

Mr Bill Marmion; Mrs Michelle Roberts; Mr Rob Johnson; Mr Mark McGowan; Mr David Templeman; Mr Bill Johnston; Mr Vincent Catania; Mr Peter Tinley; Mr Ben Wyatt; Ms Wendy Duncan; Mr Mick Murray; Mr Fran Logan; Ms Rita Saffioti

MINERALS RESEARCH INSTITUTE OF WESTERN AUSTRALIA BILL 2013

Declaration as Urgent

MR W.R. MARMION (Nedlands — Minister for Mines and Petroleum) [4.12 pm]: In accordance with standing order 168(2), I move —

That the Minerals Research Institute of Western Australia Bill 2013 be considered an urgent bill.

I know that the opposition is keen to debate this bill and get up. I will make a few comments about why we are declaring it an urgent bill. It is important that we get this bill through the house because it creates the Minerals Research Institute of Western Australia, which supersedes the Minerals and Energy Research Institute of Western Australia. The institute is ostensibly operating under its new title, but it needs to access the new allocation of funding. It is important that we pass this bill as a matter of urgency. I understand that my staff have briefed the opposition. It has been two weeks since it was introduced, so it is only just under the three weeks that it would normally lie on the table. I think the opposition agreed with our bringing it on. One of the deals was that we debate it ahead of the Electricity Corporations Amendment Bill 2013. I stress the urgency of this bill and look forward to debating it shortly.

MRS M.H. ROBERTS (Midland) [4.14 pm]: It is interesting that the minister has said that it is important that we get the Minerals Research Institute of Western Australia Bill 2013 through as a matter of urgency. I note that time and again this government has declared bills urgent in this house. I note that standing order 168 states —

- (1) After a member has moved, “That this bill be now read a second time” and had an opportunity to speak to the motion, the debate will be adjourned. If the bill has originated in the Legislative Assembly, —

Which I note this one has —

the debate will not be resumed until at least the same day three calendar weeks later.

This bill has not met that criterion; it has not laid on the table for that time. Debate on this bill should not resume until it has laid on the table for three weeks. The standing order goes on to state —

- (2) If the Assembly agrees to a motion without notice by or on behalf of the member with carriage of the bill “That the bill be considered an urgent bill”, the second reading can proceed forthwith.

This government has made an awful lot of bills urgent bills. Just about every second bill the government has introduced this year has been declared an urgent bill. For the record of the house, I point out that so far just this year we have seen the following bills declared urgent by motion of this house: the State Agreements Legislation Repeal Bill 2013, the Supply Bill 2013, the Natural Gas (Canning Basin Joint Venture) Agreement Bill 2013, the Queen Elizabeth II Medical Centre Amendment Bill 2013, the Hospitals and Health Services Amendment Bill 2013, the Duties Legislation Amendment Bill 2013, the Rates and Charges (Rebates and Deferrals) Amendment Bill 2013, the City of Fremantle and Town of East Fremantle Trust Funds (Amendment and Expiry) Bill 2013, the Insurance Commission of Western Australia Amendment Bill 2013, the Petroleum and Geothermal Energy Legislation Amendment Bill 2013, the Appropriation (Consolidated Account) Capital 2013–14 Bill 2013 and the Appropriation (Consolidated Account) Recurrent 2013–14 Bill 2013. Added to that list, this week the motion is that the Minerals Research Institute of Western Australia Bill 2013 be made an urgent bill, and the government has given notice that it also intends to declare the Barrow Island Amendment Bill 2013 and the Electricity Corporations Amendment Bill 2013 urgent. That will take the total of bills that this government wants to declare urgent to 15. I put it to you, Mr Acting Speaker, that this is an incredible record. I do not think any other government has come close to it.

Members will remember that this government, despite the fact that it was effectively a continuing government, did not bring down the budget in May; it deferred the budget to August, and even then had to declare urgent both the recurrent and capital appropriation bills from the consolidated account. This is extraordinary. The government had three or four months longer than any other government to get its act together, yet, even having deferred the budget until August, it still put us in a situation of having to debate those bills without them laying on the table for three weeks.

The way this government has used Parliament has been shambolic. The Commission on Government report of more than 10 years ago made for some very interesting reading. There were a lot of comments about executive government effectively using the Parliament as some kind of plaything. The Parliament should not be subsidiary to executive government, but this government seems to think it can do what it likes just because it has the

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numbers. We can see the change in attitude now; it is even more careless and even more shambolic than it was during its first term of government because now the numbers are not close. Because of that, it has become more and more arrogant. This is not the way to run Parliament. We saw the embarrassment—I know other members probably talk about it—of government backbenchers filibustering on bills in the past few weeks because the government did not get its act together. If these bills are so urgent, like this minerals bill, they should have been introduced and second read into the house at least a month ago. This is indicative of ministers not getting their act together and not doing their job.

MR R.F. JOHNSON (Hillarys) [4.19 pm]: I wish to say a few words against this motion. I make it quite clear that I will not be voting against the motion before the house. I want to put on the record my personal view and I believe the view of the constituents whom I represent. I do not stand up today simply as a Liberal member of this house; I stand up as a member of Parliament. I want to make it quite clear that I agree with the member for Midland's comments on the arguments put forward by the Commission on Government. I chaired the Joint Standing Committee on the Commission on Government. That was one of the very strong reasons the Commission on Government came down with its findings. There were concerns, particularly going back to the WA Inc years, that the government of the day was using the Parliament for its own means and not for the best parliamentary procedures for the public of WA.

That was a very strong recommendation from the Commission on Government. As the member said today, every bill we will discuss this week has to be declared an urgent bill. I have never in 20-odd years seen such appalling mismanagement of this chamber as I have seen in the last few months. I do not blame the Leader of the House. I have said it before and I say it again: it is not his fault; he does what he is told! He knows that and I know that. I have been in that position. I blame the executive, and when the executive starts to take over and tries to run the Parliament, then we are headed one way—down the gurgler. We are heading into disaster, because the executive is taking away the democratic rights of members of Parliament and our citizens. I was a member of the Procedure and Privileges Committee, around 15 years ago, when this particular standing order was introduced so that the government would lay legislation on the table for three weeks before it could be debated. There were very good reasons then, including recommendations from the Commission on Government. They were genuine reasons.

I believe that the executive's actions over the last few months, and particularly today and this week, are subverting the normal procedures of Parliament. As a member of Parliament, I find that disgusting. I do not think it is fair on the people of Western Australia. We are sitting in this chamber this week for no other reason than it suits the government's purpose. I am told it is costing about \$66 000 to sit in this house this week. We could have dealt with these bills in the week we were scheduled to come back. We could have dealt with all the legislation that is due to come in in the last four sitting weeks, and if we had to sit an extra day, we could have done that. But to sit this week is an absolute nonsense! It is disgraceful. I hope the media picks this up and criticises the executive because it is wasting public funds by insisting on members sitting in this chamber this week and by declaring every single bill that comes before the chamber now an urgent bill.

The standing order on urgent bills was introduced for a genuine urgency; for example, a time frame that has to be fulfilled, perhaps to coincide with other legislation in other states—national legislation or uniform legislation and things like that—or if there is a set date by which something has to be put in place. That is not the case with any of the bills that are before the house this week.

We wasted time last week. I am sure that some of my colleagues will criticise me, as they did last week, because I stand up and use my opportunity as a member of Parliament—not just a Liberal member of Parliament. I am proud to be a Liberal member of Parliament, but I am more proud to represent the people in my electorate. That is my first duty. My second duty is to represent the Liberal Party in this chamber. I will not sit here and listen to what I think is an abuse of parliamentary privilege and parliamentary procedures that we have seen lately. It is absolutely essential that this chamber runs properly, and not simply to suit one or two people in the executive who cannot manage the legislative program of this house.

In over 20 years, I have not seen anything like what I have seen in the last few months. I would have hoped that perhaps somebody might show a bit of commonsense and acknowledge that they had not done the right thing but that they would do the right thing now and adjourn the house today. Let us all go home and we can come back in the week we were due to come back and get through this business then. We will save the public an awful lot of money and we will preserve the dignity and the —

Ms M.M. Quirk: Integrity.

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Mr R.F. JOHNSON: — integrity of this chamber. The member for Girrawheen took the words right out of my mouth.

MR M. McGOWAN (Rockingham — Leader of the Opposition) [4.23 pm]: If we do not respect this institution, why would we expect members of the community to respect this institution? The institution of Parliament is one of the principal bodies that define a Westminster democratic state. We need to respect the operations of the Parliament and governments need to take seriously the operations of the Parliament. If the government does not take seriously the operations of the Parliament and does not respect the right of elected members to examine legislation and to undertake their roles and responsibilities in accordance with the rules under which they are elected, why would we expect other people in the community to respect us? That is why, this week, these issues are so important.

On three separate occasions this week, pieces of legislation will be declared urgent, and two of those pieces of legislation are highly contentious and controversial. Members of this place should have the opportunity to properly consult those who might be impacted and affected by those two pieces of legislation and to properly talk to members of the public and community groups and the like, and to properly consider what is contained within that legislation. I would have thought that would be a fair and reasonable position for the Parliament to adopt. That is why I find it extraordinary that on this occasion we are declaring all this legislation urgent, whereas in past weeks we have been sitting in this place, frankly, wasting our time and the public's time and costing the taxpayers money to debate legislation which was of little importance and on which speeches were, frankly, ridiculous. Everyone knows that those speeches were ridiculous and embarrassing, and anyone who came into this chamber to watch members talking about taxi rides in foreign cities would wonder what the hell they were paying us for. Last week the government closed the Parliament at times of the day that were so early that I have never seen it before. This week, we have three pieces of legislation—two of which are controversial—being declared urgent and they must be dealt with, and one of which was introduced into the Parliament only last week. I would have liked the opportunity to talk to people in the community and hear their views on it.

I condemn the government for its hopeless, chaotic, dysfunctional management of this Parliament. This hopeless, chaotic dysfunctional management of the Parliament reflects the hopeless, chaotic, dysfunctional management of this government in so many issues in this state. If the government cannot get the business of Parliament right and cannot manage the Parliament properly, how can it manage everything else that a government has to do—cabinet, budgets, wage claims, projects and all of those things a government has to manage? If the government cannot even manage the parliamentary program and ensure that members of Parliament have a proper opportunity to debate and consider legislation in accordance with the time-honoured rules that govern this place, how can the public have any faith in anything the government does?

Since the election, the wheels have fallen off the government. People say this to me everywhere. Since the election, people have referred to all of those things the government promised and have asked me why so many of them are not happening. The government's budget was a sham and a shambles. Now in this Parliament we see the parliamentary process being undermined and the rights of members that have been built up over decades in this Parliament being undermined by the government. The Leader of the House should sit himself down on the front bench and run this place. He sits at the back and lets the place overwhelm him, rather than actually running it as the Leader of the House should.

Mr J.H.D. Day: Do I look overwhelmed?

Mr M. McGOWAN: Frankly, the Leader of the House is overwhelmed. He is carried along by events in this place; he does not run them. The Leader of the House is supposed to run events. Other Leaders of the House I have seen actually ran events in this place; they dominated events and made sure something happened. The Leader of the House sits there as though Parliament is an accident happening around him and he has nothing to do with it. It is unbelievable.

MR D.A. TEMPLEMAN (Mandurah) [4.28 pm]: This is a clear corruption of process and a clear abuse of power that we are seeing again rolled out by the government this afternoon. As the member for Midland highlighted, 15 bills have been declared as urgent by the government. The Parliament was recalled too early after the election. We remember that the government found itself, only one week into our first sitting week, scrambling for legislation to fill the following weeks. We now know that some very important bills—15 in total and then these three that will be added—were highlighted to this place as absolutely urgent and essential to the business of government and to the running of the state. We have seen a shambles. It is a shambles by this Premier in his stewardship of the government's legislative program. It is a very poor reflection of the Premier's attitude and contempt for the Parliament. I am now calling upon those new members of the Liberal Party who

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came into this place and, particularly in the first week, gave speeches about transparency and fairness and said that they would ensure that they represented the communities that they were elected to represent, and would stand and understand the severity of what they are allowing again this week, and will allow in the coming weeks, with having bills declared urgent. One of the fundamental responsibilities of a member of Parliament is to make sure that they are well aware of the content of legislation and, indeed, the implications that that legislation may have on their constituents and the wider constituency of Western Australia. That is a responsibility that they must understand and shoulder. But what they should not do is allow themselves to be corrupted by their leadership. That is what is happening here. The new members—namely, the members for Joondalup, Forrestfield, Bateman, Churchlands, Belmont and Morley—will all stand condemned, along with their leadership, because they will follow like fluffy little puppies behind the Premier today and vote with him because they are gutless and will not do anything about what has been a corruption of this parliamentary process. Members should bear that in mind. This is a corruption of parliamentary process. Those new members in particular will go and follow like fluffy little lambs when this motion comes to a division. They will not come over to this side of the house simply because they do not have the guts to stand up for the people who put them here.

I will tell you what: the member for Bateman might think this is funny. He might think it is okay to smirk and that it is funny, but he came into this place and gave a speech some nine months ago. He said, along with a number of other new members, that he was independently thinking, that he was here representing the people who voted him in, and that he was here to make sure that the government was held to account. This is a time for the member for Bateman, the member for Forrestfield and their mates over on that side and over here on this side of the house to ensure that they stand up for their words, because every time the government brings in legislation and declares it urgent, as it is doing now, those members are abrogating their responsibility as members of this place, particularly in regard to those people who they supposedly represent and who elected them to this place.

Division

Question put and a division taken, the Acting Speaker (Mr I.M. Britza) casting his vote with the ayes, with the following result —

Ayes (34)

Mr P. Abetz	Ms M.J. Davies	Mr A.P. Jacob	Mr D.C. Nalder
Mr F.A. Alban	Mr J.H.D. Day	Dr G.G. Jacobs	Mr J. Norberger
Mr C.J. Barnett	Ms W.M. Duncan	Mr R.F. Johnson	Mr D.T. Redman
Mr I.C. Blayney	Ms E. Evangel	Mr S.K. L'Estrange	Mr A.J. Simpson
Mr I.M. Britza	Mr J.M. Francis	Mr R.S. Love	Mr M.H. Taylor
Mr T.R. Buswell	Mrs G.J. Godfrey	Mr W.R. Marmion	Mr T.K. Waldron
Mr G.M. Castrilli	Mr B.J. Grylls	Mr P.T. Miles	Mr A. Krsticevic (<i>Teller</i>)
Mr V.A. Catania	Dr K.D. Hames	Mr N.W. Morton	
Mr M.J. Cowper	Mr C.D. Hatton	Dr M.D. Nahan	

Noes (18)

Ms L.L. Baker	Mr W.J. Johnston	Mr M.P. Murray	Mr P.B. Watson
Dr A.D. Buti	Mr D.J. Kelly	Mr P. Papalia	Mr B.S. Wyatt
Mr R.H. Cook	Mr F.M. Logan	Ms M.M. Quirk	Mr D.A. Templeman (<i>Teller</i>)
Ms J. Farrer	Mr M. McGowan	Mrs M.H. Roberts	
Ms J.M. Freeman	Ms S.F. McGurk	Ms R. Saffioti	

Pairs

Ms A.R. Mitchell	Mr J.R. Quigley
Mrs L.M. Harvey	Mr C.J. Tallentire
Mr J.E. McGrath	Mr P.C. Tinley

Question thus passed.

