

Ms Wendy Duncan; Mr Bill Johnston; Mr Bill Marmion; Mr Chris Tallentire; Chairman; Ms Rita Saffioti; Mr
Chris Hatton; Mr Tony Krsticevic; Mr Ian Blayney

Division 47: Mines and Petroleum, \$115 620 000 —

Ms W.M. Duncan, Chairman.

Mr W.R. Marmion, Minister for Mines and Petroleum.

Mr R. Sellers, Director General.

Mr M. Banaszczyk, Executive Director, Corporate Support.

Mr R. De Giorgio, Chief Finance Officer.

Mr I. D’Mello, General Manager, Financial Planning.

Mr G. MacLean, Principal Policy Adviser, Office of the Minister for Mines and Petroleum.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be available the following day.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee’s consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their question.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister’s cooperation in ensuring that it is delivered to the principal clerk by Friday, 19 June 2015. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the clerk’s office.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: The member for Cannington.

Mr W.J. JOHNSTON: I draw the minister’s attention—this is a nice easy one for him—to the second-last dot point on page 532 of the budget papers, which states —

As at March 2015, Western Australia had an estimated \$179 billion worth of resource projects under construction or committed and a further \$118 billion of potential projects that could emerge over coming years.

Mr W.R. MARMION: I am sorry; I am on the right page. Did the member say the second dot point?

Mr W.J. JOHNSTON: It is the second last dot point. Minister, it is not my fault if you are slow; okay?

The CHAIRMAN: Member for Cannington, that was uncalled for. We are all tired and it has been a long week, but you do not need to make comments like that.

Mr W.R. MARMION: I missed the word “last”.

The CHAIRMAN: Yes. Proceed with your question, member for Cannington.

Mr W.J. JOHNSTON: Perhaps I could get by supplementary information what the \$118 billion of potential projects are.

Mr W.R. MARMION: Certainly. In fact, they are in prospect and I have seen the member with the —

Mr W.J. JOHNSTON: No, they are not. The \$179 billion worth of projects are but not the \$118 billion.

Mr W.R. MARMION: I will see whether anyone has it with them handy.

Mr W.J. JOHNSTON: I am happy to have it by supplementary information.

Mr W.R. MARMION: Madam Chair, we will provide the breakdown of the \$118 billion of potential projects by supplementary information.

[*Supplementary Information No A93.*]

Mr C.J. TALLENTIRE: I refer to the line item “Reforming Environment Regulation Initiative” for \$2.7 million at the bottom of page 531 of the budget papers under “Spending Changes”. There are similar sums over the forward estimates. I am curious to know how many of these environment regulation reviews, reforms or streamlining initiatives we have had in the past 10 years.

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Mr W.R. MARMION: It is a fairly broad question: over the past 10 years, how many environmental reviews has the Department of Mines and Petroleum undertaken?

Mr C.J. TALLENTIRE: How many reviews of the regulations have there been? The minister is spending another \$2.7 million next year, the year after, the year after that and the year after that. It strikes me that we have had nothing but reviews of environmental regulation relating to the resources sector. Over the past 10 years we have had several reviews at least, so I am wondering why we are going back for even more. Surely there is some connection between previous reviews and this current regulation-reforming review initiative or whatever the minister wants to call it.

Mr W.R. MARMION: The \$2.7 million mentioned under the spending changes is expenditure in the department for reviewing environmental approvals. For example, we have a system in place now of consolidating a program of works and vegetation clearance. They were two separate items previously and now they are being combined into one. These are the spending changes around improving the efficiency and timeliness of environmental approvals through the Department of Mines and Petroleum. That is what that item is about. It may not quite answer the member's question about the number of reviews.

Mr C.J. TALLENTIRE: The minister is aware, though, that in the past 10 years, five or six reviews have looked at this very issue.

Mr W.R. MARMION: I have been the minister for two years, so I will ask my director general to give a bit more detail on the past 10 years.

Mr R. Sellers: The \$2.7 million ongoing listed in the budget papers is actually the assessment fees for mining proposals and program-of-work applications. It is not there to do more investigations of the regulations. The assessment fees for the environmental approvals have been projected to be introduced since 2009 when the department actually commenced consultation with industry on the introduction of possible amendments to the Mining Act 1978 to insert powers to prescribe the assessment fees for programs with combined proposals. Although it is under the reforming environment regulation initiative, the Economic and Expenditure Reform Committee approval of February this year to introduce partial cost recovery was to actually undertake the activities. That \$2.7 million ongoing covers the cost of activities. Those activities cover a range of assessment applications, proposals and changes for doing that. That came out of the review process that was started by the Auditor General's report of 2010. That report suggested that the department change its methodology in compliance, the number of times it does its compliance and how it does it. There was an exhaustive consultation process to work out what those changes should be, and we came to those amendments that are currently sitting with the Parliament and awaiting further discussion in the lower house.

