

Division 52: Minerals and Energy Research Institute of Western Australia, \$901 000 -

Mr A.D. McRae, Chairman.

Mr C.M. Brown, Minister for State Development.

Dr C.D. Branch, Chairman.

Mr N. Roberts, Chief of Staff, Office of the Minister for State Development.

The CHAIRMAN: This Estimates Committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow. The Estimates Committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated fund. That is the prime focus of the committee. Although there is scope for members to examine many matters, questions must clearly relate to a page number, item, program or amount within the volumes in preface to the question. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the intention of the Chairman to ensure that as many questions as possible are asked and answered, and that both questions and answers are short and to the point. The minister may agree to provide supplementary information to the committee. I assume that we now understand the difference between supplementary information and the further questioning process that is allowed. Supplementary information may be requested but that is different from putting a question on notice for the next sitting week. For the purpose of following up the provision of supplementary information, I ask the minister to clearly indicate to the committee which supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by 6 June 2003, so that members may read it before the report and third reading stages. If supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available.

Details in relation to supplementary information have been provided to both members and advisers and, accordingly, I ask the minister to cooperate with those requirements. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by 6 June 2003.

Mr R.N. SWEETMAN: I refer to the final dot point on page 852 of the *Budget Statements*. Will the minister explain the role of the Minerals and Energy Research Institute of Western Australia? Further, will the minister explain the role that cogeneration will play in alternative sources of energy? I am sure that MERIWA has had some part to play in the development of alternative sources of energy. For example, Anaconda Nickel Ltd is proposing cogeneration of gas and steam. Similarly, AlintaGas is proposing a cogeneration plant at Alcoa's operation. What part is the agency playing in those types of developments?

Dr BRANCH: During the late 1980s and early 1990s, MERIWA began supervising the research into alternative energy projects. In 1995, under the member's Government, it was agreed that the activities that related to alternative energy would be transferred to the Office of Energy, which, at that time, was the responsibility of the same minister. That situation has been retained. Although the *Budget Statements* report on the financial aspects, energy research comes under the portfolio of the Minister for Energy, who is the Deputy Premier. At the moment those activities are in the process of being formally transferred from MERIWA and the Minister for State Development to the Sustainable Energy Development Office, which is under the portfolio of the Minister for Energy, by amending legislation that is currently before Cabinet. It should go forward in the spring session. Although we report on energy research in the *Budget Statements*, I am not in a position to answer that question because it should be asked of the Minister for Energy.

[9.10 am]

Ms M.M. QUIRK: I refer to the last dot point on page 852, which states that alternative energy is an emerging technology. However, it makes an observation that significant additional support over and above that which is currently being provided needs to be given. What form would that additional support take?

Dr BRANCH: As I explained, although we report in the MERIWA papers on alternative energy, it is no longer our responsibility. The Minister for Energy could best answer that. In part, it relates to the fact that under the minerals and petroleum research that MERIWA has been involved in for the past 21 years, the half a million dollars of government funding provided to MERIWA - output 1 of the budget papers - is supplemented by sponsorship from industry. Last year 74 per cent of our budget for minerals and petroleum research came from industry. The Government therefore put in about half a million dollars and industry put in about \$1.5 million - quite a large amount into that area of research. The truth is that the local industries on the alternative energy side

are very small; they are still developing and are not in a position to provide supplementary funding of that sort. The Government, therefore, is the only source of additional funding for that research.

Mr C.J. BARNETT: In the area of minerals and petroleum research, what relationship has MERIWA had, and how does it see its future, with competent research centres; and, by implication, what type of work has been done in the minerals and petroleum exploration area?

Dr BRANCH: MERIWA has just produced this volume on its work that I am holding in my hand. If members have not yet received a copy, they should let me know and I will send them one. MERIWA has been instrumental in a bipartisan way, I am pleased to say, in supporting the development of our minerals and petroleum industries in this State by carrying out research partly funded by government and considerably funded by industry. We manage the projects and we currently have about 26 projects under our management with a total value of about \$7.5 million. The research is carried out primarily in universities, but also by the Commonwealth Scientific and Industrial Research Organisation at the Australian Resources Research Centre at Bentley. The research is very wide ranging.

Mr C.J. BARNETT: What are the major projects?

Dr BRANCH: Some of the major projects are in mine safety. Research is being carried out by the Western Australian School of Mines and the Australian Centre for Geomechanics on corrosion and reinforcing of rock bolts; research on the seismicity in mines that causes rock falls; research on health issues; and matters dealing with floating out concrete structures from Bunbury harbour - and Jervoise Bay when it is developed - to assist the construction industry to build large concrete structures for the offshore petroleum industry. Although the draft in Bunbury harbour is shallow, big structures can be built and floated out successfully. There are lots of projects on rehabilitation through Kings Park research and there is research that is a few years old now on smoke-enhanced germination which was funded by MERIWA. There is a range of projects.

Mr C.J. BARNETT: Although I do not belittle the importance of any of those projects, has MERIWA tended to veer away into some of the related issues in mining and perhaps lost some emphasis on the fundamental research into the nature of resource and exploration technologies and the like?