Second Reading

Resumed from 16 October.

MR W.J. JOHNSTON (Cannington) [4.36 pm]: Thank you, Mr Acting Speaker. That would have been very quick if you had put the vote then.

The ACTING SPEAKER (Mr I.M. Britza): Yes, it would have. Members, if you are going to have conversations, leave the chamber, please.

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Mr W.J. JOHNSTON: It is interesting, Mr Acting Speaker—I suppose you do not really care—that the three bills that the government is going to declare urgent this week are all from different portfolios, but they are all from shadow portfolios for which I have responsibility, so I will —

Mr B.S. Wyatt: We're all going to go home!

Mr W.J. JOHNSTON: Yes. I am sure my colleagues will provide able support to me because it is going to be an interesting couple of days. The first bill we are dealing with is the Minerals Research Institute of Western Australia Bill 2013. Under this bill, the existing Minerals and Energy Research Institute of Western Australia, or MERIWA, will be replaced, because while Labor was in government, we created the Western Australian Energy Research Alliance, so the question of energy is no longer relevant for this institute. In addition, the government is appropriately taking the opportunity to change the structure of what was previously MERIWA and will now become MRIWA to give it expanded powers so that it can fund more contemporary research and at the same time update its governance structures to a more contemporary process by which there will be a board subject to ministerial direction—but not the old sort of public service-style approach that we had for MERIWA.

I make the point that I was present at the Chamber of Minerals and Energy's Christmas drinks last year when the former minister, Hon Norman Moore, made the announcement that a re-elected Barnett government would introduce the Minerals Research Institute of Western Australia—something that had been talked about in industry for quite some time. The minister made the announcement, and I think that \$9 million or \$9.3 million was to be allocated to the —

Mr W.R. Marmion: It was \$7.5 million.

Mr W.J. JOHNSTON: There we go—\$7.5 million. I got the number wrong but I knew that quite a fair amount of money was to be put into the institute. Here we are today, 29 October 2013, and we are now debating that bill. The former minister made that announcement, the election followed, and roughly 10 months after that announcement, here we are. It is interesting that one bill that we have not seen yet is a bill to deal with home invasions. That bill was a major component of the government's election campaign. The government has not been able to achieve that principal election commitment, yet it has been able to introduce a bill for the Minerals Research Institute of Western Australia. We can see from that what the government's priorities are. The government's priorities are certainly not to fulfil all of its major election commitments.

However, it is very important that the government is fulfilling this election commitment. There is no question that the minerals sector is an essential component of the Western Australian economy. Western Australia can be justifiably proud of its achievements in the minerals area. The Labor Party in government has a proud record of achievement in the minerals industry. I think 170 mines were opened during the time of the former Labor government. That was an unprecedented achievement. However, we now need to work harder to find new mineral deposits in Western Australia, because all the easy discoveries have been achieved, and that is an essential part of what this bill seeks to do.

It is interesting that we have had a big debate in Western Australia about the minerals resource rent tax. In Western Australia, that tax would effectively have applied only to the iron ore industry. It would also have applied to coal. However, coal—the member for Collie—Preston is not in the chamber—is not of the same volume and importance to this state as the iron ore industry. The federal Liberal government of Mr Abbott has promised to abolish the minerals resource rent tax.

It is interesting that in Western Australia, the government is proposing to introduce the Barnett resource tax. That is the \$180 million per annum, increasing with inflation, royalty rate analysis that is included in the budget papers. I refer to an interesting opinion piece in *The West Australian* of Wednesday, 23 October by Mr Simon Bennison, chief executive of the Association of Mining and Exploration Companies. The article is headed "Uncertainty the enemy of resource investment". The article is about the decision by the state government to increase royalties by 30 per cent on the non-iron ore sector. Mr Bennison states in this article —

Australia's share of worldwide exploration expenditure fell from 20 per cent in 1996 to 12 per cent in 2011.

This decrease could impact on future mine development in Australia, reducing the number of jobs for Australians and revenue streams for the Government from business and personal taxation, as well as royalties.

With pressure on the State Budget, Commonwealth Grants Commission processes and the recent loss of the State's AAA credit rating, now is the time to be encouraging resources investment, not adding further costs and taxes.

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The State Government must provide investors with certainty of the State's mineral royalty system and ensure existing mines remain open and new mines are developed for the benefit of all West Australians.

That is not what is happening in Western Australia under the government of the member for Cottesloe. The current Premier is planning to increase royalties by about 30 per cent on mineral sectors in which profits are small, the risks are high and the rewards are difficult.

I refer also to page 672 of budget paper No 2, which outlines details of administered transactions for the Department of Mines and Petroleum. The forward estimates show that the royalty rate analysis will generate \$180 million in 2015–16. Out of total royalties of \$6.7 billion, nearly \$6 billion is made up of iron ore royalties. I make the point that iron ore royalties are excluded from the royalty rate analysis. Therefore, the additional \$180 million that the Barnett Liberal government will be ripping out of the resource sector in Western Australia is not coming from the iron ore industry.

The forward estimates also show state petroleum royalties of \$12.9 million. Again, the royalty rate analysis does not apply to the petroleum sector. We dealt with royalty rates in the last Parliament, when the government introduced a bill to provide for a reduced royalty rate for unconventional gas. If the Barnett state government now wants to reverse the decision that it made in the last Parliament and increase those royalty rates, that would be a shock. I do not expect that will happen. The Abbott Liberal government intends to continue with the petroleum resource rent tax on the onshore petroleum industry. The PRRT is, of course, an invention from the 1980s. It is a world-leading process for ensuring that resource companies pay their fair share. That tax is now well accepted by the oil and gas sector in Australia, and it is a model of royalty schemes that is being looked at and copied around the world. It is a very strong system. It means that although the government will get a lower percentage of royalties from a project when it first commences, because the proponent is able to write off its infrastructure investment, as life goes on and the project's capital is repaid, the percentage of royalties to the government will increase, and that is a good thing.

I remember some years ago visiting an oil and gas operation off the Pilbara coast. Although this was a gas facility—everyone will guess that I am talking about Varanus Island—I was interested in looking at the small oilfields that surrounded Varanus Island at that time. The people from Apache told me at the time that some of these projects had a very small capital investment, and they were able to get their capital back within six or eight months. Of course, because these are small fields, the decline in production is quite rapid. But the point I am making is that it is good that the federal government has that system of royalties. That was in 2002, when the price of a barrel of oil was about \$US24. It is now \$US100. So we can imagine how the increase in the oil price changes the dynamics. That \$12.9 million is not part of the royalty review.

The next product that I want to look at is alumina. The forward estimates for 2015–16 show \$93.3 million in royalties from the alumina industry. The issue is that most of the companies operating in the alumina space have state agreements. I have asked both the Premier and the Minister for Mines and Petroleum what will they do about companies that have state agreements, and we still do not know. I am sure members would understand that those mining agreement acts provide certainty to the —

The ACTING SPEAKER: Members, if you could just lower your voices a little.

Mr W.J. JOHNSTON: There are so few members here today that we can all hear.

The mining agreement acts provide guarantees as to the royalty rates companies pay. As we saw with the iron ore sector, the government could get the fines rate increased only when the companies agreed. They should agree and they did agree. I am not sure what the government is intending to do with the alumina industry. Is it saying that 30 per cent will come out? We know it is not coming out of the \$12.9 million? Therefore, is it coming out of the \$93.3 million? Will it have to pay more royalties? The point about the alumina industry is that it is very marginal; it is not a massively profitable industry. It was at one time, but as we talk today, it is well understood that the two big players—that is, BHP Billiton and Alcoa—are reviewing their operations on a constant basis to see whether they should continue operation. Alcoa has an even more difficult problem given it is trying to source gas.

When I was preparing for this speech—unfortunately I left the document in my office—I was interested to see the media release Alcoa put out some four or five months ago announcing its open tender for gas supplies in Western Australia. There are serious issues arising. I note the minister is nodding because it is well understood. I am sure he is across these issues and well understands the pressures that the alumina industry is under in trying to get competitively priced gas. Aluminium is called solid electricity, given it is energy intensive. Normally with alumina operations, places such as Iceland rely on geothermal energy. Some other countries in the world might rely on hydro-electricity. However, here in Western Australia, we are burning gas and coal to create energy. In

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fact, Victoria is well known for the Portland smelter. It was a deal done in the 1960s that effectively has left a massive load because the Victorian government guaranteed for 30 years the forward price of electricity. This is a complex industry. I would be interested to know whether \$93.3 million will generate a bit of extra income for the government or not, or whether it will be excluded.

Referring to the budget papers, the next one down the list of administered transactions is diamonds at \$42.4 million. Again, diamonds is and has always been a difficult industry in the Kimberley, but it has become more difficult. As I said earlier, the reason we are setting up this Minerals Research Institute is to try to find more difficult-to-find minerals. Diamonds is an example, given that they now need to dig underground. It is well known that Rio Tinto —

Mr W.R. Marmion: “Further underground”.

Mr W.J. JOHNSTON: To dig further underground, yes—deeper and deeper. Indeed, Rio has tried to find a buyer for the mine; it is a difficult operation. Again, is the government saying that \$180 million will come out of the diamond industry? That could be problematic. It may well lead to Rio deciding that mining diamonds in the Kimberley is no longer a good option.

The next one on the list is mineral sands. Its estimate is \$19.6 million. Mineral sands is an interesting one. I will read out the budget estimates of mineral sands over time. The estimated actual in 2013 was \$26.9 million; the budget estimate is \$23.3 million; the 2014–15 forward estimate is \$21.6 million; the 2015–16 estimate is \$19.6 million; and the 2016–17 estimate is \$18.5 million. We can see that mineral sands is in decline. Everybody knows how difficult it is to make money out of the mineral sands industry; it is not a particularly rare commodity. Sadly, for Australia, there have been a number of finds. There have been finds in many parts of the world, but particularly for a number of Western Australian operators who now have their operations on the east coast. If I can go back before that, Newcastle used to be a centre for mineral sands. My brother worked for the Rio Tinto Zinc company in Newcastle back in the 1970s, when I was still at high school. There are now a number of mineral sands operations in the Murray Valley in far western New South Wales, as well as around the world. Mineral sands provide very important products. They provide additives to paint, very good additives to —

Mr W.R. Marmion: Titanium dioxide.

Mr W.J. JOHNSTON: — titanium dioxide, which goes into paint, as well as all these other products. In fact, a whole range of things come out—I will not even mention thorium—of mineral sands. Of course, the point is that the government acknowledges it is an industry that will produce less royalties in the future than it has in the past. However, will it cough up an extra 30 per cent?

I turn to nickel. Again, it is noted in the forward estimates for 2015–16 as \$81.6 million. Nickel is a bit like alumina. It is not quite as energy intensive, but nickel is not just digging up an ore. It must be refined, particularly the nickel sulfide. We need only look at the chemical procedures involved at the Murrin Murrin project, which is a multibillion-dollar chemical plant in the middle of the desert. It is just amazing what some of these nickel companies have done. We have seen the \$2.6 billion capital expenditure—I think it was—investment by BHP Billiton in the Ravensthorpe project, which it then sold for \$500 million. This is a difficult industry. I do not know whether the Minister for Energy gets to sleep at night or not on the basis of whether these nickel companies will continue to operate, given they are being pressed due to the high cost of gas in Western Australia. When I talk to Nickel West and BHP Billiton, I am pleased that they are confident that the economics of their operations continues to add up. But again, it is labour intensive. There are hundreds of jobs in Kalgoorlie, Boulder, Kambalda and, of course, Kwinana as well. Will nickel be one of the industries that coughs up the extra money?

Referring again to the budget papers, I will skip over gold and go to “other”. “Other” is shown as \$175 million. This is bits and pieces; I imagine coal is in there. I do not know what else; we might need to speculate. Anyway, it is not a bad amount of money. Getting back to gold, it is shown as \$172.9 million. Basically, in royalties, there is iron ore, which is almost 90 per cent of our state’s royalties. When looking at everything else, gold sticks out as being nearly double any other industry. The problem for the government, for industry and for every Western Australian is that that \$180 million—if we exclude any of the other minerals outlined—is not a 30 per cent increase in the royalty on gold because it goes up. With every other industry that is left out of increased royalties, to get that \$180 million, it means that the royalty on gold will increase. There is no doubt that over the last few years there has been very profitable goldmining operations in Western Australia. However, a couple of things need to be borne in mind. Firstly, we now have a changed circumstance; namely, that gold prices have come down substantially over the last 12 months. The gold industry has a problem. The next issue that needs to be borne in mind is that although there are some operators that are relatively low cost, there are many that are very

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marginal. Years ago when the Western Mining Corporation still owned gold mines in the goldfields when I visited them as state secretary —

Mr B.S. Wyatt interjected.

Mr W.J. JOHNSTON: No, out from Kambalda south. I cannot remember the name. I forget the name; it does not matter. But the point is that even back then, as with all gold operations, they do a calculation so they can source the last ounce of gold to still make money. Therefore, they do a big mine plan; they work to that mine plan. If things change, then the last ounce of gold moves up.

Over the past two summers my daughter has worked as a student geologist at a goldmine in the northern goldfields. She has been amazed at the changing cost pressures on that mine between the first and second summer. There were clearly more cost pressures on that goldmine during the 2012–13 Christmas than the 2011–12 Christmas. That is the story of the gold industry in Western Australia at the moment. Goldmines are for sale and have been sold. There is a shake-up in the industry and major gold producers face serious financial problems. Today it is a very complex industry. Is the government saying that it will pay? It is natural for the government to continue to hide the answer to that question. It says that it has a process. The problem with the process is that there is also an outcome. We know the outcome—it is \$180 million. That is a cabinet-approved number. Who is going to pay? We need to think about what the effects will be. That \$180 million is more than the amount of money taken out of Western Australia by the minerals resource rent tax on the most profitable part of the industry, which is the iron ore sector. Where are we going? Will the government fess up and say what is happening with royalty rates, because it really needs to? We need to know. We need a clear understanding of what the impact on the industry will be. What job losses are expected from increased royalties? What is the expected reduction in exploration from these increased royalties? What is the expected reduction in production volumes from these royalty increases?