Mr C.J. TALLENTIRE: Further to that, presumably the minister has some idea of how these reforms will improve the efficiency with which approvals are given, and presumably he also has some indication as to how these reforms will, from an environmental perspective, improve environmental outcomes. What information does the minister have at the moment and what are the targets that he anticipates breaching?

Mr W.R. MARMION: Over the past three years, we have involved industry in the review and we predict that there could be savings of around \$30 million in the process of approvals in the department right across the board. I will get the director general to clarify that in a minute. Probably a key aspect in improving the process is that although the Department of Mines and Petroleum has delegated powers to approve minor clearing, we are seeking to amend the act to increase the area that the department can give environmental approval for. I am delegated by the Department of Environment Regulation, so rather than a proposal going to DMP for small projects and then through the department of environment, it can be ticked off and streamlined through the DMP by the DMP having delegated powers for environmental approvals. That is one aspect of the initiative that will improve and streamline the process. The director general might be able to elaborate a bit more.

[8.20 pm]

Mr R. Sellers: There are two parts to the question, first, the type of reforms and then how we have gone about doing some costings on possible amortised savings across industry, which comes up with the \$30 million the minister just mentioned. On the approvals reform, we are moving a lot of our systems to a digital approach, and that is reducing the number of reports and the amount of information that industry has to put in for each report. Once it is logged into the system, it is much like the current tax process and remembers information already logged for a certain asset and flows across. In the past, that information might have been required for environmental reports as well as form 5s and mining activities, so it will consolidate that. We have increased those online systems. We now have more than 30 000 customers registered with us to do things online. We have been working with Water and the Department of Aboriginal Affairs to consolidate some of our processes; progressed the development of the state environmental data library; and established a joint inspection program with the Environmental Protection Authority whereby we share resources and knowledge, which creates efficiencies. We have a memorandum of understanding with the science branch of the commonwealth

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Department of the Environment for the provision of technical advice so that we do not have to have that technical advice for, say, uranium issues. We have taken a lead in mining and petroleum projects in approval coordination. We have worked with industry to speed up approvals, still with checks and balances, for projects such as the eastern goldfields pipeline. We have increased our transparency of key approval processes, which reduces the number of transactions and the type of inquiries we are getting. For each of those pieces of work and others, there was an estimate of the time taken, both within the agency and by industry, to complete those activities. That work was multiplied up to what it might save in a year. That is where the \$30 million that the minister mentioned came from. Those workings were shared with the Association of Mining and Exploration Companies and with the Chamber of Minerals and Energy some time ago, with the opportunity for them to critique and provide advice. Although we had feedback from them, it was along the lines of, “You’re in the ballpark.” It is hard to do that until we see all the initiatives come to fruition. That body of work was shared with industry on several occasions leading up to the minister making the decision to implement the \$2.7 million to allow for staffing requirements to finalise those activities.

The CHAIRMAN: Before the member for Gosnells asks his question, I reiterate my statement from the beginning about answers being short and to the point so that we can get through as many questions as possible.

Mr C.J. TALLENTIRE: The director general did a good job of answering the process benefits but I am not clear on what environmental benefits will come from this regulation reform. Can the minister point to a tangible benefit such as a reduction in disturbance areas because of better identification of where the resource is—a real environmental benefit? Is there anything of that nature that the director general can point to?

Mr W.R. MARMION: I might open the batting and refer to the Auditor General’s report. Some time ago, I think in 2011, the Auditor General identified that some of the compliance measures around the Department of Mines and Petroleum could be better monitored, so DMP implemented a number of changes, including compliance with environmental conditions. The Auditor General revisited the issue in November 2014 and he acknowledged that the DMP had made significant improvements. We take the environmental approvals process very seriously. There are a significant number of inspectors in DMP. It is all about making sure any conditions put around mining proposals are complied with. The director general might be very succinct and add to that.

Mr R. Sellers: Just to specifically address the member’s question, part of the premise of the mining rehabilitation fund working is that the percentage that miners pay into the fund is on the open area of environmental impact at that time for those sites, whether it be for a mine or exploration. We have seen in the voluntary year and in this first year of operation that industry has worked to reduce the amount of open area at any one time. Obviously, there is a monetary benefit for miners in that they put less into the fund. In terms of being able to report that shift down and have it as a succinct answer, as suggested, the first report for the full year of the mining rehabilitation fund will be produced in the third quarter and available in the fourth quarter this year. That will show exactly what is open, for the first time, in total environmental damage on all exploration leases and mining leases covered under the Mining Act. That is an exact example of what the member requested.