Dr BRANCH: No, we have not. In fact, the title of a project that we approved only last Monday is "Scale-Integrated, Architectural and Geodynamic Controls on Alteration and Geochemistry of Gold Systems in the Eastern Goldfields Province, Yilgarn Craton". This project is worth just over half a million dollars, into which MERIWA is putting \$150 000, and is working with two major mining companies near Kalgoorlie. We will start integrating all the data that has been gathered through exploration in the past 100 years in geophysics, geology and geochemistry using the new computer-based technologies that are now available. With this project we look forward in two years to finding some brand new exploration ideas emerging because of some lateral thinking that would not have occurred had these companies not brought these initiatives together. We recently supported research at the AJ Parker Cooperative Research Centre for Hydrometallurgy at Murdoch University which will bring together experts from two quite disparate parts of metallurgical processing. It is known that there are synergies in bringing together these people but it has never occurred before anywhere in the world. People have worked on copper and other forms of refinement of that product and on the other side on nickel. We will bring those people together and this new internationally famous team will be able to solve some common problems. MERIWA, therefore, continues to do quite a lot in those areas.

Mr R.N. SWEETMAN: I refer to item 91, net amount appropriated to deliver outputs, at page 852. The amounts allocated in the budget from 2001-02 out to the end of the forward estimates in 2006-07 go from \$875 000 to \$917 000. Obviously, the base grant for operating capital is indexed only at the consumer price index and MERIWA's budget is not in any way linked to royalties or any other formula that allows it to get more money. From the answer to the previous question, I understand that MERIWA is often able to leverage itself into greater research items and so on and these figures indicate only a net appropriation that comes from Treasury to MERIWA for its operations, regardless of how busy or how slow the mining sector is at any time.

Mr C.M. BROWN: That is right. Dr Branch can correct me if I am wrong, but the past budget papers indicate that the core funding has been of that magnitude.

Dr BRANCH: Of that money, about a quarter of a million dollars is for alternative energy research. As I said, we bank for that particular function; therefore, the real amount of money available for minerals and petroleum research is, as the member said, under output 1 on page 854. The total budget for MERIWA this year is \$631 000, of which about six per cent goes on administration and other costs - we are a very low-cost administration unit. The rest goes on either research projects with industry sponsorship or one or two scholarships that we provide each year to PhD students at our universities who already have a scholarship from the Commonwealth Government. The scholarships provide supplementary funding of \$10 000 a year for the

very brightest of these students to encourage them both to carry out leading-edge research in Western Australia and to stay here and help our industry.

[9.20 am]

Mr R.N. SWEETMAN: How much does the agency turn over each year? Dr Branch just cited an example of a \$0.5 million project to which the agency contributed a little over \$100 000. Obviously, that is fairly commonplace. Instead of \$631 000, would the agency receive or turn over in effect \$2 million?

Dr BRANCH: Yes, about \$2 million a year. During the first 10 years of the Minerals and Energy Research Institute of Western Australia, it always worked on the basis that the ratio for government to industry funding on all projects would be 50-50. Since that time, projects have become larger and more numerous and the agency's funding has remained constant. It has had to go back to industry to ask for more funding to allow these projects to go ahead. Industry has come to the party and provided the extra funding because of the value it places on the research. However, that does limit us. At the moment MERIWA, like all other statutory authorities, is under review as part of the ongoing government review of those authorities. Once that review has finalised what our future role will be, together with the Premier's Science Council and the Office of Science and Innovation, there might be other possibilities for MERIWA. However, at the present it would be inappropriate to consider those until our future is secured.

Mr C.J. BARNETT: Can the minister speculate as to the options for MERIWA in the future?

Mr C.M. BROWN: There are plenty of reviews that make interesting reading. It is appropriate, as with all Acts of Parliament, to go through a review. Often what reviewers say and what Governments do are two different things. A review is being carried out but I do not know whether any change will be made to MERIWA. If I were a betting person - I occasionally am - I would not be putting any money on it.

Mr R.N. SWEETMAN: How does the agency make contact with the industry? Does it assume that the industry knows that it is there and available to assist with various research items in the resources and energy sector? How good is the flow of information between the agency and organisations such as the Australian Petroleum Production and Exploration Association Ltd, the Association of Mining and Exploration Companies and the Chamber of Minerals and Energy of WA?

Dr BRANCH: Our rapport with industry is very good. MERIWA has a 21-year history in which about 50 companies have regularly sponsored its projects. Researchers know that if they support MERIWA, industry recognises it as a badge of honour and is prepared to put money into projects - it knows that we produce quality research and quality reports. All the research at MERIWA has to be published and put into the public domain. It cannot be retained confidentially by one company. Therefore, companies see the benefit of having access to the common property during the research and then more widely in the industry subsequently, and they are very willing to put in large sums of money to support MERIWA. We have a broad range of clientele. We also require that all our project researchers report on a quarterly basis to their sponsors. At least once a year we have a major seminar in which all the results are presented. At the end of a two or three year project, those results are published in major volumes or on CD and so forth. The fact that companies are willing to repeatedly support MERIWA and its research is the best evidence that industry sees a benefit in what MERIWA is doing.

The appropriation was recommended.