As the minister said in his second reading speech, the Minerals Research Institute of Western Australia is trying to create future opportunities for Western Australia and the sector. But that is not in the interest of Western Australians if that opportunity is killed off by the government's need to maintain a fig leaf to give itself a budget surplus in the out years. That \$180 million in last year's budget was just about equal to the expected surplus for the last year in the out years. It is clear that the government came up with a figure to plug a hole rather than thinking about what was achievable for the industry. The problem the government has built for itself is that if the government does not deliver \$180 million out of this royalty review, the budget in the out years will be further negatively impacted, it will undermine its fiscal action plan and that will give the ratings agencies another opportunity to criticise the state government because it is not keeping to its targets. However, if the government does get \$180 million out of the industry, it will cost jobs and investment.

The other day I was pleased to attend the Brodie-Hall Memorial Address held by the Commonwealth Scientific and Industrial Research Organisation Alumni Association. The minister was there. Mr Acting Speaker (Mr I.M. Britza) may like to know that I was dressed in my usual suit, having come from Parliament to the address; the minister, though, was in a tuxedo.

Mr W.R. Marmion: You were underdressed, member.

Mr W.J. JOHNSTON: I was severely underdressed, because the Minister for Mines and Petroleum was in a tuxedo. Mind you, Mr Acting Speaker, the minister was the only person in the entire lecture theatre wearing a tuxedo, because the minister was part of the A-team; I was clearly part of only the B-team.

Mr W.R. Marmion: So was Lady Brodie-Hall.

Mr W.J. JOHNSTON: Lady Brodie-Hall was present at the address also. The minister and Lady Brodie-Hall were heading off to the Andrew Forrest function at the University of Western Australia.

Mr W.R. Marmion: Somebody needed to accompany Lady Brodie-Hall.

Mr W.J. JOHNSTON: Is that right? I am sure that the minister is an A-lister. I have no doubt that the member for Nedlands will always be on the list. I have no problem that I was not on the A-list; that does not trouble me at all. However, the reason I raised it is that it was a very interesting presentation.

Mr W.R. Marmion: It was a very good presentation.

Mr W.J. JOHNSTON: I am sure the minister saw the presentation.

Mr W.R. Marmion: I got the slides afterwards.

Mr W.J. JOHNSTON: I am sure the minister carefully reviewed those slides. Many of those slides are actually in the document the minister's advisers provided me during our briefing. The incoming chief executive officer of

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the Minerals Research Institute and the minister's staff, as always, gave me a very good briefing. They provided me this report —

Mr W.R. Marmion: Mr Woffenden.

Mr W.J. JOHNSTON: I was trying to find his business card but I dropped it.

Mr W.R. Marmion: He is in the gallery.

Mr W.J. JOHNSTON: He is too! It is good to see him again.

I was provided a copy of the “Western Australian Minerals Research Institute: Research Priorities Plan June 2013” prepared by Australian Venture Consultants Pty Ltd. It is an interesting read. I cannot say I have read every word of it, but I have scanned through it. A number of the slides in this publication are either the same as or very similar to the slides presented by the former director who presented the lecture for CSIRO. The slide I found interesting is on page 19 of the “Western Australian Minerals Research Institute: Research Priorities Plan”. I am sorry I cannot show you, Mr Acting Speaker, but it shows over time, starting in 1850 to the present, the depth at which minerals have been extracted in Australia.

Mr W.R. Marmion: I will show members.

Mr W.J. JOHNSTON: The minister is being the barrel girl.

Mr W.R. Marmion: It is getting deeper.

Mr W.J. JOHNSTON: That is the point: the gold is being found at ever deeper levels. Back in 1850, gold was all alluvial; it was found on the surface. People found gold because they tripped over it. But as time went by, particularly after the 1950s, Australian mining operations have dug deeper and deeper. The point is—this is the good thing the Minerals Research Institute will help with—how are the minerals found down there? If they are at greater depths, the technology that was used in the past will not be able to help in the future. There will have to be new technologies, ideas and methods. The Brodie-Hall presentation made the point that technologies used elsewhere can be adapted for other tasks. The presentation ran through the development of the magnetometer.

Mr W.R. Marmion: There is lots of research—gravitational measures.

Mr W.J. JOHNSTON: No, I am talking about the magnetic research, where people started looking for submarines but then found minerals. What are the next technologies? Western Australia is ideally placed for this. We are a leading centre of technology. The minister will know the exact figure.

Mr W.R. Marmion: Sixty per cent.

Mr W.J. JOHNSTON: Sixty per cent of mining software used throughout the world is developed in Western Australia. That is a niche market for WA. Although not directly related to this matter, I understand that in the oil and gas sector, Western Australian subsea technologies are world-leading, so there are niche markets Western Australia has been able to get into. That is why the opposition very strongly supports the Minerals Research Institute. Western Australia will continue in the future to export iron ore, gas and other hydrocarbons, but the real opportunity for Western Australia is in the technology area, in research.

It was put to me by Andy Sierakowski from the University of Western Australia —

Mr W.R. Marmion: He is a very good tennis player. I played inter-varsity tennis with him along with the member for Kalgoorlie in 1974.

Mr W.J. JOHNSTON: Okay. I am not from the western suburbs so I do not play tennis with Mr Sierakowski. Nevertheless, I think that Mr Sierakowski is a very good operator and he does a great job for the University of Western Australia. He is a clever man and I am pleased to have listened to him. If I get another opportunity, I will listen to him again. The point he makes, which is what I was trying to get to before I was interrupted by the minister's tennis story, is that we need to see Western Australia as a place to which people come for solutions. That is a really good line. I would love to claim it as my own but it is Mr Sierakowski's. To the extent that we can be a place to which people come for solutions, that is for the benefit of us all. The Minerals Research Institute of Western Australia is all about not only finding more minerals for Western Australia, which is obviously critical and important and essential for our future, but also creating those broader opportunities for a clever state. I remember back in the 1990s when people were saying —

Mr B.S. Wyatt: When?

Mr W.J. JOHNSTON: The 1990s.

Mr W.R. Marmion: I can remember that too.

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Mr W.J. JOHNSTON: The member for Victoria Park was still at high school or something.

Mr B.S. Wyatt: I was at university.

Mr W.J. JOHNSTON: Everyone was saying that Western Australia had passed because the tech wave was the future. West Perth mining companies were turning themselves into tech stocks. I must say, I am only an ordinary citizen and I looked at these things and thought: how can they make money if they do not have any cash flow? But, obviously, these people were much cleverer than I was. Then came the tech wreck.

Mr B.S. Wyatt: Ah, they cannot!

Mr W.R. Marmion: Not many made it.

Mr W.J. JOHNSTON: No, not many made it. Now we have 600 mining companies in Western Australia, although I understand only 150 of those have cash flows. There is an echo of the past about that too. One way or another, we are a centre of opportunity for developing Western Australia. It is not only about exporting the products. Last year, I went to a breakfast or lunch—I cannot remember—organised by the John Curtin Institute of Public Policy, which is a very good organisation in the electorate of Victoria Park. Professor Phillimore runs the John Curtin Institute of Public Policy. It runs Curtin Corners on a Friday afternoon and occasionally other functions. Last year I went along with the member for Willagee to hear Martin Parkinson, the secretary of the federal Department of Treasury. He spoke about the Asian century, which we are in now and about which I will comment in a second. He said that billions of people are moving into the middle class in Asia and they will want three things—mineral resources and energy, food and services, and high-level services. I do not remember the exact words he used but, basically, he said that Australia will always succeed in the resource space because we have such a huge endowment; we will succeed in the energy space because we have such a huge endowment; and we will succeed in food because we are a food-growing country. However, we have no particular advantage in services and we will have to work hard to get that focus on services.

When I go to Indonesia, as I regularly do, I see only four Australian brands. The two big ones are the Commonwealth Bank and the ANZ Bank. They have established themselves there after years and years of hard work; it was not some short-term process. The other two are Mambo and another surf wear company. My daughter tells me that Nine West, which we saw all over Indonesia, is also an Australian brand, which I did not know. At the end of the day, we do not have any special ability to sell our high-level services into Asia. Hopefully, things such as the Minerals Research Institute of Western Australia will give us an advantage because we will be at the leading edge of technology for the minerals industry. Services, particularly high-level services, are the future.

It is interesting that until 1750, more than half the world's economy was in Asia. It was only after 1750 and mechanisation in England that Asia stopped being the dominant economic force in the world. Now is the end of the unusual period and we are returning to normal. Many Western commentators say it is the rise of Asia, but it is the return.

Mr W.R. Marmion: The re-emergence.

Mr W.J. JOHNSTON: It is the re-emergence. The Srivijayan empire in Sumatra ran for 600 years, from the sixth century to the twelfth century, and dominated trade between India and China. It was one of the richest places in the world and if 100 Australians had heard of it before, I would be shocked. That is what has happened right on our doorstep.

Mr P.C. Tinley: I heard about it.

Mr W.J. JOHNSTON: Because I told the member for Willagee about it.

Mr W.R. Marmion: You weren't around then.

Mr W.J. JOHNSTON: I was not around then. The point I make is that Asia has always been at the centre of the world's economy. We are fortunately placed next to it, but we have no particular advantage in selling high-level services. Mr Parkinson made the point in his presentation—the member for Willagee was there and will remember this—that Berlin is closer to Beijing than Sydney. We see ourselves as having some special relationship with Asia, but so does everybody else. German machine tools fill the factories churning out goods that are sold back to Australia. A lot of things are happening out there and we need to be part of it. That will be by being at the high end of services. I am not dismissing the extractive industries, but we need to take advantage of those foundations to build something even bigger and even better. It is not that in the future we will not export this incredible mineral and energy wealth in Western Australia, but let us do that and do some other things. The good thing about research is that is not as cost-conscious. Real cost questions arise in other industries; the high dollar and the welcome high labour costs in Australia make it more difficult to compete in those industries,

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whereas research is less critical to those costs. It is another opportunity for us of which we might not otherwise be able to take advantage.

There is a lot in this. I have not specifically addressed the provisions of the bill. The minister will be relieved to know that I do not intend to go into consideration in detail. We do not have any particular amendments, but it would be helpful if the minister outlined in his reply the new approach that has been explained to me by his officers regarding the board and the way it relates to the minister, and the new expansion and capacities to fund research in cooperation with other organisations. The Minerals Research Institute might fund research carried out by the University of Western Australia or Curtin University or it might be done partly by BHP and partly done by the CSIRO. That is one of the exciting things about this bill. Earlier I mentioned the idea of taking technologies used in other industries and applying them to minerals research. The other thing is cooperation. We can get bang for our buck by leveraging. We are lucky that CSIRO's minerals and energy research is based here in Western Australia, which is fabulous, because we are the centre of the known universe for minerals and energy in Australia —

Mr W.R. Marmion: As it should be.

Mr W.J. JOHNSTON: Yes, as it should be. So we need to ensure that we can leverage what we can out of these commonwealth institutions. We welcome the fact that we have been able to achieve that. One of the good things about the move from MERIWA to the new minerals research institute is the capacity to give larger and longer-lasting contributions. I understand that about \$150 000 was the limit for MERIWA. That would hardly buy a PhD student these days. Being given more flexibility to fund more innovative and more broad-ranging research is a welcome process.

I want to swing over to the drilling incentive program for which the minister is responsible. The reason that I am raising it with the minerals research institute is that it is also about innovation. The program is funded by royalties for regions but I think we need to be very careful with the co-investment on drilling to ensure that companies are not being funded by government to do what they would do anyway. That is always the trick, and I am sure the minister is well aware of that. I know that the program is very popular; I am constantly lobbied by the Association of Mining and Exploration Companies and other groups about how much they like it. I have no trouble with that; I am not talking against it but there is always a "but". It is probably appropriate at some point to review the program. The important thing is whether we are getting value for money for it. Also, what is the opportunity cost? Are there other ways of using the money to do other research that might provide a benefit in the long term as well? Western Australia has some really good research tools for the minerals sector. We have a mapping system that shows all the published data on every part of the state. If there is mineralogy in one type of geological formation somewhere in the world and we have the same geological formation, we might find minerals here too. Having a high-level database has been a boon for the exploration sector. Maybe there is some other technology we can look at. I am not for one second speaking against the drilling incentive program; I am just saying that we have to ensure that it is providing value for money and that the opportunity cost is looked at as well.

The Minerals Research Institute of Western Australia Bill 2013 is the inevitable result of a program that was started by Hon Clive Brown when he was the Minister for State Development. In concert with industry, he established the Western Australian Energy Research Alliance. When that alliance was created, it was inevitable that MERIWA would have to lose the energy part of its activities because it is not sensible for the government to fund two organisations doing the same work. Whilst Hon Norman Moore specifically promised in December last year to move down this path, this is the inevitable consequence of what the Labor Party started when it was in government. I am almost certain that this is what we would have been doing, which is why we are happy to support the bill. We are pleased to be able to demonstrate our ongoing and deep commitment to the resource sector. The reason we do that is not because we love minerals; it is because we love jobs. We are the Labor Party. We are the only party that comes to this chamber with employment at our heart. That is why we were formed in 1891 in Queensland and New South Wales and 1899 in Western Australia, because we believe that decent, well-paid jobs are the heart of any society, that work brings self-worth and value and that we need to do what we can to ensure that employment opportunities are available to people. It is not that we ignore the environment, because we do not; we are very keen to ensure that the world is handed on to future generations in a fit and proper state, but in our heart, we are about jobs. For Western Australia, that means minerals and resources and that is why we are supporting the Minerals Research Institute of Western Australia Bill 2013.

MR V.A. CATANIA (North West Central) [5.26 pm]: I rise to give the National Party's point of view of and support for the Minerals Research Institute of Western Australia Bill 2013. It is a good bill that the Liberal-National government is introducing today. What the member for Cannington said in this chamber is spot-on. One

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thing he probably failed to mention is that this bill provides for research into uranium. It is good to see that the Labor Party will support this bill because it also means that research will be conducted into areas of the state that have uranium deposits for the purpose of mining uranium.