Mr C.J. TALLENTIRE: At what point does the environmental regulation work of the Department of Mines and Petroleum become ultra vires to the act? Given the act is to facilitate mining, at what point do environmental works go against the head powers in the act? Has the department had legal advice on that?

Mr W.R. MARMION: I will let the director general answer this question. Are there any ultra vires issues?

Mr R. Sellers: Certainly there are none that we are aware of. We have worked with the Office of the Environmental Protection Authority and the Department of Environment Regulation. Both their legislation contains specific sections for what they do and there are bits that we do. Of course, we work within our act to complete those, as we have worked out through industry.

Mr C.J. TALLENTIRE: Has the department had legal advice?

The CHAIRMAN: I thought that was the last question.

Mr C.J. TALLENTIRE: It was not quite detailed enough. Has the department had legal advice on that?

Mr W.R. MARMION: The act is the act and the department has to comply with the act, as the department of environment has to comply with its act. The only way to get legal advice is if someone says we are not complying with the act, and I do not believe that situation has arisen.

Mr W.J. JOHNSTON: I refer to the second service, “Resources Safety”, at page 534. I draw the minister’s attention to the first line, “The Department is committed to protecting employees and the community.” I will ask about the tragic death at the Nifty mine. I am sure that the department is investigating this tragic circumstance. Is that investigation, including the previous—I do not know the proper word for it —

Mr W.R. MARMION: Subsidence.

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Mr W.J. JOHNSTON: — subsidence, being done at the mine where it occurred prior to that? I understand the department investigated the circumstances of that death and gave approval for the miner to recommence work. Is that previous event part of the department's current examination of that mine death?

[8.30 pm]

Mr W.R. MARMION: I understand the question, because I know about it well. Look, there is an investigation underway. Obviously, everything around that investigation will cover anything that may have been related or potentially could be related. It is probably appropriate that the director general talk about this. Because it is an investigation, I am not sure how far we can actually go into the detail, but the director general will know how far he can go.

Mr R. Sellers: Certainly the subsidence issue was investigated, notices were issued and the work was done to make sure that the mine could reopen with new customs and practices. The current investigation will look at all possible causative agents and we will get the report when it is completed.

Mr W.J. JOHNSTON: Am I to understand that part of this investigation is into the behaviour of the department itself, because the department gave approval for the reopening of the mine? If that is part of the investigation, how can that happen? How can the department investigate its own approvals?

Mr W.R. MARMION: There would have to be a causal link, but I will let the director general perhaps go a little further in his answer if he feels he wants to.

Mr R. Sellers: I mentioned that any possible causative agents will be investigated. I do not agree with the member linking a previous incident directly with another incident without any knowledge, unless it is knowledge I do not actually have. The matter is being investigated; thank you.

Mr W.J. JOHNSTON: But is the agency saying that the subsidence had nothing to do with the new tragedy?

Mr R. Sellers: The agency is saying that the matter is under investigation, and that is where it sits.

The CHAIRMAN: I think we have just about exhausted this line of questioning, member for Cannington.

Mr W.J. JOHNSTON: I am happy to ask one more question, if that is all right.

Does the minister see why there is a clear perception of conflict of interest if either the department is investigating matters that it had given approvals to, or it is not investigating the matters and the only reason it should not investigate them is that it knows that it was not involved in the tragedy? But it cannot know it was not involved in the tragedy if it does not do an investigation. I do not understand how the department is resolving this absolute and clear conflict of interest. It is not even a perception; it is a conflict of interest. What procedures are being put in place to overcome this absolute and clear conflict of interest?

Mr W.R. MARMION: It is a very simple process: whenever there is a death, the coroner gets involved. The department obviously does its own report, and I am privy to a little bit of information and I think the member will find there is not an issue here. If there is an issue, the coroner will undoubtedly find it, but I do not think there will be.

Ms R. SAFFIOTI: My question relates to page 541 of the *Budget Statements* and "Details of Administered Transactions" and the royalty forecast for iron ore. This year we heard from the Treasurer, who stated that the iron ore volumes are higher than anticipated. Could the department provide an update on the volume level compared with what was anticipated?

Mr W.R. MARMION: Sure. We have all that data, and I think the director general might be able to find it quicker than I can.

