask Epic; it might tell him.

Mr Ripper: Epic tried to release it publicly and it is censored by the Government.

Mr BARNETT: It is not censored by the Government.

Mr Kobelke: Will you give an assurance that Epic can release that and there is no impediment by the Government?

Mr BARNETT: Do not put words in my mouth. It is not censored by the Government. Companies made bids. That is contractual information. They are not government contracts; they are contracts with gas suppliers, the North West Shelf, Alcoa of Australia Ltd, Worsley Alumina Pty Ltd, Wesfarmers Ltd and all sorts of gas customers. All sorts of gas contracts were made available. All government information from AlintaGas and Western Power, all pipeline information, and all commercial contracts - most of which were private - was made available in the document room under strict confidentiality provisions. Everyone made them available on that basis, and they are protected by confidentiality agreements signed - not by the Government - by the bidders, the suppliers of the information, which include non-government bodies and, in technical terms, the seller of the pipeline which, in a legal sense, was AlintaGas. There is no government desire to conceal information. I have no desire to conceal any information at all.

The Deputy Leader of the Opposition would probably be surprised to know that I do not know much of the commercial information, because unlike the Labor Party, I do not get involved in the day-to-day commercial dealings. I did what a minister should do: I set the policy. I put the most competent people I could find in place. We had probity lawyers, the Deputy Crown Solicitor, and because of the Parliament, the Auditor General, which is fine. I put competent people in there and gave them policy direction. They came back to me on a few occasions, and asked questions on policy matters, and I answered them. One question was about giving indemnities to directors. That was probably the only direction that was given in the whole sale process. I am sorry to disappoint the Deputy Leader of the Opposition but it was done impeccably.

Mr Ripper: Epic says that the State has alleged that information about that process is covered by confidentiality obligations, which broad assertion was not accepted by Epic Energy. It is the State which is preventing this information being published.

Mr BARNETT: It is not. Epic might say that. One of the problems in this issue, and why Epic has said things publicly, is that Epic does not distinguish - whether it is the American culture, I do not know - between the State, as embodied in the minister, and AlintaGas and Western Power. Epic tends to view them as the State. As we know, the United States does not have publicly-owned utilities; it is very rare. Epic tends to confuse AlintaGas and Western Power with the State. Epic does not seem to comprehend that I do not direct AlintaGas and Western Power on commercial matters.

Mr Ripper: Who is telling Epic it cannot publish this material?

Mr BARNETT: The State is not telling Epic that.

Mr Ripper: That is what it says.

Mr BARNETT: Epic may say that. The reason that some of that information cannot be published is that Epic Energy, AlintaGas and other private groups signed confidentiality agreements. Personally I do not care what is published, but it is not my information to release.

Dr Gallop: It is, minister; you can release it.

Mr BARNETT: No, I cannot. Do members believe for a moment that I can release to the public, for example, details of Alcoa's gas contracts? Are they the sort of standards that members opposite have?

Mr Kobelke: That can be excluded from release.

Mr BARNETT: No, it cannot. Then the State will be involved in a case of sovereign risk and will be subject to litigation. No information concerning the Government exists that I want to keep secret. A lot of commercial information is involved.

Mr Ripper: You are keeping secret the potential for having accepted a lower price for the pipeline and a lower transport tariff. You are not revealing the trade offers the Government had before it on this matter.

Mr BARNETT: I was not conducting a sale process that was subject to alteration halfway through.

Dr Gallop: Would there be a problem with that information going to a select committee of this Parliament?

Mr BARNETT: There would be a problem. I could not give two hoots if Epic Energy said what its alternative bids might be.

Dr Gallop: Don't say that, it is a silly thing to say. You obviously do give two hoots. If you didn't give two hoots, you would release the information.

Mr BARNETT: It is not mine to release.

Mr Kobelke: You could start the wheels moving by having the checks and balances put in place so that at least a large part of it could be released.

Mr BARNETT: That is irrelevant because the Government and I, as minister, have made policy decisions about transport tariffs.

Mr Ripper: Epic is trying to hold you to that.

Mr BARNETT: And we made a decision to drop it to a dollar. That is the commitment. It was possible to bid a high price and a high transport charge or a low price and a low transport charge. Surely members opposite do not think I did not realise that in 1997. We did not want people bidding on price and transport; therefore, logically, the Government made a policy decision on the transport charge which was to go from \$1.20 to \$1. Members opposite could argue we should have made the charge 90¢. That would be a fair argument. Right or wrong I made a policy decision, supported by Cabinet, that we reduce the tariff from \$1.20 to \$1 and invited people to bid against that. We wanted them to bid against one area on price. We did not want them bidding on a range of criteria.

Mr Ripper: They would be expecting to earn a rate of return on their investment over a considerable period, so they would have understood that policy decision would last.

Mr BARNETT: Why does the member for Belmont think they were not challenged? That is why the sale steering committee required people to indicate a scenario, not a contractual issue, for tariffs. We wanted to ensure their bid was sustainable. These are not my calculations; they are based on Epic's financial modelling. Epic prepared a model of the value of the pipeline, its contracts and its prospects for growth, and fed in assumptions about the Australian dollar, interest rates and many other factors. It came up with a figure - I do not know whether it added to it - of \$2 407m based against a certain fall in tariff from \$1.20 to \$1. Epic justified that to the sale steering committee based on a price scenario with which we were compatible. Had Epic said it would pay \$2 407m, but it would need to increase gas transport by 10 per cent a year, clearly, its bid would not have been accepted. That was the process. What members opposite hate about the whole process is that I dealt with the policy issues up-front.