As we know, a lot of the mine sites from which it has been easy to extract minerals have been discovered. Now it is getting quite difficult to extract minerals that are located quite deep in the ground. This bill allows for investment to occur in partnership with the companies that are undertaking exploration to ensure that we can continue what has made Western Australia the resource capital of not only Australia but also the world. The ability to keep companies investing and exploring has a great impact on regional Western Australia. As we know, most of our minerals are found in regions very close to many of our towns and they are utilised in the process of extracting minerals. Having companies continue their exploration provides an economic boost for local towns, including a lot of towns in my electorate, obviously, as my electorate is mineral rich. This provides support for people just going to the local shop, newsagent, post office or even the local pub to have a beer after they have finished work. Also, companies generally put back into the communities and provide a lot of services that regional towns would otherwise miss out on. Companies want to ingratiate themselves with the community, not only because they want to help out, but also because they are part of that community. We see a lot of companies put money into health and education and into providing good social services to keep the town functioning in consultation with the community.

It is important that we continue minerals exploration. This bill gives us an assurance that the government is ensuring that we can continue to enjoy the prosperous times that we have enjoyed over the last so many years.

The member for Cannington raised a concern about the budget in 2015. There has been talk of increasing the gold royalty. I will read from *Hansard* the Premier's response to a question on the gold rate asked by the Leader of the Opposition. The Premier stated —

There is a general view that perhaps the royalty as it is applied on gold may be a little light on. I do not know that; that will be a result of the review. But there is no intent to change, and this government is not changing, the royalty rates. The review will make sure that the rate truly reflects 10 per cent of the value in the ground.

I would have a huge concern if there were a change in the royalty rate for goldminers, as they are doing it very tough. The impacts from a slight change in the royalty rate could have dire consequences, particularly in my electorate and that of the member for Kalgoorlie, where perhaps the majority of goldmines in Western Australia are located. Unlike the iron ore industry, which operates with a huge profit margin, gold mines are quite marginal operations. There is a perception that as gold is worth a lot, gold producers are earning a lot, but the cost to extract the gold from the ground is very high and often these goldmines are quite marginal operations. I will fire a warning shot across the bow of the minister about the real concerns in my electorate, particularly in the towns that have goldmines, because gold producers provide a lot of support to the community in health, education and social events as part of the community. I do not want to see that go. Gold producers are not like iron ore producers; they have very marginal operations. Increasing the royalty rate in the gold sector may fill the coffers of the government a little more, but it will stop producers from investing back into the community because their operations are so marginal. This bill is trying to encourage exploration, but increasing the gold royalty will discourage exploration because the money that gold producers would normally direct from their profits into exploration to try to grow their gold pit would be reduced. My colleagues and I on this side of the house urge the minister to act on the side of caution in changing the gold rate, because it will have dire consequences not only in my electorate but also the member for Kalgoorlie's electorate, and ultimately the state will suffer through the lack of exploration in goldmining.

As the member for Cannington pointed out, the easy-to-find mineral deposits have been discovered and we are now getting into tricky areas. Mines need progressively to go deeper and deeper to keep their coffers full of iron ore, gold or any other mineral out there and to keep production going. Mining is not only harder and more complex, but also the capital investment in mines is becoming harder to find—unlike 10 years ago, when it was easier to find a dollar for mineral exploration. Capital investment has become a lot tighter and more difficult to find. We have gone through some tough times economically around the world and that has had an impact on investment in the resources sector.

The resources sector is Western Australia's lifeline. We rely on the resources sector to provide all the things we debate in this house. Regional WA benefits from the resources sector through the royalties for regions policy. We do not want to see that go. This bill will go some way to continuing exploration and investment in that industry. My parting comment to the minister is that he really considers the gold royalty rate, because any increase in that rate will have dire consequences for the industry, the towns I represent, the electorate of the

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member for Kalgoorlie, and generally for regional Western Australia. I cannot see an increase in the gold royalty rate helping in any way; it will only hinder growth in our communities and the exploration for gold in this state.

MR P.C. TINLEY (Willagee) [5.35 pm]: I will add a few comments in my short contribution to the Minerals Research Institute of Western Australia Bill 2013. The opposition supports this bill and it is fantastic to see some further movement since the last Labor government created the Minerals and Energy Research Institute of WA, separating the components of minerals and energy. I do not want to dwell on any detail of the bill, but rather will refer to the guiding work that was done by Australian Venture Consultants Pty Ltd for the Chamber of Minerals and Energy of Western Australia titled “Western Australian Minerals Research Institute Research Priorities Plan”. I believe the majority of this plan will be adopted by the government. From reading the report, it is clear that the nature of the sector is changing, particularly in exploration. Figure 11 of the plan, “Depth of Australian Minerals Discoveries (1850 to 2010)”, is quite instructive and shows an agglomeration of discoveries and the great depth which some of these extraction techniques must achieve. About one-third of these discoveries are below 300 metres, which is a huge logistical problem that requires technical expertise—just in the 3D mapping, let alone discovery and mine management.

One of the things that really interests me and which caught my eye towards the end of the plan relates to areas of identified need that do not seem to be addressed currently. There is a whole list of them! By and large, the institute is biased towards technical research, which is obviously completely appropriate and necessary. As recently as last week I read an article from the web page “ResourcesCareer” titled “Trees strike gold in WA mining bloom”, and I think *The West Australian* contained an article on the subject. The “ResourcesCareer” article, in part, reads —

Even the trees are grabbing their slice of Western Australia’s underground resources, with CSIRO showing nature may have levied its own minerals tax.

The article is referring to the hydraulic nature of eucalypt trees throughout Western Australia and Australia that may be indicators—there is a long way to go—of what lies beneath the ground, particularly gold, which is topical in members’ contributions tonight. CSIRO geochemist Dr Mel Lintern made some comments around the technology. I will not dwell on the article, but it is a good example of applied technology. There is nothing terribly new about the technology they are using; it is simply a new application. The article continues —

The CSIRO team called in the help of The Synchrotron—an advanced x-ray elemental imaging device. The Synchrotron produces clear images of minerals within the leaves that otherwise would have gone unnoticed.

It is only the beginning, I would imagine, and they will find further concentrations through that sort of low-cost scoping. That is the sort of thing that the institute’s resource priorities would be addressing.

One aspect that is missing from the plan is the creeping cost of exploration and the creeping cost burden. I am a member of the Economics and Industry Standing Committee inquiry into floating liquefied natural gas. The inquiry called for public submissions, and evidence to the committee concerned the cost curve and its impact on not only discovery but also extraction. There does not seem to be any consideration in this research document, or by the institute as a whole, of non-scientific aspects. For example, where is the opportunity for somebody to undertake research on the financial structuring and capital markets of the industry—to unpack some of the cost controls and cost mechanisms? These are all laudable and worthwhile avenues to look into and assist the industry. I am speaking about things like tax structures that could be investigated. These are things that would benefit the exploration industry. One example is flow-through shares, which have been talked about and are used in different jurisdictions around the world, most notably in Canada. Flow-through shares have been implemented in the tax system in Canada for 25 years and have produced some successful outcomes. For the benefit of members who do not know much about flow-through shares, they are a method by which a certain class of share—there are other instruments and mechanisms for this—can be offered to the market with a 100 per cent tax deductibility against that share because the capital raised against that share is directly channelled to exploration. That is an incentive for investors to get behind small and mid-cap miners that find it hard to raise capital to do exploration. Federally, there has been reluctance on both sides of the political hall to oppose this. This is really emblematic of the problem that Western Australia has. I think that such a research institute could look at things like these structures to see what benefit they might provide to the Western Australia economy.

I am not for a second suggesting that flow-through shares are the answer because I think there is a whole lot to discuss about their application, implementation and benefits. The Canadian experience tells us that there are some great undertakings. According to the Prospectors and Developers Association of Canada analysis of Canadian tax rates for 2011 —

... the after-tax cost of a \$1,000 investment under the “super flow-through” —

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They call them super flow-through shares —

program would vary between a low of \$284 in Quebec to a high of \$590 in Alberta. “Super” flow-through indicates that the regular 100% deduction that’s available under the Income Tax Act, along with a federal program that provides another 15% non-refundable tax credit for grass roots exploration completed by Canadian companies. The temporary flow-through program has been extended several times.

It has been a great success. I further quote from the same report —

In 2012, Canadian companies raised a total of \$536.8-million through 94 deals, not far off the five-year annual average of \$500 million and 93 deals a year. The peak year in that five-year period was 2011, when miners raised just under \$698-million through 120 deals.

These are indicators that a vibrant, agile financial market is something we should embrace because the resource sector will not last forever. We need to incrementally replace and leverage off that \$72 billion behemoth—I think that it is now worth \$106 billion to the Western Australia economy if the total value of that industry sector is aggregated. As we move past that, the residual benefit must be represented in skills and knowledge. There is a great opportunity for Western Australia as we internationalise and become more relevant to the Asian region to take advantage of the Asian century—it is clearly not just the rocks that we dig up; it will also be the brain power and knowledge that we export. In my opinion, this institute needs to recast some of its research objectives to include some of the things that will be of long-term benefit to the knowledge we gather as a state, which can then be concentrated and used as an export opportunity. The ASX report “Strengthening Australia’s equity capital markets” of April 2012 indicates some of the things that it is looking at to improve the capital-raising opportunities for small to mid-cap companies, which explorers would fit into. It is important that we urge the ASX—but not too much and not go back to the bad old days of the “Perth Board”—to advocate on behalf of Western Australia to ensure that we get modern financial and tax systems that promote new discoveries and the inferred benefits from them with the development of knowledge for ourselves and the next generations. Therefore, we can then export that knowledge and become more capable of leveraging our position in the global market.

MR B.S. WYATT (Victoria Park) [5.46 pm]: The member for Kalgoorlie might still get up; I have only a short contribution to make.

The opposition supports the Minerals Research Institute of Western Australia Bill 2013. The member for Cannington outlined at some length the reasons why the opposition considers this to be a good bill. It is timely to have these discussions because there has been some public commentary of late, certainly about Andrew Forrest contributing \$65 million to Western Australian universities for postgraduate studies. I note that one of the purposes of the research institute is to do something similar—to focus on developing engineers, geologists and other scientific professionals, particularly PhD students. We are becoming more demanding of the resources sector in Western Australia and of those who can contribute to the development of future research. An interesting statistic that I heard—I do not know whether it is true—was that about 70 per cent of all mining software used in the world is developed here in Western Australia.

Mr W.R. Marmion: It is 60 per cent.

Mr B.S. WYATT: It is 60 per cent. That is an extraordinary statistic, and, without demeaning the mining sector, that reflects the long-term future in getting a benefit from the finite resources that are our minerals.

I note that there has been discussion tonight about gold. This bill will not respond to the government’s current review of royalties, but there has been some public commentary from the Premier, the member for Cannington and Simon Bennison, who the minister looks disturbingly like —

Mr W.R. Marmion: I do not!

Mr B.S. WYATT: The minister does. I spoke to the minister’s chief of staff at that Association of Mining and Exploration Companies function the other day; it is odd.

There has been discussion on the potential controversy about increasing gold royalties. Hon Norman Moore was barely out the door before the Premier thought it was time to look at gold royalties. I think that he turned and said, “Norman, thanks for the career; don’t let the door hit you on the way out. It’s time to look at gold royalties.” Hon Norman Moore has recently emerged in the public debate. The media speculate that Hon Norman Moore has a role to play in the fightback against the Premier’s apparent, alleged intent to increase the royalty on gold. No doubt the minister will have the joy of dealing with Hon Norman Moore, who will have some stern words to say to the minister and some of his colleagues because Hon Norman Moore and gold go

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back a long way. I dare say that Hon Norman Moore goes back to when gold was first found in Western Australia. He may actually have been in Parliament when gold was first found at Halls Creek all those years ago. I make the point that I feel somewhat joined to Hon Norman Moore. When I commenced my education in year 1 in Laverton, a Western Mining Corporation town as it was back then —

Mr W.R. Marmion: Was he your teacher?

Mr B.S. WYATT: No, he was not my teacher—thankfully.

Laverton was a big town. I was there in the late 1970s. When I started year 1 at Laverton Primary School, Hon Norman Moore had just left as headmaster to come to Parliament. It is extraordinary to think that when I was five years old, Hon Norman Moore came to this place and departed only recently.

Mr A.P. Jacob: Member for Victoria Park, I don't know whether I should own up to this, but he was in his second term here when I was born.

Mr B.S. WYATT: The minister can own up to it because I am not surprised by that.

Mr F.M. Logan: He didn't have any Poseidon shares, did he?

Mr B.S. WYATT: I just wish I had Poseidon shares.

Mr P. Papalia interjected.

Mr B.S. WYATT: One thing Hon Norman Moore did was defend the gold industry. I think that goes back to his days—he might have even spent some time in Marble Bar—in Laverton certainly, when Laverton was a boom town. I think we had about 350 students at the school I attended. I went back last year and the number of students was down to about 70. Laverton is one of the sad examples of the impact of a fly in, fly out workforce. That is not a reflection on fly in, fly out workers; that is the reality of the economic times in which we find ourselves. Certainly, the Premier could not wait to see the back of Hon Norman Moore before he could start floating the idea of increasing gold royalties. I am looking forward to meeting with Hon Norman Moore so that I, too, can chat with him about not just reliving old days in Laverton, but how we can defend this outrageous attack by the government on the mining sector in mining tax mark 2 here in Western Australia. The danger that we have, of course—the member for Cannington alluded to this in his contribution—is that the government has already booked the revenue, which makes it very, very difficult. If that review finds that, actually, all the royalties are kind of okay, I doubt that we can then reverse out \$180 million a year. I say to the member for Cottesloe and the member for Nedlands that standing there with the mace firmly in his hands, standing in the way of that increase in the gold royalties, will be Hon Norman Moore, as briskly as ever, no doubt, ready to make his point very, very well known to them.

I will make a couple of other points. Obviously, we are happy and very keen to support this bill. Anything that promotes research is very important. The history of gold is really the history of Western Australia. A number of times in my discussions about debt—I have moved a couple of motions and spoken for many hours on debt—I have reflected also that gold and access to capital and, to be frank, convicts really is the story of Western Australia's development. I refer all members to a research paper—it is on the Treasury website—that was done for the Department of Treasury in December 2004 by Professor Reg Appleyard, titled “An Economic History of Western Australia Since Colonial Settlement”. It is an excellent piece. It goes through the economic progression of Western Australia. I referred to it at length when we debated the changes to the Bank of Western Australia Amendment Bill a number of years ago, because Western Australia really had a stagnant population. We literally had a barter system. We did not have any capital to speak of and we did not have convicts. It was when gold was discovered in Halls Creek and convicts from the motherland were requested by the colony that convicts arrived and provided free labour.