Mr R. Sellers: The iron ore producers report their tonnages as they do it, and then they pay a royalty each quarter on it. For the exact figure that they pay royalties on, if the minister is comfortable, we will get those out and give them to the member as a supplementary.

Mr W.R. MARMION: Certainly. I just thought we might have had that information available, but we may not have the actual volumes of iron ore. It looks like we have everything else. If the member is after the actual predicted volumes of iron ore —

Mr R. Sellers: "Actual" is after the event.

Mr W.R. MARMION: So, the member wants the predicted ones for the forward estimates of the iron ore?

Ms R. SAFFIOTI: The predicted ones for the forward estimates and the predicted versus actual for this financial year.

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Mr W.R. MARMION: I am happy to provide the actual forward estimate of iron ore volumes predicted, and also the estimate and the actual for when this year becomes the actual year. Is that the last financial year?

Ms R. SAFFIOTI: This financial year, 2014.

[*Supplementary Information No A94.*]

Mr C.D. HATTON: I refer the minister to “Appropriations, Expenses and Cash Assets” on page 531 of the *Budget Statements* and the line item “Total Cost of Services”. Could the minister update the house on measures to streamline the approvals system and reduce red tape?

Mr W.R. MARMION: It is a fairly broad question. Probably the best example is the mining rehabilitation fund that we set up. Previously, for every single project in Western Australia there had to be an unconditional bond on the project, which not only tied up a lot of capital of the proponent but also if we worked out the amount of money that was bonded, it really covered only 25 per cent of the actual work that would be required to rehabilitate an abandoned mine. I will keep the answer very short. We introduced the mining rehabilitation fund, but some mining companies, about which we felt that their addressing of the environment was not up to scratch, still have conditional bonds in place. However, the majority have been relinquished, and instead they pay into a fund. That fund now has about \$33 million in it, and as it grows it will actually reach a size whereby that levy might be able to be reduced a bit and we will know there will be enough money in the fund for those mines that might go into liquidation. We will have enough capital in the fund to reinstate the environment around that mine site. The other benefit is that the interest earned on the capital fund will be used to rehabilitate legacy mine sites all over the state, so we will be starting that. Possibly the member for Collie–Preston—he is not here—will be very pleased to know that one of first sites will be the Collie Black Diamond mine. There have been a few fatalities at that site from people swimming in it and jumping off dangerous banks. A good outcome for the community of Collie has been achieved by just changing a simple policy to get rid of unconditional bonds and bring in the mining rehabilitation fund.

[8.40 pm]

Mr W.J. JOHNSTON: I refer to page 534 and service and key efficiency indicators. I will not read out the first paragraph under “Resources Access” because the minister knows what it is about, but I will ask some questions on behalf of people in Kalgoorlie about this function, including the timely processing of applications et cetera. The vice president of the Eastern Goldfields Prospectors Association, Dr Bob Fagan, wrote to the *Kalgoorlie Miner* after the minister made his announcements on the changes to the fees. Dr Fagan asked —

Why should prospectors pay \$6950 in fees for a two-page mining proposal, for limited surface disturbance, on a two-month program on 2ha, when KCGM pays exactly the same amount for a 4000-page mining proposal for a 700m-deep open-pit operation lasting the life of the Super Pit?

I wonder whether the minister would like to answer that question. Perhaps the minister would also like to answer the question from Sam Tomlin, the editor of the *Kalgoorlie Miner*, who wrote —

Indeed, the minister, along with Perth-based members of his department and party seem mistakenly to consider the current objections to be the work of a few isolated agitators and rabble-rousers.

He goes onto say that it is a broadly-held view. I will also ask a question on behalf of Matt Eggleston, the president of the Kalgoorlie–Boulder branch of the Liberal Party. Can the minister justify his position in respect of these matters when Mr Eggleston says —

If passed into law

That being the Mining Legislation Amendment Bill —

this Bill would sound the death knell for many small to medium size miners and prospectors in WA.

He also puts to the minister —

Many prospectors and small ASX-listed companies have told me —

That being Mr Eggleston —

if this legislation is enacted, they will get out of the industry as it will all just become too hard.

What is the minister’s explanation to these leading Kalgoorlie citizens—I will not quote the chair—about these matters that he is pursuing?