MR BRADSHAW (Murray-Wellington - Parliamentary Secretary) [6.10 pm]: I firmly back the Minister for Energy. If there is one minister in this place who is straight and thorough and who has been totally competent in the handling of his portfolios over the past seven years, it is the Minister for Energy. I have total faith in what arrangements he has made for the proposed sale of AlintaGas. The Auditor General's special report titled "Sale of the Bunbury to Dampier Natural Gas Pipeline" of May 1998 is interesting. It might be wise for the Leader of the Opposition and the rest of the members of the Opposition to read it. Under "Conclusions", it states -

No guarantees were issued by the State.

Mr Barnett: Could the member repeat that for me please?

Mr BRADSHAW: I am keen for the Opposition to take notice of what I am saying. It is important that the Opposition listen. Under "Conclusions" the report states -

No guarantees were issued by the State.

The Opposition might find that very interesting considering the motion it has moved today. It puts that issue to bed. If the Opposition has no faith in the Auditor General, it should let us know. The Auditor General has thoroughly investigated the arrangements of the sale of the gas pipeline. Based on his conclusions I do not see a need for a select committee to be established. What the Auditor General had to say is very important.

Page 19 of appendix B of the report states -

The transmission price is to be set in accordance with the principles of the Code and approved by a yet to be appointed new Gas Access Regulator. The Buyer's undertaking on tariffs will be available to the Gas Access Regulator when making the price determination. No evidence was disclosed of the State having given specific undertakings to any party regarding tariffs to be agreed by the Gas Access Regulator beyond January 1, 2000.

It is interesting that on this occasion the Opposition does not seem to be interested in what the Auditor General said. In other cases when the Auditor General attacks the Government, the Opposition points it out vociferously. In this case

members opposite are ignoring the report; they are talking among themselves and do not appear to be worried about what the Auditor General has had to say about the matter. I repeat, page 19 of this special report by the Auditor General states -

The transmission price is to be set in accordance with the principles of the Code and approved by a yet to be appointed new Gas Access Regulator. The Buyer's undertaking on tariffs will be available to the Gas Access Regulator when making the price determination. No evidence was disclosed of the State having given specific undertakings to any party regarding tariffs to be agreed by the Gas Access Regulator beyond January 1, 2000.

That puts the Opposition's motion to bed. I certainly do not support this motion to establish a select committee. It is about time the Opposition read the Auditor General's report. As I say, the Opposition may as well conclude this motion because it is a nonsense.

DR GALLOP (Victoria Park - Leader of the Opposition) [6.15 pm]: I will conclude by going to the heart of the issue. There is a fundamental disagreement between Epic Energy and the Government of Western Australia over whether an agreement exists about the future tariff transmission charges paid by the users of the pipeline from the north of this State. It is a discrete, simple issue and a good issue for a parliamentary inquiry because this Government's reputation is at stake. Surely members opposite are keen to have their Government's reputation confirmed by a parliamentary inquiry. The issues have been well canvassed by members on this side of the House. The Government has not produced any arguments to indicate that a parliamentary inquiry would not be a very useful weapon -

Mr Barnett: A weapon?

Dr GALLOP: Yes, to decide whether this happened. It is as simple as that.

Question put and a division taken with the following result -

Ayes (15)

Ms Anwyl
Mr Brown
Mr Carpenter
Dr Edwards

Dr Gallop
Mr Grill
Mr Kobelke
Mr Marlborough

Mr McGinty
Mr McGowan
Ms McHale

Mr Ripper
Mrs Roberts
Mr Thomas
Mr Cunningham (*Teller*)

Noes (26)

Mr Barnett
Mr Board
Mr Bradshaw
Dr Constable
Mr Court
Mr Cowan
Mr Day

Mrs Hodson-Thomas
Mr Johnson
Mr Kierath
Mr MacLean
Mr Marshall
Mr Masters

Mr McNee
Mr Minson
Mr Nicholls
Mr Omodei
Mr Osborne
Mrs Parker

Mr Pental
Mr Shave
Mr Sweetman
Mr Trenorden
Mrs van de Klashorst
Mr Wiese
Mr Tubby (*Teller*)

Pairs

Mr Riebeling
Ms Warnock
Ms MacTiernan
Mr Bridge
Mr Graham

Mr Prince
Mrs Holmes
Dr Harnes
Mrs Edwardes
Mr House

Question thus negatived.

GOODS AND SERVICES TAX, IMPACT ON SMALL BUSINESS

Motion

Resumed from 3 May on the following motion moved by Mr Brown -

- (1) That this House expresses concern about the impact of the goods and services tax on small business in terms of -
 - (a) driving a percentage of small businesses out of business;
 - (b) imposing a significant cost on small business by requiring it to change its operating and accounting systems; and
 - (c) imposing higher ongoing compliance costs.
- (2) That this House calls on the Government to -
 - (a) publicly call on the Howard Government to provide higher levels of assistance to small business to enable it to comply with the new tax and ensure the Australian Taxation Office does not take a harsh approach to compliance in the early stages of the new tax; and
 - (b) extend the \$400 training allowance provided by the State Government to small business in the south west to small business throughout the State - without delay.