Mr W.R. Marmion: That was in 1850.

Mr B.S. WYATT: In 1850. Gold was found initially in Halls Creek—but it was not long lasting—and then at Mt Charlotte in Kalgoorlie. That started the long boom that has delivered for Western Australia. The first time that we finally had access to capital was after the gold find at Mt Charlotte in Kalgoorlie. That allowed Western Australia to begin its development—ultimately, of course, hand in hand with a convict labour force, which certainly helped things along. It is often forgotten that even though South Australia as a colony came subsequently —

Mr W.R. Marmion: In 1836.

Mr B.S. WYATT: — its population increased dramatically. It was way ahead of us. It developed economically way ahead of us very, very quickly; it took us quite some time. The history of Western Australia is very much

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entwined with the history of gold and gold discoveries, which is why I think there has always been an emotional attachment or an element of emotion around the issue of gold royalties. The member for North West Central, I think, and the member for Cannington made the point that gold is a marginal enterprise. I still cannot believe the change in the gold price over the past 15 years. The movements have been quite extraordinary.

My dad had a pub in Cue for a short time. Those who know Cue will know the story of gold. The Big Bell goldmine was up there. At the time, gold was, from memory, about \$US200 or \$US300 an ounce. When we look at what has happened to gold over the past 15 years, we see that it has been quite an extraordinary story. I remember that at the time we would go up there and see the mine. I think the member for Cannington talked about the sensitivities of the gold price. When gold got to a certain level, the labour force would be reduced by a certain number; it was that sensitive. Similarly, when the price increased, the labour force would increase. For many years, Big Bell was marginal, until ultimately it closed down. I think any Western Australian who travels around the state will have come across many different towns that were historically gold towns, with very large populations at some point, but over time, in many cases, they are now ghost towns.

Dr M.D. Nahan: Just further to your points, up until the late 1980s, gold was income tax free.

Mr B.S. WYATT: I think that highlights perhaps another avenue to the point about the emotion around royalty rates. Historically, gold has been in such a privileged position. Many small exploration companies have now factored in, obviously, various taxes and charges that come with mining. If a government may be potentially looking to extract more from a particular industry when that industry is starting to go through particularly troubling times, that industry will get nervous.

Mr W.R. Marmion: Can I interject on Professor Appleyard's paper, which I have not read? Does he mention where our gross domestic product was in Western Australia way back in the —

Mr B.S. WYATT: He does. He goes through it at length.

Mr W.R. Marmion: I heard that we were about third in the world.

Mr B.S. WYATT: When was the minister asking about?

Mr W.R. Marmion: Around the turn of the previous century.

Mr B.S. WYATT: Okay. I can tell the minister that in about 1850 our gross state product was just under £300 000. The chart in this paper goes up to 1860, when it rose to £800 000. Basically, in 10 years it went from £300 000 to £800 000.

Mr W.R. Marmion: I think our gross state product per capita put Western Australia in about the top three in the world.

Mr B.S. WYATT: It would have been then. The population was very small, of course. The point I was making was that Appleyard goes through the easy finds; people were literally tripping over gold back then. The Minerals Research Institute is looking not at deeper gold, but resources that are more complex and more costly to access because, ultimately, a significant proportion of our revenue base is built around a finite resource. It is the transferral of the wealth that we generate from that good fortune into this sort of research and analysis that means that, hopefully, we can continue to have those sorts of statistics whereby 60 per cent of all mining software around the world comes out of Western Australia, because, ultimately, that is where the future of jobs is. We are a high-cost country, and we will continue to be—that is what we are—so we are very much reliant upon the higher end and the high-value products that I dare say this institute will focus on. I have no doubt that is one of the main reasons why the member for Cannington has encouraged the opposition to strongly support this bill.

The minister made the point in his second reading speech that we must ensure that our industry is competitive with operations in lower-cost jurisdictions. That is what we are always seeking to do. Our competition is now with the world. It is not with other states; it is not within Western Australia. It is these investments and this research that will ensure that Western Australia continues to lead the mining industry around the world, not just in Australia, to ensure that not only the gold industry, but also, of course, iron ore and all extractive resources continue to provide Western Australia with a strong future so that our kids can continue to reap the rewards from what we are going through right now, which is quite an extraordinary period of economic growth and success.

Sitting suspended from 6.00 to 7.00 pm

MS W.M. DUNCAN (Kalgoorlie — Deputy Speaker) [7.00 pm]: We are discussing the Minerals Research Institute of Western Australia Bill. I appreciate the opportunity to say that I do support this bill, which is a very

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important part of ensuring that the benefits of the mining industry are capitalised on and flow through to the economy well into the future. As we all know, the mining industry is very important to Western Australia. In 2012 it was worth \$97 billion in sales, which was the second-highest total on record. It also accounted for 87 per cent of the state's merchandise exports and 46 per cent of the country's merchandise exports, and collected \$5.1 billion in royalties. That is a pretty important contribution to the state's economy. There is always a debate about ensuring that the benefits of our resource-rich state flow back to the community. There is also always a debate about what has become known as the Dutch disease, which is that resources can be exploited but the communities in which those resources reside do not actually see any long-term benefit. I think this is where this bill is very important. There is quite a lot of debate out there.

I found a paper called "Extracting the value from the extractive industries: Insights from the Australian experience" by David Doepel and Geoffrey Bolton. The paper discusses this issue of how to ensure that the benefits of having a very rich environment flow back to the community and are there for the long term. They are really saying that when mining is fully integrated into the economy, the skilled workforce is sourced locally and goods and services are largely procured from within the jurisdiction, then the economic multipliers are very significant. This is in strong contrast to places where the mining industry procures its goods and services and even its labour internationally. The paper talks about the importance of beneficiation and of the benefits of the mining industry flowing into the wider economy. We all know, though, that in a mature economy like Australia's, particularly with our high labour costs, beneficiation or downstream processing is not as easily achieved. In fact, one of the best ways for the benefits of the mining industry to flow out into the community is through innovation, research and high-level technology. That is why this bill is greatly welcomed. To quote David Doepel and Geoffrey Bolton —

... to create lasting benefit and a more robust and resilient economy. In mature mining economies, such linkages are very strong and often include innovative companies providing materials and services to the extractives industries: from exploration technology; data interpretation; software services; machinery and equipment support innovation in mine processes and management.

It is these sorts of industries that can actually extend the benefits of the mining industry into the broader community. I suppose that we are doing that to a certain extent in Western Australia through various government programs, and in particular with the royalties for regions program. I think, for instance, of the \$80 million exploration incentive scheme, which has not only co-funded drilling programs for mining companies but also funded a lot of work that has helped to underpin that base of research and technology that is so important to advancing the mining industry in an economy like Australia's.

[Quorum formed.]

Ms W.M. DUNCAN: I was just talking about the \$80 million exploration incentive scheme, which is a royalties for regions program. People think of it as co-funding assistance for drilling, but there is actually more to it than that. It also includes radiometric and magnetic surveys of Western Australia, which has released data from 11 815 gravity stations. Also, 1 256 827 line kilometres of airborne geophysics has been achieved through the exploration incentive scheme. Parts of that scheme also support research and development. That is what we need to see more of in Western Australia to ensure that we not only get the benefits from the mining boom but also expand our ability to harvest or take out resources that may be less rich or sparser. I note from the second reading speech that one of the reasons this bill is being supported is that easy-to-find mineral deposits have all been discovered, so we now need to search for deeper, more complex and more remote deposits. That is where research and innovation is very important.

The Western Australian School of Mines is very important to me as the member for Kalgoorlie. That institution is really starting to hit its straps as far as the research and development side of things is concerned. The WA School of Mines educates 30 per cent of Australia's graduate mining industry professionals in the areas of mining and metallurgical engineering, applied geology, mine surveying and exploration geophysics. In fact, there was a 67 per cent increase in the number of students at the School of Mines between 2006 and 2012, increasing from 300 to 500 students. Student numbers are projected to grow to 743 by 2016. Through royalties for regions, we have committed \$20 million to a more than \$30 million upgrade of the Agricola College. That upgrade of accommodation for students at the WA School of Mines will enable overseas students and students from other parts of Australia and Western Australia to come to Kalgoorlie to take part in some of the postgraduate research that is happening there and that will benefit the mining industry into the long term. The WA School of Mines is working very closely with the Goldfields Institute of Technology, which will run its mining stream from the Australian Prospectors and Miners Hall of Fame. That research will be very beneficial to the mining industry in Western Australia and to those ancillary businesses in the area. What is it called? Is it the MTSE sector?

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Mr W.R. Marmion: Mining equipment, technology and services.

Ms W.M. DUNCAN: The mining equipment, technology and services sector. That is really where we can capture more benefit for Australia from the mining boom. Interestingly, I recently read an article in the March–April 2013 edition of *Pacific Standard* magazine, entitled “Can Australia Keep Beating the Economic Odds?” The article reads, in part —

For a typical advanced economy, productivity is the most important driver of the long-term standard of living. Productivity measures the efficiency with which an economy uses labor, capital, and raw materials to produce goods and services.

The article goes on to say that the best way to achieve this productivity is through good quality research and development, and to use the outcomes of that for the benefit and longevity of the mining industry. That includes even little programs; the Goldfields–Esperance Development Commission gave a grant to the CSIRO, which was working in conjunction with some of the mining companies in the goldfields area, to look at the processing of nickel. That research came up with results that will be quite dramatic in reducing the cost of extracting nickel, which means that some of the lower-grade ore bodies that have in the past been overlooked can come into consideration for exploitation.

I certainly support the Minerals Research Institute of Western Australia Bill 2013 and I also support the comments made by my colleagues, including the member for North West Central and others, about the royalty review currently underway, for precisely the same reasons that are outlined in the explanatory memorandum of this bill: that is, that most of the easy deposits, and the ones that are easiest to harvest, have already been found. The difference between the cost of production and income earned is always being squeezed in the mining industry, particularly in respect of gold. We have heard about how the price of gold is up to around \$1 200, \$1 300 an ounce, but for many of our mining companies, the actual cost of production is not much below that. I am very concerned that, if we are to have a royalty increase for gold, there will be little net benefit to the state because there will be many mining companies whose ore bodies are not of sufficient grade to justify mining, if there are additional royalties to be paid. We need to take into account shortened mine life and perhaps even closed mines, and we need to think very carefully about whether an increase in the gold royalty is actually going to reap the benefits that the state is looking for. On the other side of the coin, would we lose that increase in royalties through GST adjustments anyway? As the member for Kalgoorlie, where there is a fair bit of gold, I will be watching this very closely and urging the government and the review to take into account the very tight terms of trade in the gold mining industry.

This bill will set up the Minerals Research Institute and select recipients of grants through a competitive multistage process, and fund projects that stimulate minerals research through a research priorities plan. That is what I really like about this bill: there is a plan, and there will be work done to identify what will bring the greatest benefits to our mining industry, to our community and to our economy. The most important thing is to develop engineers, geologists and scientific professionals who are able to bring to our industry state-of-the-art technology and research, because that really is the only way that we can compete globally. We are currently one of the highest-cost nations in the world for mineral production, and that is something that we need to be very, very cognisant of. The best way to do that is to ensure that our industry is as efficient and innovative as it can be. I am certainly very pleased to see this bill, and I commend it to the house.

MR M.P. MURRAY (Collie–Preston) [7.15 pm]: After hearing that wonderful speech on the Minerals Research Institute of Western Australia Bill 2013 from the member for Kalgoorlie, I cannot help thinking that perhaps the community of Collie subsidised a lot of the work that was done up there. I recall that when the Liberal–National government came to power, it removed \$6 million that had been put aside for research by a body called the Coal Futures Group. That money had been put aside to see how we could change the properties of coal and invest money into the coal industry to be able to move forward into the next century. Unfortunately, it looks like all that money was taken from that program and spent in Kalgoorlie, which is quite disappointing, to say the least, especially as it comes under the banner of royalties for regions, which I heard mentioned several times in the member’s speech. Stealing money from one area and putting it into another is certainly not going to help research, because it is still the same amount of money. It does not matter what the government does; the dollar still has to be stretched.

A lot of work was done by the Coal Futures Group to try to move the coal industry forward, including a lot of work in the area of gasification of coal. Only today I had a meeting with people who are considering ways forward for the in situ gasification of coal in the Collie region. The coal that the research was carried out on was sent to Germany and found to be very good for gasification because it gasified at a far lower temperature than most other Australian coals. There has always been interest around the world in the gasification of coal and

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changing the properties of coal into, for example, fertiliser; a urea plant in the region has been touted for quite some time. It is very sad to think about the money that was taken away and that could have helped the industry move away from just coal to steam generation. I hope the minister is listening, because if we do not have research, we will not get the results, and we all know that. But it rankles a little when we hear about other areas that seem to be living off the back of the money that was stolen from the Collie community.

Part of the research that was done in Collie was into sustainable mine lakes. A paper was produced after research had been carried out over a number of years into what could be done with previously sterile water bodies. It was found that if the voids where mining had taken place were filled up with water and a lime slurry was used, the acidity could be removed from the water, which could then be used for other purposes. That is an ongoing study, and the research that was done is still being utilised in some ways; one of the ideas that came out of that was the idea of sustainable mine lakes. Both sides of politics in WA have promised the Collie community to look into that idea but, again, the idea has stalled under this government, even though we have this bill before the house. It has stalled because there is a lack of funding to go ahead with that research. I hope that situation is rectified when this bill is passed and that some more of those studies will continue. I do not believe it will help only the Collie community; it will help many communities. It is a bit disappointing when we fly over somewhere like Broome and see bodies of water in former mine sites, and we know they are acidic because they are very, very clear, which means that there is nothing growing, there is no algae, because the acid level is far too high. I am hopeful that in the future studies such as those will continue so that we can utilise the water in those areas.

One area that is very dear to me is Lake Kepwari. It is a shame the Minister for Regional Development is not in the chamber, because he would agree with me. That is a former mine site that has been rehabilitated to some degree and made into a lake. Quite a few people in this place have had their photo taken at Lake Kepwari—there have probably been more photos taken at Lake Kepwari than there has been work done around the place. Lake Kepwari is two kilometres long, one kilometre wide and 80 metres deep. The only use it is getting at this time is to train professional divers. That is because in the middle of the lake, the water is very blue from the copper sulfate that was in the soil around the lake, but the visibility is nil. Unlike many of the other mine pits around the place that were left to fill up naturally, Lake Kepwari was filled up very quickly with rainwater that had been diverted into the void, so the acid level of the water is not too bad.