Mr W.R. MARMION: A small group of large prospectors—I can probably put them in that category—have come in late. The process of improving the system and streamlining the approvals processes, which will be of great benefit to everybody and which I have already outlined and will go through again in a minute if need be, went through about a three-year process. On the advisory committee to the Department of Mines and Petroleum and the minister were representatives from the Chamber of Minerals and Energy, the Association of Mining and

Exploration Companies and also the Amalgamated Prospectors and Leaseholders Association of WA. The issue that caused some concern when we first announced the package of reforms in the amendments to the act was an exemption we brought in for small operations for any costs for clearing land of 0.25 hectares. This caused some concern when it came out and some prospectors suggested that 0.25 hectares was very small—I will not say what they said about how small it was in colloquial terms! They thought that everybody would have to comply at a cost. As it turned out, the prospectors association had advised us that that 0.25 hectare figure was reasonable. It was believed that 20 per cent of program of work applications would fall in that area and they would not have to pay \$590, which is the fee for a four-year program of work application. We looked at that and increased the area to 1.5 hectares for when the bill was introduced notionally, so it is still open to further review. That advice I got from the department means that nearly 50 per cent of program of work applications or mining proposals will not have to pay the application fee—that is a massive number. This group of prospectors must have some pretty big operations if they are not in the bottom 50 per cent of people who apply for program of work or a mining proposal and cannot afford an average of \$150 per year when they probably have a massive plant. A mining proposal of two pages would probably not get across the line. It requires a lot of assessment and I would have thought that maybe tens of thousands of dollars has already been paid to consultants to come up with a full-scale mining proposal for a mining venture. I do not think that the industry will cave in because a person has to pay a fee for a mining proposal. It costs nearly \$7 000 for a mining proposal but it lasts for the life of the mine. If a mining proposal cannot generate enough money and the \$7 000 will break the back of the feasibility analysis and study, it probably will not get up. The average prospector will not be affected, but there are four people as I understand it, or maybe five, who will be and we have been in touch with them and asked them to provide me with specific areas of concern. However, we are yet to get in writing what those concerns are. We hope that we hear from them so we can address those concerns. At this stage, the only tangible thing I can put my hand on is that they do not want to pay any fees at all.

Mr W.J. JOHNSTON: Has AMEC, which is not APLA, raised with the minister the issue of the cost structure in the department that is impacting on these fees? Has AMEC raised with the minister the concept that the department should demonstrate the costs involved so that the minister can justify the fees being charged? If that is the case, has the minister provided AMEC with information about the costs that the department needs to cover from these fees?

Mr W.R. MARMION: Both AMEC and the Chamber of Minerals and Energy had representatives on the committee and are right across everything. Ideally, they would not like any fees at all, obviously. The fees that we have come up with, which obviously no-one would like to pay even though they are minimal, are based on what we believe is the actual assessment. Those fees will be audited and if they are wrong, they will change, but we believe that for a program of works it costs about \$590 and a mine proposal quote is around \$7 000. AMEC is aware of that, as is the Chamber of Minerals and Energy. They do not disagree that that is what the cost is, but people do not like cost recovery at all. That is just natural; the member would not like it either.

Mr W.J. JOHNSTON: Has the minister provided AMEC with details of the costs his department is seeking to recover because, as he says, it is cost recovery?

[8.50 pm]

Mr W.R. MARMION: The Association of Mining and Exploration Companies was aware because it was on the committee when it was formulated. I personally was not involved in talking to AMEC, but the costs will go through the Joint Standing Committee on Delegated Legislation and will be audited just like any other cost in any other department, and they have to actually be real costs. They cannot be over cost recovery; if they are over cost recovery, they will be reduced under the delegated legislation committee format.

Mr W.J. JOHNSTON: I asked the minister a question I knew the answer to; Richard Sellers is sitting there and he knows the answer. Yes, the minister has, so my next question was going to be: given that the minister has provided that information —

Mr W.R. MARMION: If the director general knows the answer —

Mr W.J. JOHNSTON: I have seen it.

Mr W.R. MARMION: Nodding is not giving the answer for *Hansard*, member. I am happy for the director general to add further to my previous answer.

Mr R. Sellers: The generation of the value of the fees came from time and motion studies, watching the amount of time and doing the calculations, and as with all our fees, it is put through the normal process. As the minister said, it cannot be over 100 per cent; that is what I was nodding about.

Mr W.J. JOHNSTON: I was not trying to say that that is not what happened, but I was going to go on to the next issue arising from that. I understand that AMEC and others have offered to assist the department in cutting

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costs in the agency to bring down those fees. Is the minister going to accept these offers from these groups to allow them to have a look at the efficacy of the work being done and try to show the department where it can save money and therefore reduce costs to the industry within the agency?

Mr R. Sellers: Without going back over the previous answers, we have been working for four or five years on ways to create more efficiencies within the agency. We regularly ask all our industry groups for obvious ways that we can increase efficiency. If there is an efficiency increase in one of these processes that can have an outcome on a fee, it will be calculated into the fee.