Many people are keen that Lake Kepwari be utilised for a resort-type situation. The reason this has not been brought forward is insurance. The waterskiing in that area would be second to none. It is a very well sheltered area. Anyone who has been in the skiing game would know that people generally like to ski early in the morning when the water is very still so that they can ski across the water barefoot without any major risk when they fall off—other than to their neck, I suppose, but not to their feet. However, the research and the money for that research is not forthcoming so as to enable that lake to be opened up for waterskiing. That would be a huge tourist boon for the town of Collie. It would also utilise something that is man-made. Previously people would just say, “Look at the hole that has been left behind”, and leave it at that. It would also help people in other towns to utilise their water bodies as tourist resorts. So it is a bit disappointing to sit in this place and listen to other members talk about what they have been able to get for their towns. It sounds a bit like pork barrelling. I would not say it is all pork barrelling, but some have benefited while others have missed out due to their political alliance. That is always a bit sad.

The planning that is being done around Lake Kepwari is tremendous. The idea is great. Private enterprise is queuing up to spend money in that area. Yet we cannot get a result between government and the mining industry to have that lake opened up for use. It is ironic that a long time ago, in my younger days, there was a very scenic area where slag dumps had been left behind and had washed down over the years to form a big lake that was just like a mud bath. We used to swim and party there every weekend. We would get into the mud up to our necks, and we would then wait until the mud had dried and shake ourselves and it would fall off. Although I still have two arms and two legs and most of the other bits, we could have been the guinea pigs there.

Mr D.A. Templeman: It hasn't done much for your complexion, has it!

Mr M.P. MURRAY: No!

Mr D.A. Templeman: Your skin should be as smooth as a baby's bottom!

Mr M.P. MURRAY: We will not go into that! We will keep moving!

Certainly the government of the day—not over one government, but two governments—should be pushing to help out with the tourism side of Collie. We are being asked to diversify. However, we do not get the support that we need to do that. We need research money to enable that to move forward. There are concerns about what would happen if there was an overflow at Lake Kepwari. That has happened. There was a bank-up of water after

Extract from Hansard

[ASSEMBLY — Tuesday, 29 October 2013]

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a very heavy downpour, and water flooded into the mine void and came out the other side. People were very worried about that. However, that flush of fresh water into the mine void increased the pH of the water, which made it far better for people who wanted to immerse themselves in it. The view now is that if a certain amount of the winter rain—I am not sure of the exact amount—is diverted into the pit, it will bring down the pH of the water and make it safer for people who want to spend a long time in that water.

Again, it comes down to research. It comes down to having the will to do it. It is all very well to bring a bill into the house, but politically we need to have the will to do it. Unfortunately, that has not been the case for Lake Kepwari. I am hopeful that when this bill comes through, some progress will be made and the mining industry can ask how it can get complementary funding for not only research, but also the legalities so that we can find a way through the red tape that seems to be holding up this very important tourist icon in the Collie area.

The Coal Futures Group also did some work on geosequestration. Some geosequestration is now being done in the Harvey area. When we were learning about geosequestration, I took a group to Victoria to look at the Otway project. Many members on the other side at the time said it was a junket. That was one of the best things I have done, because other than one person in this house—the member for Murray-Wellington—all the other members of this house have approved of the work that has been done. What is important about that early research is that the logs out of the water bores were used to see what the strata was like. It was discovered in the Harvey region that there is a bubble on the earth's crust. That makes it ideal for geosequestration, because when CO₂ in liquid form is put into that sandstone area, it is able to percolate, which means that it moves up under the cap and does not come back out again. As it percolates over quite a few years, it interacts with salt water and turns into calcium carbonate, which is an offshoot of limestone. That means it is solid. Many people are concerned about what would happen if there was an earthquake and all that CO₂ got out. Absolutely nothing would happen, because it would not be a gas anymore, it would be in solid form; it was in liquid form when it was put down there. The geosequestration trials done by the Coal Futures Group from which some money was stolen—I cannot miss that out—resulted in over \$50 million worth of complementary research from the federal government. I was pleased to be a major part of that. That research was very good. It is disappointing that people were trying to put the process down, and also trying to put the project down, and were talking about how farmers were angry because gates had been left open and people had crossed their paddocks without permission. That was not the case at all.

I am keen to see the results of that study over many years and to know whether CO₂ can be stripped out of industry and sent back from whence it came. It does not need to be just the coal industry. It can be any industry. That is really what it is about. If we are burning coal and using other fossil fuels, we can strip off the carbon and put it back into the earth. I do not understand what the problem is with that. I know that the minister supports me to some degree, if not all the way, on that research. It is good to know that research is taking place. But, as I have said, we need the funding to keep coming through to be able to move it forward.

Another thing that has been tried in recent times, not very successfully, is the turning of coal into char so that it can be sent overseas for export. I have probably repeated this many times, but 20 per cent of coal is water, and between six and 12 per cent of Collie coal is ash. If we can reduce the water and ash in that coal, it becomes quite a volatile mix. That is a highly sought after source of energy, because all the nasties have been taken out of it, and it is also cheaper to transport and get returns from that coal. It has been tried several times; once not very successfully by Premier Coal, and unfortunately, there was an explosion at Griffin Coal in which a gentleman was very seriously injured. Both small research areas were stopped, which is sad, because when I was recently in Korea with the Speaker—a very interesting trip in more ways than one, to say the least—I could see that the Koreans were very interested in the char process and were looking at coming here to do some work. They were well researched and understood the properties of Collie coal. I am hopeful that those two processing plants will be utilised in the future so that they are able to reduce down and not only send the energy overseas, but also use the process in other areas such as mineral sands. A lot of people do not understand that the separation process for mineral sands uses quite a large amount of coal.

There is a lot of research to be done over time. We do need bills such as this and we do need the work done, but again, it comes back to the fact that we can have all the paperwork we like but if we do not have the money, it all means naught. I am looking at the minister and saying that we must look forward and put a proper budget in place to back this bill. I am sure that down my way there will be applications for all sorts of things to work with the mining industry and through the different avenues that are available such as the Western Australian School of Mines in Kalgoorlie; there will be no problems with that. I throw out a challenge to the Minister for Mines and Petroleum to ensure that there is funding over the next few years and movement within that area at a faster rate. I understand that a lot of high-tech work is being done to look from satellites at the faults in the earth and,

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hopefully, gold deposits. If we knew where the gold deposits were we would all be out there now. We have to look at those sorts of things.

We also have to come back to and look at on-ground research. It is all right to have maps and assays from some places, but we still have to come back and look at how we go forward in our world today. We cannot afford to just say, “She’ll be right, mate.” We as Australians have a duty to our world to move forward. Look at the German experience; they were knocked down nearly flat after the Second World War, but they have come up with technology because of research. When people see anything with a German trademark they know that the quality is there. That is what we have to do, that is why we need to have bills like this and that is why we need research into where we are going.

There is a long way to go but, in finishing, I say that the current problems on the coalfields certainly do not help. If we do not have some work done and that area collapses, research will not be worthwhile. At the moment we have two new owners that are both struggling to make ends meet. Even tonight I had a phone call about a person who went to have his teeth done but unfortunately one of the companies had not paid his HBF premium that was supposed to come out of his wages. That person is out of pocket by a long way and certainly now understands the cost of teeth. He thought he was insured but the company had not paid his health insurance premium. We cannot afford these sorts of things because towns—it does not matter where—lose confidence. Once towns start to lose confidence, investors lose confidence, and that is where we are at the moment. To allow a mine to fail and completely shut up would do huge damage to not only Collie, but also the south west region. People are looking to invest in those areas and we need them to invest. I am sick to death of hearing about what is good in the north while nothing is being said about the south. It is time that this government had a look at what can be done down there. Perhaps there are other mining processes that we can use. I know that there are some absolutely wonderful silica sand deposits that are being pushed around and in some cases just used on roads when they could be sold to China. That is the sort of research that we need so that we can keep expanding and moving forward.

MR F.M. LOGAN (Cockburn) [7.35 pm]: I rise to contribute to the debate on the Minerals Research Institute of Western Australia Bill 2013. Like my colleagues, I will speak in support of the bill, but with some questions and issues that I would like the minister to provide information on. The reason I raise these issues is that, as the minister knows, I was in his position as the Minister for Resources in a former government. Therefore, obviously, I was the minister responsible for the Minerals and Energy Research Institute of Western Australia. MERIWA will now be closed down and replaced with the Minerals Research Institute of Western Australia.

Firstly, I thank and congratulate the former director and chairs of MERIWA for the work that they have done over the years. MERIWA has been a great organisation for the Western Australian mining and petroleum industry. It was primarily undertaking research that helped a lot of smaller mining companies, not the large multinational organisations that are financed well enough to undertake their own research into subjects that are important to their own companies. The large companies’ research was often undertaken through universities. The Minerals and Energy Research Institute of Western Australia offered incentives to smaller companies that had problems or issues within their own mineral processing or mining areas to try to resolve those issues through research undertaken by MERIWA. It offered an incentive of up to 35 per cent of the value of the total research that would be undertaken. MERIWA had a cap of \$150 000 on the amount of money it could give as funding for research; therefore, the total cap that it could provide as an incentive, funding or subsidy for research was \$150 000. The private sector would have to fund the other 65 per cent of the research, which was organised by MERIWA.

Over the years we have had a number of difficult issues and problems—mineral processing, mining, drilling and logistical—resolved by the research that has been undertaken by various recipients of MERIWA funding. A significant number of PhDs were completed as a result of MERIWA funding. Regular contributions were made to students who applied for projects to be completed through MERIWA and those projects formed the basis of their doctoral theses in the area of mining and petroleum. What MERIWA did for the mining and petroleum industry in Western Australia was to upskill a significant number of Western Australians to a doctoral standard as a result of what were quite small amounts of funding. People who have done a PhD will know that if students do not have financial support to undertake their thesis, it is a significant struggle for most of them. When that struggle is alleviated by a significant funding stream from an organisation such as the Minerals and Energy Research Institute of Western Australia, it makes things much easier for them and allows them to undertake their research rather than having to find ways of keeping their home and their lives going by finding part-time work.

That is the background of MERIWA and the contribution that it has made to Western Australia. I think it is absolutely correct that we congratulate and thank all the people who have contributed to the institute over the

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years, including the directors, the members of the advisory panel, the students and the recipients of MERIWA funding, all of whom have made a significant contribution to the development of Western Australia through the institute known as MERIWA. Under this legislation, it will be replaced with a new institute known as the Minerals Research Institute of Western Australia. I accept and understand the government's decision to concentrate on one particular area of minerals research, given that there are now in existence organisations that concentrate on the energy area, such as the Western Australian Energy Research Alliance. The WAERA is, of course, closely associated with the CSIRO and has been funded significantly in the past by the commonwealth, but also has had state funding. Its capacity and research ability have grown. It does not make a great deal of sense to have a competing body in MERIWA, so I understand why the government has gone down the path of splitting the capacity of MERIWA to concentrate on one area of the mining industry.

My issue is not with the decision of the government to go down this path, but with what it will replace MERIWA with. The Minerals and Energy Research Institute of Western Australia had a board of four directors, one of whom was the chair. Under this legislation, the institute will have seven members. The Minerals and Energy Research Institute of Western Australia was a research-focused body, with a part-time chief financial officer, secretary and executive officer. The secretariat was based in, and paid for by, the Department of Mines and Petroleum, and its executive officers were part-time. MRIWA will have a full-time CEO at the senior executive service level. Clause 54 in division 2, "Staff", which deals with the salary and entitlements of the CEO, states —

... the CEO —

- (a) is to be paid salary and allowances at such rates per annum as the Minister determines on the recommendation of the Public Sector Commissioner; ...

But clause 49 quite clearly refers to the effect of the Minerals Research Institute of Western Australia being an SES organisation. So the CEO will be paid at senior executive service rates. We have gone from a board with a directorate of four people acting as advisers and part-time staff, with the cost of running the institute being picked up by the department, to a stand-alone statutory body with a CEO who will be paid at an SES level and, I would assume, full-time staff to support the CEO and a board of seven directors. The questions I have for the minister are: How much did it cost to run MERIWA and how much will it cost to run MRIWA? How much will the CEO of the new minerals institute be paid? Will the directors be paid; and, if so, how much? Why is it necessary for such an elaborate organisation to replace the fairly simple and industry-focused organisation known as MERIWA, which was very effective over the years, as I have described? What are the reasons for doing that? If it is to become more professional, does that mean that the Minerals Research Institute of Western Australia will provide funding and support to large, primarily multinational corporations that can well afford to do their own research and do their own research? Is that where the institute is going? Is it going into the glamorous end of the mining sector, or will it still be aimed at those small to mid-tier mining companies that very much appreciated the work that the Minerals and Energy Research Institute of Western Australia did in the past? It was practical work that helped them to solve problems in their organisations.

The other question I have is about clause 20 in part 3, "Financial assistance". It states that the institute may provide financial assistance, but it does not state how much. As I discussed in the history of the Minerals and Energy Research Institute of Western Australia, \$150 000 was the total amount of money that could be provided in any one lump sum of research funding. The recipient could count that amount as only 35 per cent of the overall funding for the research; the other 65 per cent of the value of the research had to come from the private sector or the applicant company that was looking for research to be undertaken. Even though not a lot of money went into the Minerals and Energy Research Institute of Western Australia, it was effectively used. The institute tried to get the maximum amount of research out of the small amount of money it got from the state government. I would like to know, minister, the total amount of funding that will be provided to the Minerals Research Institute of Western Australia for the purpose of grants, subsidies and research. What is the total amount any one application can receive? Will it be under the same formula that the Minerals and Energy Research Institute of Western Australia used—that is, 35 per cent of the total funding of any particular research project; and, if not, why not? Will the private sector or any of the beneficiaries, particularly corporate beneficiaries, of research funding make any contribution to research undertaken, as required under the Minerals and Energy Research Institute of Western Australia? Those are the questions I would like answered. If changes are to be made to the formula used by the Minerals and Energy Research Institute for funding research by both students and companies that make application for projects, why has the government decided to move away from that formula and will funding be less per project, or will it be greater than the \$150 000 cap per project? If funding is to be less, why? And if it is to be more than \$150 000, why?

I raise those questions because I support the government's intent with the change to what was the Minerals and Energy Research Institute of Western Australia to concentrate in one area of the mining sector—including coal

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as a mineral, even though it is a mineral hydrocarbon. I accept that that is the government's decision because of the existence of the WA Energy Research Alliance and the energy research undertaken in institutes such as Curtin University and the University of Western Australia. However, I cannot understand why the institute the minister is proposing to replace MERIWA appears to be lavish. It will employ a full-time chief executive officer and probably full-time staff—the bill provides for the employment of part-timers—if so, how many and what will be the total cost of running the new institute? Why does that need to be done, given a model was in place that ran for many years with very successful outcomes. It ran on a very small amount of money, but that money was used effectively to support the state's mining industry. With those words, I will leave it to the minister to respond.

MS R. SAFFIOTI (West Swan) [7.53 pm]: I rise to make a few comments on the Minerals Research Institute of Western Australia Bill because I know my colleague the member for Mandurah wants to also speak on the bill this evening. I too support the bill and want to reinforce some of the comments made by the member for Cockburn, who raised some significant and legitimate questions about the structure of the replacement entity and the reasoning behind the changes to that structure.

From the outset I want to say that I support research, development, innovation and science in WA. It is an area in which we need to continually do better because, from all assessments over the years, we do not get a fair share of some of the innovation and science research and development funds that are granted nationally. It is something I looked at a number of years ago. WA does not perform as well as it should on grants administered through commonwealth programs because we get less than 10 per cent of the share. I think the area of research and development, and in a sense science and innovation, is something we need to continually pursue to see how we can do better, whether through collaboration with the private sector and education institutions or with government, the private sector and tertiary institutions.

I was very proud of my involvement in some policies introduced by former Premier Geoff Gallop, who, in opposition, developed the Innovate WA policies which looked at how we could greater facilitate effort on science and innovation in WA. We developed Innovate WA 1 and Innovate WA 2. The member for Cockburn followed on with that area when he was a minister. The aim of Innovate WA was to develop and enhance our research capacity to encourage employment and industry across Western Australia. Innovate WA 1 was administered by the then Premier's Science Council. That council included a number of very high level and very serious scientists who had achieved a lot in their field, whether it was Lyn Beazley, the now Chief Scientist of WA; Professor Fiona Stanley; or Dr Ian Constable—all serious scientists who did a lot on that council. As part of that council work they identified key areas across the economy and across society on which they believed WA should focus a lot of its efforts. Some of the key areas at the time were health and the energy and minerals sectors because of our natural advantage in that area. Other areas included, as I recall, the environment. The council also came up with a number of very good policy ideas such as the introduction of the Premier's fellowships. They were aimed at attracting to WA some of the best scientists around the world in areas of identified need and expertise. One of them was radio astronomy, which, of course, helped us with our positioning for the Square Kilometre Array project. I thought Innovate WA 1 and Innovate WA 2, introduced by Geoff Gallop, were very good policies. As I said, they looked at fostering and developing science capabilities across Western Australia. It is an area this government has not focused on enough in its first five years and an area we need to do far better in. WA has a lot of natural and competitive advantages, in particular in our resources sector. It is our role and our challenge to keep leveraging those natural advantages into continued competitive advantage for the state. The resources sector, of course, is a very big opportunity for us. WA has already done well and the former Minerals and Energy Research Institute of WA—an acronym I find very hard to say—played its role. But we need to continually work with the private sector and tertiary institutions to see how we can better develop our industries and make them more productive for Western Australians.

Some comments were made about the opportunity for easy-to-find minerals being gone. I am not sure about that, but whether it is a matter of determining how far minerals are underground, trying to reduce the cost of exploration or better facilitating and making easier the change from exploration to development, we need to keep focusing on all those areas, particularly gas. Although this bill will not affect gas development, we particularly need to continually explore for and develop gas fields onshore.

When the Liberal Party came into government, it abandoned and shut down the Premier's Science and Innovation Council, which was a bad thing. In fact it pretty much scrapped every existing science program that the previous government had, such as the centres of excellence funding and some Clinical Research Centre contributions. I am not sure whether there have been any new Premier's Fellowships over the past five years. The abandonment of the Innovate WA process has been a bad thing. Many people in the science sector I know through my previous work were very disappointed that this government abandoned that area of the economy.

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The government stated that it plans to make science a priority for this term. We have not seen much detail of that. There was an election commitment to build a new Scitech for \$15 million on the Burswood Island site. Good luck to it if it can get one for \$15 million next to —

Mr C.J. Barnett: We never claimed it to be \$15 million in total. We said our contribution will be \$15 million.

Ms R. SAFFIOTI: The Liberal Party said it would build a new Scitech and contribute \$15 million to that. All the news that night reported that the key figure of its launch was to build a new Scitech for \$15 million. That is what it said.

Mr C.J. Barnett: No—\$15 million of state money, plus land. The corporate sector will also raise money. If you do not support it, that is fine.

Ms R. SAFFIOTI: This has been on the agenda for five years. Scitech has needed a home for five years.

Mr C.J. Barnett: It re-signed its lease for five years.

Ms R. SAFFIOTI: That is because the government did not develop a proper alternative. Honestly, this government has done nothing in relation to —

Mr C.J. Barnett: If you do not support it, that is fine. We understand you do not support science.

Mr P. Papalia: That's it. You have cut all the other state funding for science and you have not done your only commitment!

Mr C.J. Barnett: We will invite you to the opening of Scitech.

Ms R. SAFFIOTI: I do not know why the Premier is so angry all the time. I can never understand it.

Mr C.J. Barnett: I am not angry at all; I just find you so negative. You are the most negative member of Parliament there is.

Ms R. SAFFIOTI: I am standing here just giving pretty much a bland speech about science.

Mr C.J. Barnett: You are making fun of Scitech.

Ms R. SAFFIOTI: I was not making fun of Scitech; I was making fun of you!

Mr C.J. Barnett: That's all right. But don't make fun of Scitech; it is a good organisation.

Ms R. SAFFIOTI: I do not make fun of Scitech.

Mr C.J. Barnett: You just did.

Ms R. SAFFIOTI: The Liberal Party has been in government for five years and it has not found a viable alternative home. Its campaign launch said it would build a new Scitech on the Burswood peninsula.

Mr C.J. Barnett: That is right.

Ms R. SAFFIOTI: For \$15 million, and I said good luck to it. That is all I said.

Mr C.J. Barnett: That is the state's contribution.

Ms R. SAFFIOTI: I said good luck to the government if it can build a new Scitech for \$15 million on the Burswood land. Why that was chosen, I do not know.

Mr C.J. Barnett: Don't forget that in the election campaign you dropped the commitment to the new museum, so I would not hold up your credentials on science very high!

Ms R. SAFFIOTI: This government has still not built it. It has been in office for five years but it has not built one. I have not seen a new museum.

Mr C.J. Barnett: We are about to.

Ms R. SAFFIOTI: Oh, it is about to.

Mr C.J. Barnett: You came out against the museum in the election campaign. You dropped the commitment.

Ms R. SAFFIOTI: We reprioritised expenditure because net debt was very high. Since then, as I recall, the government has lost the AAA credit rating because net debt is very high, and it has not managed finances. The government is going through a capital works review in which it is cutting things all over the place. I do not understand why the Premier comes in angry.

Mr C.J. Barnett: I am not angry.

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Ms R. SAFFIOTI: The Premier is always angry. I cannot understand it; the Premier is always angry. I was making a bland speech, I would say —

Mr C.J. Barnett: I would agree that it was bland!

Ms R. SAFFIOTI: The Premier comes in angry and nasty. He is always angry and nasty. I do not understand it.

Mr C.J. Barnett: Don't you? You need to toughen up a bit!

Ms R. SAFFIOTI: I find it amusing that when I stood to give a very bland speech about Scitech, the Premier walked in angry and nasty. It constantly amuses me. As I said, the government committed \$15 million to build a new Scitech at Burswood; good luck to it. I cannot wait to see it for \$15 million. I cannot wait to be invited to the opening. When that commitment is delivered for \$15 million, it will be fantastic. The government has dropped the ball on science. It has abandoned the Science and Innovation Council, cut all the Innovate WA projects, and it now says that science is a priority yet we have pretty much seen nothing to demonstrate that.

We support this bill. The member for Cockburn raised some very legitimate concerns. I hope the relevant minister can address those concerns about the new structure. I think science, and research and development is an integral part of our economy. We need to continually focus on this area. We need to work with the private sector and tertiary institutions to ensure that we can leverage as much funding as possible from the commonwealth and from across the world to continually build on our competitive advantage across a number of areas, particularly the resources industry.

MR D.A. TEMPLEMAN (Mandurah) [8.05 pm]: I hope I do not raise the Premier's hackles, although he is probably still relishing his two goals for Claremont! He should be happy.

Mr C.J. Barnett: I waited 40 years to get a game!

Mr D.A. TEMPLEMAN: I thought the Premier looked a picture of health in that photograph on the weekend. Good luck to him, because I certainly do not have a history of making a contribution to football, having kicked 1–7–13 for Three Springs in B grade!

Mr W.R. Marmion: Was that in primary school?

Mr D.A. TEMPLEMAN: No. That was when I was teaching in Three Springs. Madam Acting Speaker (Ms L.L. Baker) may ask what connection Three Springs has to mining! There is a talc mine of course at Three Springs. During the heydays of the late 1980s, when I was teaching there, like most new people to town I was asked to make a contribution to local sport. Having spent two days in Three Springs, I can always remember a young Clinton Russ, one of my year 5 students, putting his hand up to say, "Mr Templeman, my dad wanted to ask if you play footy, cricket or basketball." I said, "I'm very sorry, Clinton, I don't." He said, "No; I didn't think so either!" That was a bit sad for me. However, I understand that the talc mine still operates. The member for Geraldton might interject to confirm whether the talc mine still operates in Three Springs.

Mr I.C. Blayney: It was owned by Western Mining but some other company owns it now. It is still going very well.

Mr D.A. TEMPLEMAN: Of course that was a very important supplementary employer in the Three Springs community. I remember very fondly that the talc mine provided employment for a significant number of people in town. Automation has reduced human employment numbers there, but it is still an important contributor to the local economy. I am pleased to see, having always kept an eye on Three Springs and its community, that farmers' crops this year are looking very promising, having had a few lean years in the recent past.

In terms of my contribution to the Minerals Research Institute of Western Australia Bill 2013, I put on record the importance of mining in the Peel region. I have risen in this place a number of times to highlight that a lot of the mining focus is understandably on the massive mineral extraction and exploration that occurs in the north of the state, particularly in the Pilbara region and, as the member for Kalgoorlie mentioned in her contribution earlier this evening, the extraction of gold and other minerals in the goldfields. This has always been my beef about the dispersion of funds from the royalties for regions program: the third-highest royalty-generating region in Western Australia, after the Pilbara and the goldfields, is the Peel. That is very often forgotten by many. The major bauxite mining operations of Alcoa are in the Peel. In 1964 or thereabouts, Alcoa commenced the extraction of bauxite in the scarp, west of the Shire of Murray and the City of Mandurah. Alcoa has continued to make a significant contribution to the economy and indeed to the confidence of the Peel region in general. When there are downturns in Alcoa, because of the global financial situation or a decrease in the price of alumina, those things impact on Alcoa and it retracts from some of its activities, as it did a few years back, which then has a rippling effect through the economy of the Peel.

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Further east in the Peel region, in the Shire of Boddington, is the Newmont gold mine operation. Both Alcoa and Newmont are significant employers in the region. Indeed the number of employees at the Newmont operation is significant. Many of them live in the town of Boddington, many in Mandurah and Pinjarra and many in the Shire of Murray, and of course they commute daily to and from the Newmont gold extraction operations.

I want to place on record again the importance of the mining industry for Peel. My beef is with the royalties for regions program. I have raised this issue in this place and in past estimates committees. I was even asked to leave an estimates committee, not last year but the year before, because I upset the Minister for Regional Development. However, my point was made and remains that even though the Peel is the third-highest contributor to royalties for the state behind those two —

An opposition member interjected.

Mr D.A. TEMPLEMAN: It does carry the state, Premier, and I am glad you might have flickeringly recognised that.

The amount that Peel has received in the distribution of royalties for regions dollars back to the region is a pitiful amount. Every single year for the last five years the Peel has received the lowest amount of royalties for regions money. Every single year since the establishment of the royalties for regions program, Peel has been the recipient of the lowest amount.

Mr W.J. Johnston: Shame, shame, shame!

Mr D.A. TEMPLEMAN: That is outrageous, given the first statistic that it is the third-highest contributor; and the second statistic that, out of all the regions, the Peel has the second-highest population, behind the south west.

Some of the social indicators in the Peel region in terms of need indicate that the Peel region continues to register higher levels of unemployment and lower levels of workforce participation. Couple that with the decision of the Minister for Training and Workforce Development to take away from the Peel region our workforce development centre. It is the only one that has been taken away from any region. In the last couple of years our workforce development centre serviced over 4 000 people seeking access to training, further employment, retraining, and advice and counselling through schools. What does this minister do? In the last budget this minister cut workforce development centres, but he said that he would keep them in the regions. Which region of the nine regions is the only region that lost its workforce development centre? It is Peel; it lost the workforce development centre in Mandurah.

The member for Cockburn and I got irate about this, as we should, because again the statistics show lower participation rates in the Peel for access to training and workforce development. Yet members think that, just because Mandurah is 85 kilometres from Perth and the outer region is 100 kilometres or so from Perth, somehow Perth continues to service the region. It does not. We want to maintain our autonomy, our regional status and our regional identity, but this government over time has allowed that to decline. When the stark statistic shows that the Peel region has the second-highest population and is the target area to take a greater proportion of the increasing population of the state, I am absolutely flabbergasted and gobsmacked that this government continues to do what it does to the region of Peel.

I have one ally in this place on this issue in the member for Murray–Wellington. Although he will not come out publicly and say this, he has acknowledged to me that I am right: our region has not received its fair share of royalties from the royalties for regions program and that it is absolutely a stain on his government’s commitment to the region.

Which sorts of infrastructure projects should royalties for regions fund in my region?

Point of Order

Ms W.M. DUNCAN: Really, I am struggling to see how this has anything to do with the Minerals Research Institute of Western Australia Bill, and I wonder whether the member could address his remarks to that.

Mr M. McGowan: I heard him say “Kalgoorlie”.

Mr D.A. TEMPLEMAN: The member got up and talked about a whole lot of things about Kalgoorlie.

Ms W.M. DUNCAN: I was talking about research.

Mr D.A. TEMPLEMAN: No, you were not.

Ms W.M. DUNCAN: I was.

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The ACTING SPEAKER (Ms L.L. Baker): Members! Member for Mandurah, I just remind you that this is a debate about the Minerals Research Institute of Western Australia Bill.