Mr C.J. TALLENTIRE: I refer to page 541 of budget paper No 2 and the line item “South West Hub” under the heading “Commonwealth Grants”. The 2014–15 estimated actual was \$13 300 000, but that ends—gone; no more from the commonwealth, because it is to do with geosequestration and that might have something to do with climate change, so —

Mr W.R. MARMION: Which page?

Mr C.J. TALLENTIRE: It is right at the top of page 541. So, there will be no more money from the commonwealth. At the bottom of the page there is another South West Hub line item under “Expenses”, and the 2015–16 budget estimate is \$200 000—I presume that is from the state government—and nothing beyond that. Does that mean that the \$200 000 is really to put the South West Hub into a mothball state?

Mr W.R. MARMION: Basically, the project is winding up and I think the member will find that when there is a project, expense bills come through after the project has wound down. Under the accounting treatment, one is the income that we got from the commonwealth government and under “Expenses” is the expenditure of that income. That is \$200 000 that is still left over in the 2015–16 budget. Rather than me carving through the notes and trying to find a specific answer in there, I will check with our executive director.

Mr M. Banaszczyk: The expenditure here relates to the funding that was provided for the drilling work—the seismic survey. That component is coming to an end, but the project itself is not coming to an end. These funds are administered funds from the commonwealth and there is restricted usage of those funds. This does not affect the department’s operations.

Mr C.J. TALLENTIRE: Just to clarify, the South West Hub will continue and become operational for real commercial-scale sequestration in the future?

Mr R. Sellers: The commonwealth government is currently doing a review of the project and, as was mentioned, the project is moving towards the end of the first stage. Based on that review, the commonwealth will then give us some direction on how it wants to progress to stage 2, and then review it again if it goes to stage 3. Just for the member’s benefit, stage 1 is to look to see whether there is an appropriate seal for the carbon dioxide there, because it is not a depleted gas field or another area where we know there is a seal. The benefit that will come from this, should it go only to stage 1, will still be great in terms of worldwide significance because it will be looking to see whether a combination of broken shale and limestone salt-encrusted layers is enough to create a seal separate to what we might find in a gas field. Stage 1 was just to get to that point; it is now being reviewed, and we will find out sometime in the next few months whether the commonwealth wants to inject any more money into it. It would then go to the second stage, and under current plans we would then hand it over to a joint venture partner to do that, because it would be using the proven seal to do some test injections. We would then step back from that because we will be the regulator, as we are for carbon sequestration with Gorgon.

Mr C.J. TALLENTIRE: I suppose the indications are that stage 2 is not likely to be funded by the commonwealth given that there is no further funding at all from the commonwealth government at the moment. Is the minister worried about that?

Mr W.R. MARMION: I believe there are still funds in the kitty, but I will have that confirmed by the director general.

Mr R. Sellers: The member knows as much about it as I do; it is an area of speculation at the moment. We will have to wait until the end of the review.

Mr A. KRSTICEVIC: I refer to page 535 of the *Budget Statements* and the heading “Asset Investment Program”. I ask the minister to update the house on plans to expand the Perth Core Library.

Mr W.R. MARMION: There are two parts to the Perth Core Library update. The first part is the expansion of the existing storage facility, which is really getting close to being full. I am sure lots of members have gone out to see the Core Library; I recommend they do. It is actually quite an engineering feat that they have been able to build it and store so many racks of cores so high up; it means that the floor has to be extremely level or they will topple over. We are providing \$4.8 million over three years to expand the storage capacity. We will actually be storing about three-quarters of the commonwealth’s offshore drilling cores in that library.

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The other exciting package is a \$2.5 million boost in the current budget to create an extra viewing space for the Core Library. Although there is already an area for viewing the cores, the other extension is outside in the elements, and there is a need for cores to be analysed in camera. If someone is going through the cores in the open, other people will know what they are investigating, so the next phase is to have an extra viewing space that is a bit more private. That is another reason why WA is one of the best places in the world in which to invest because we have all this physical data that people can look at.

[9.00 pm]

Mr W.J. JOHNSTON: I return to page 534, service 2 “Resources Safety” and the last phrase of the first paragraph “onshore petroleum industries”. What is the number of occasions a Department of Mines and Petroleum inspector has inspected each of the gas processing facilities in the WA jurisdiction during the last 12 months?

Mr R. Sellers: Just to help the member with the question, that would pick up dangerous goods facilities and major hazard facilities as well, because we do not only have gas processing.

Mr W.R. MARMION: We will provide that as supplementary information. We will provide the number of times that each onshore petroleum facility has been inspected by a DMP inspector.