Debate Resumed

Mr D.A. TEMPLEMAN: Yes, and I want one in Peel. I am serious. One of the problems we have in the Peel region is with workforce development. This government is scrapping workforce development overnight with its disgraceful scrapping of the workforce development centre in Peel and is now demonstrating its absolute lack of commitment to the young people of our region. Many of them would actually like a pathway into the mining industry. Many of them would like a pathway into the benefits that the member for Kalgoorlie was highlighting and articulating in her speech; that is, the need to ensure that the benefits are spread more evenly.

I will stand in this place whenever I like and defend my region and demand our fair share of those royalties and the benefits that should be delivered to all regions—all regions. What I will do in this place, despite the member for Kalgoorlie's interjections, is say that not enough is being done in the Peel when we have some of the highest unemployment rates and some of the highest socioeconomic indicators of concern. If the member for Kalgoorlie is going to have a go at me about talking off the point, then she had better have a look later on tonight at her own speech in *Hansard*; because I tell her that I am sick and tired of people getting everything and us not getting a fair share. I am not asking for everything. The member for Kalgoorlie's minister, the Leader of the National Party, when asked by me at the estimates committee about this huge discrepancy that has continued since the establishment of the royalties for regions program, said, "I am happy with how it's being distributed." I am not, and I will continue to stand in this place and tell the member for Kalgoorlie and anyone else that it is absolutely unfair.

One year, when the member for Kalgoorlie's region got about \$60-odd million from the royalties for regions program, mine got about \$9 million. If I had the report in front of me, I would go through it and show that the goldfields region has consistently received from the royalties for regions program, since it was established, seven to eight times more than the Peel. If the member for Kalgoorlie reckons that is fair and equitable, then she is in la-la land. The population of one city in the Peel region is, I think, the population of the member's total region—I know it is the total population of the wheatbelt. The population of the City of Mandurah is the same as that of the wheatbelt. I have never in this place criticised spending in some of those other regions—never. But I have said in this place a number of times that the government has to start being fair and giving us a greater cut of the pie, particularly since our population has seen the growth it has.

The Alcoas and Newmonts of the world will continue to deliver employment outcomes, but I have to tell members that a lot of that employment is not necessarily for people who live in Peel. In fact, those companies do not employ as many local people. Certainly Alcoa has gone through a restructure over time that means that the number of permanent employees in the region used to be vastly different from what we see now. The contracting out of a lot of the operations has been progressive over the past couple of decades, but the reality is that for people who came to live in Mandurah in the 1970s and 1980s, the gem job was with Alcoa. Generally, if people got a job with Alcoa they would keep it for most of, if not all, their employment career. That has changed dramatically. The Peel needs more investment in education and training and more investment in research. A potential mineral sands extraction has been approved in, I think, the northern part of the Shire of Murray, around Keysbrook. I do not know how many jobs that will create and I am not across the extent of that particular operation; however, the young men and women of Mandurah, Murray, Waroona, Boddington and Serpentine–Jarrahdale should have a greater share of the benefits that the mining industry delivers to the state through both royalties and employment. I will stand in this place and defend my region and argue for a greater slice of the pie, but I am tired of seeing, in budget after budget, the Peel languishing in the carve-up of the royalties for regions program.

The government has for too long taken the Peel for granted. It has been taken for granted politically and it has been taken for granted in terms of casting an eye over the Peel in favour of other regions. It is time, given the issues I have raised—population, socioeconomic indexes, the socioeconomic problems and challenges we face, lower levels of education and lower levels of higher education attainment—that this government started focusing more on the needs of the Peel and its population because it has already identified that the area will actually need to house a significant portion of our increasing population into the future. The Peel is ready and willing to work with both levels of government and the local governments want to do it, but the state government just needs to give us a go. Quite frankly, we have not been dealt a fair hand from this government for the past five years, and woe betide the Labor Party in government if it does not either. We need to recognise that the Peel region is significant and will play an increasingly significant role in the state's economy. It already plays a significant role, but the government is ripping all the dollars out of us and giving nothing back.

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The ACTING SPEAKER (Ms L.L. Baker): Minister, before you speak I will remind members of the house of the rule of the house to acknowledge the Chair when you enter or leave the chamber. I just remind a few of you. Thank you.

MR W.R. MARMION (Nedlands — Minister for Mines and Petroleum) [8.24 pm] — in reply: I acknowledge the contributions of the many speakers, which I will address one by one in speaking order, starting with the member for Cannington. In replying to members' comments, I will specifically address any questions that may have arisen relevant to the Minerals Research Institute of Western Australia Bill 2013.

The member for Cannington actually gave quite a good run-down of the different minerals throughout Western Australia, and I could not really disagree with any of the comments he made. I think he is on the money in terms of his assessment of the position of most of the minerals in his financial analysis, getting down to gold.

Mr W.J. Johnston: So it's all falling on gold, is it?

Mr W.R. MARMION: But that particular bit of analysis was not actually relevant to the actual institute, which the member then got on to. The member also mentioned the Brodie-Hall lecture, and I agree that the presentation was excellent, as were the slides the member referred to. I managed to listen to half the lecture while I was there.

Mr W.J. Johnston: You were very attentive while you were there.

Mr W.R. MARMION: Yes, and Lady Brodie-Hall and I mentioned, on our way to the other function, that we both needed to get a copy of the presentation, which was well done by the Commonwealth Scientific and Industrial Research Organisation. I congratulate the CSIRO on its fiftieth anniversary of being in Western Australia. The member mentioned the importance of the Asian century, which was a very good bit of history; I could not disagree with that.

The member asked some questions about the governance, and then he got on to the bill. In terms of the governance structures between the minister and the board, clause 27 states that the board is appointed by the minister via the cabinet process, and that the number of board members will increase from five to seven—that issue was raised by the member for Cockburn as well. Clause 63 gives the minister ultimate power of direction over the board, and any directions have to be tabled in Parliament and published in the annual report. Clauses 64 and 65 give the minister the right to have information about the activities and financial performance of the institute. Clause 16 requires the institute to provide the minister with a current copy of the research priority plan, which will guide the board in the exercise of its functions. Many members referred to the Western Australian Minerals Research Institute's "Research Priorities Plan" of June 2013.

The member then talked about the exploration incentive scheme and suggested that it should be reviewed down the track to see whether it is focusing on the right spots, particularly for the co-funded drilling side of it. The co-funded drilling side is not related to this bill, by the way, but it is important in terms of minerals exploration.

Mr W.J. Johnston: I explained why it was related to the bill.

Mr W.R. MARMION: Yes, but the actual drilling program focuses on greenfields sites, rather than helping out existing companies with their current drilling program.

Mr W.J. Johnston: Yes. Minister, I'm not arguing with that; all I am saying is that in an environment with limited resources, it is always worthwhile to see whether the opportunity cost is there. We are putting money into this institute; is that a better way to spend money or is the drilling incentive program better? That is all I am saying. Sometimes it needs to be considered.

Mr W.R. MARMION: Sure. It was a good question. The EIS also looks at the mapping system, the geotechnical data and geological surveys. So we have a bit of a pot in each area, and hopefully by supporting a broad range of approaches we will get discoveries like Nova in the Fraser Range project. But, yes, the member made that point. I am not sure whether the member for Cannington raised this one, but someone supported the expansion of the capacity of the new institute to fund research with other institutions; other members also raised that. Under clause 11, the board can invest directly in research projects and also fund research within and outside WA, and any purely commercial arrangements require the minister's and Treasurer's approval. It also gives local industry access to the world's best scientific and engineering expertise to address future opportunities and challenges. Clause 66 makes it clear that the Financial Management Act and the Auditor General Act apply to the new institute.

The member for North West Central also supported the bill. He raised the importance of mining in Western Australia, which everyone agrees with. He suggested that there should not be an increase in any royalty for gold, which I think is a similar theme to that raised by the member for Cannington. That was really his main point, but

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all members made the point that for the future of mining in Western Australia there is an opportunity to invest in research and innovation that will enable the next area we develop our industry in, and we can become a world leader in exporting our expertise.

The member for Willagee raised an issue about whether the research could go into economics and finance; the direct answer is no. The definition of “minerals research” in clause 3 of the bill is restricted to operational matters relating to location, extraction, transportation and marketing of minerals. It does not readily encompass research projects relating to taxation or financial matters. Quite often in similar projects there is a financial, environmental, sustainability or safety-related underlying theme. There are other institutions that might be better placed to do analysis in that area. That was the main point. One of the things about this institute is that the research is applied research. If a researcher puts up a project, it needs to be co-sponsored by a company in the mining game. This is certainly a safety check that makes the research relevant.

The member for Victoria Park supports the bill. He said research is very important and that some mining companies fund research. He raised a very good point, which other members also raised, that 60 per cent of all mining software is developed here in Perth. He made some bizarre comment that I looked like Simon Bennison, which I will have to study to see whether it is a compliment or not! It is not related to the bill, but the member for Victoria Park again suggested the possibility of increasing the gold royalty. I do not know where that came from.

The member for Kalgoorlie also supports the bill. She recognises that by setting up the Minerals Research Institute of WA with \$7.5 million of extra funding it is very important to capitalise the benefits of the mining industry and we can leapfrog with that technology. The member raised the mining equipment and technological services sector and I am not sure whether these figures are correct, but I heard at a conference that that sector accounts for 6.7 per cent of gross domestic product. I am not sure whether that was for Australia or WA, but it is forecast to go to about 9.5 per cent of gross domestic product. Indeed, mining equipment and technical services around the mining industry, of which software is a subset, is a very important component of Western Australia’s future, and things seem to be going that way. The member also talked about the importance of the exploration incentive scheme’s co-funded drilling program. From all the data that has been collected—geophysical, geochemical and airborne geophysics—we now have the three-dimensional images of a lot of the substrata in Western Australia. Before we spend valuable money on drilling, miners will do the desktop studies with all of that data. We are well placed in Western Australia to make sure that when we go to a drilling program, which could be a co-funded drilling program and risky, that those risks are minimised as best as possible because of all the great data that has been gained over time, but particularly in more recent times through the EIS program that has been well funded by the Liberal–National government.

The member for Kalgoorlie also raised the good work done by the WA School of Mines in Kalgoorlie, which I visited. While I was there I met a Japanese PhD student doing some research on one particular mining project. The member talked about some projects that could be done and that is what this is about. It could be about improving the process of nickel extraction. I have some interesting reports in front of me that I will not bore the house with. The report I am holding is a completed report produced by Emmanuel Karakyriakos and Vincent Patrick entitled “Fine particle agglomeration in process slurries”. To most people that does not sound exciting, but I can tell members that if minerals are slurried and it froths to the top, more minerals can stick to the froth and the froth stays up there. More minerals are extracted; it is a more efficient process. The report contains a little chart about that. That is a real-life example of what this bill is about.

The member for Collie–Preston obviously supports the bill. He focused on the need for more research into coal.

Mr W.J. Johnston: Coal is not a mineral.

Mr W.R. MARMION: I know, but coal is specifically included for the purposes of research as something we can invest in. I also take the member for Collie–Preston’s point about Lake Kepwari, which keeps being raised with me.

Mr M.P. Murray: Have a swim with me when you get it organised!

Mr W.R. MARMION: I raised it when I visited Collie with the people in the local Department of Mines and Petroleum office. I understand one particular staff member actually bought a block of land right next to it, so he prospectively hopes that it does become a lake sooner rather than later. The member also made some other good points, although not related to the bill, about geosequestration.

The member for Cockburn, who is not in this place, was a former minister in charge of the Minerals and Energy Research Institute of Western Australia. He raised some questions that I will answer in a minute. He also nicely congratulated all of the previous staff members and chairmen at MERIWA, which I will also do when I get to the

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end of my speech. It is very important to acknowledge all the work done by MERIWA that will be taken over by the new institute. He wanted to understand why the board membership was increasing. One of the reasons is that we are going from a budget of about \$1 million year to a budget of \$4 million a year, so it is important that we support that increase. In terms of how much we can invest in any specific project, the member for Cockburn said that when he was the minister there was a limit of \$150 000. The MERIWA act did not stipulate investment in any one project, which was obviously a policy decision, and nor does the MRIWA bill—we are not stipulating anything. The actual institute has to be staffed, as I said, commensurate with the increase from a statutory authority funded with \$1 million per annum to one with funding of approximately \$4 million per annum. The member for Cockburn said that the board had four members, but it actually had five members. We have just increased that to seven members. For that sort of budget, if someone is away, a quorum is still needed and I think seven is a reasonable number and creates a board of a manageable size. The MERIWA program provided approximately \$200 000 for the support of PhD students, whereas the new institute's program aims to provide approximately \$1 million over three years to scholarships and awards. That is a big increase in the support for PhD students through scholarships.

For any projects, investment is at the discretion of the board. It may allow full investment for early pure research or smaller investment with support from larger industry. The member for Cockburn claimed that the institute may fund the research of bigger companies rather than that of smaller companies. A feature of the design of the institute's granting process is that it is particularly well suited to engage with smaller businesses; they will be able to initiate or participate in research projects relevant to their commercial interests. Individual investments are project specific; that is, they are not long-term subscriptions. Project participants will agree on the research scope, and individual investments can be relatively small. For instance, the institute might fund a substantial amount of a project or it might fund a small part of it and a company might fund the majority of it, so there is that flexibility. This is a very important bill.

I would like to close by thanking existing board members; I recognise their contributions. As I said before, and as the member for Cockburn said, the board has made an outstanding contribution to the Minerals and Energy Research Institute of Western Australia's high standing within the industry, research and government communities for many years. I recognise the contribution that the Minerals Research Advisory Committee has made in reviewing the applications to MERIWA from a wide range of research disciplines for the co-funding of research proposals, and in providing well-considered recommendations to the board. The membership of the board and of MRAC has changed over the years. Many people have given generously of their time and expertise to support MERIWA in its work to advance research in minerals and energy for the betterment of Western Australia. I would particularly like to acknowledge the contributions of two of the many who have contributed so generously to MERIWA. Most people will have heard of Emeritus Professor Odwyn Jones. He commenced as the deputy chairman of MRAC in 1981, a post he held for 18 years. Professor Jones was appointed chairman of MRAC in 1998 and continues to serve as chairman to this day; that is a magnificent contribution of 15 years in the role. I also acknowledge Mr Phil Lockyer, who served on MRAC for seven years, commencing in 1999. Phil was appointed to the MERIWA board in 2006 and was subsequently appointed chair of the board in 2010, a post he held until the appointment of the board in transition to the Minerals Research Institute of Western Australia in 2012. Phil remains on the board. I commend the bill to the house.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Mr W.R. Marmion (Minister for Mines and Petroleum)**, and transmitted to the Council.