Mr R. Sellers: That picks up both those under our petroleum legislation and some under our major hazard facility part of the department.

[*Supplementary Information No A95.*]

Mr W.J. JOHNSTON: In the resources safety area, 271 employees are listed. Could the minister give a breakdown of those by occupation?

Mr W.R. MARMION: We will have to provide that as supplementary information. We will agree to provide a breakdown of the categories of the 271 full-time equivalents listed under the “Resources Safety” heading—what areas they work in. Does the member want every single one and their titles?

Mr W.J. JOHNSTON: No, but by occupation. There must be different occupation groups, because in a division some people might answer the phone, which is a very important task, but it does not make them inspector. If I can get the breakdown by occupation, I can see how many are inspectors.

Mr W.R. MARMION: But then there could be a further breakdown, because once there are the inspectors, there could be a breakdown of what they inspect.

The CHAIRMAN: We really need to get this pinned down, minister. Does the minister want to start again?

Mr R. Sellers: I am just trying to clarify: inspectors and their qualifications under each of our areas, so dangerous goods, petroleum safety and mine safety.

Mr W.R. MARMION: Also other categories if they are not inspectors—for example, if they are receptionists.

Mr W.J. JOHNSTON: They are very noble occupations. We need them all!

[*Supplementary Information No A96.*]

Mr I.C. BLAYNEY: I refer to page 541 of the *Budget Statements* and the line item “Appropriations”. Can the minister provide an update on the financial assistance provided to junior iron ore miners?

Mr W.R. MARMION: There are two areas of financial assistance we have provided to iron ore producers. One is the magnetite royalty rebate of a few years ago for start-up magnetite mines and the member for Geraldton, being in his area, would be aware of that. That was a 50 per cent rebate for the five per cent royalty levy for the first 12 months of operation once they were commercial. I think the member’s question refers to the mid-tier miners. In recent times, with the iron ore price falling quite severely, we have brought in a scheme by which, provided mining companies meet certain criteria, we will provide up to a 50 per cent rebate on royalties on their iron ore or haematite iron ore. If the iron ore price in Australian dollars over a royalty period averages over \$90, the rebate stops and has to be repaid over a two-year period. The first company that qualified and took up the offer was BC Iron and just recently Atlas Iron has received the government’s royalty rebate.

Mr W.J. JOHNSTON: Is the minister saying that while the price stays below \$90, the rebate continues?

Mr W.R. MARMION: Yes, but there is a time limit. It is from the December 2014 quarter concluding in the December 2015 quarter, so it is over a 12-month period. The rebate has to be repaid within two years.

Mr C.J. TALLENTIRE: I refer to page 535, the service “Geoscience Information and Advice” and the fourth dot point about assistance and advice on land use matters. Does the department have a policy of opposing additions to the conservation estate?

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Mr W.R. MARMION: Not that I am aware of, but the director general might be able to put some more meat around the answer.

Mr R. Sellers: Not that I am aware of. Obviously, we take direction from the government of the day and when we work with the Department of Parks and Wildlife or any form of suggestion of a conservation estate, we are just like any other department. We have our input and our imperatives around the prospectivity and the government of the day makes its decision.

Mr C.J. TALLENTIRE: Can the department say categorically that it does not oppose proposals for the addition of land to the conservation estate?

Mr W.R. MARMION: Obviously, if there is mineral prospectivity we have to look at it. If we think there is strong mineral prospectivity, we may oppose.

Mr C.J. TALLENTIRE: Putting the question around the other way, has the department ever not opposed an addition of land to the conservation estate?

Mr W.R. MARMION: Just to make sure that the member did not use a double negative in his question, could he put it again?

Mr C.J. TALLENTIRE: Has the department, in the minister's time as minister, received advice from the agency not opposing the addition of land to the conservation estate?

Ms R. SAFFIOTI: Supporting.

Mr C.J. TALLENTIRE: Yes, supporting.

Mr W.R. MARMION: Certainly, when I was Minister for Environment I got support from the then Minister for Mines and Petroleum and I am trying to think in my two years whether there have been any issues. The director general's memory might be better than mine.

Mr R. Sellers: I think the last ones we dealt with were the proposals for the Kimberley, which received support.
[9.10 pm]

Mr C.J. TALLENTIRE: Has the department provided advice opposing the transfer of unallocated crown land in an area known as the Great Western Woodlands? Has the department opposed that land being transferred into the conservation estate?

Mr W.R. MARMION: I will get the director general to respond. The Great Western Woodlands is a massive area. It takes in just about the whole mining belt from probably Salmon Gums all the way up to the Yilgarn. So that would obviously be looked at on a case-by-case basis. Is the member looking at the Great Western Woodlands—the whole amount—going into a national park and whether the department opposes that?

The CHAIRMAN: Can you clarify that, member for Gosnells?

Mr C.J. TALLENTIRE: Acknowledging that there is a category of land tenure called "conservation park" that allows for mining and allows for conservation, I would not have thought that would be a problem for any of that land. Has the department opposed even the transfer from "unallocated crown land" to "conservation park" for the Great Western Woodlands area?

Mr W.R. MARMION: I am unaware of a proposal coming to me when I have been the minister, or even a subset of that, from the Department of Environment, or Parks and Wildlife now, but the director general might be able to answer the question.

Mr R. Sellers: Without any more specific information, I cannot recall anything that triggers that. The last area where we worked with DPaW close to that was around Koolyanobbing and Mt Manning. That was when the current minister was the Minister for Environment, and we and the then equivalent of DPaW reached agreement on what should be conservation estate and what should be other levels of either crown land or conservation estate in that area.

Mr W.J. JOHNSTON: I refer to page 537 and the table headed "Income Statement". Under the heading "Income" is the item "Regulatory fees and fines".

Mr W.R. MARMION: I have the income statement. It is a very big table.

Mr W.J. JOHNSTON: Yes, it is. I am not going to ask the minister about the mines safety inspection levy and I am not going to ask about the mine rehabilitation fund levy, which are the first two matters listed under the item "Regulatory fees and fines". I am going to ask about the item "Other". I assume "Other" includes fines, because fines have to fit in somewhere, and that would seem to be where they fit in. Can the minister tell us for the 2013–

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14 financial year and for the 2014–15 financial year to date what the extent of fines was as part of that total amount?

Mr W.R. MARMION: I do not know that fines are necessarily in this particular category.

Mr W.J. JOHNSTON: It states “fees and fines”.

Mr W.R. MARMION: I will pass to the executive director.

Mr M. Banaszczyk: Where it refers to fines, that is terminology that is used by Treasury. It refers to where people need to make lodgements and what happens when the lodgements are late and they pay a penalty. It is not a fine as such. The actual fines that are imposed on companies when they are prosecuted, or for some other reason, go to the Fines Enforcement Registry, and the collections are done through that registry.

Mr W.J. JOHNSTON: Thank you for that information. Does the department simply pass it to the Fines Enforcement Registry or does it have a policy on dealing with companies that have not paid the fines that have been imposed on them? If we look at the Fines Enforcement Registry, the largest debt owed to the Crown is by a mining company that was fined for a mine safety incident. That was a very large fine of 80 000, I think, which is a very severe penalty for obviously a severe matter, and it remains unpaid. Is the minister saying that the department passes that on to the Fines Enforcement Registry and that is all it does, or does the department have some way of noting those companies and penalising them in another way until they pay their fine?

Mr W.R. MARMION: Good question. Basically, the member is chasing what recovery process we go through and what responsibilities et cetera?

Mr W.J. JOHNSTON: Yes.

Mr W.R. MARMION: The executive director.

Mr M. Banaszczyk: We will have to take that on notice, unfortunately.

Mr W.R. MARMION: We issue a fine, for whatever reason—the member’s example of the \$80 000 fine is a good one—and the company is sent the fine notice. What happens next? How do we recover the \$80 000? I guess if the company had a tenement, we obviously would not renew its tenement.

Mr W.J. JOHNSTON: That is the issue I am trying to get to, if I can just engage the minister for a moment. It would be very disappointing if a company had a very large fine but it was still transacting business with the department over other matters, so it has been penalised but effectively there is no consequence; or, alternatively, if the directors of the company are continuing to act in other capacities with other businesses and again there is no consequence. Mr Sellers and I had a discussion last year about his view that he knows the rogues. I accept that Mr Sellers knows the rogues. I am just saying these are some of them.

Mr R. Sellers: Mr Chair, can I just respond to that? Thanks, member; that is true. That discussion was around the mine rehabilitation fund and the set of criteria that we have for that fund, which is that if an environmental fine is outstanding, we can hold onto the bond. That was the context of those comments.

Mr W.J. JOHNSTON: I understand that. I am saying that if a company is rogue with the environment it can be rogue in other matters, too. I am trying to see whether there is a policy so that we can get —

Mr W.R. MARMION: One of the requirements if people have a mining tenement is that they work it, and a figure is put on that in dollar terms. If over 12 months the company does not incur that expenditure, the department will send me a note, and I have the option of cancelling the tenement, or fining the company and keeping the tenement going, and if the company does not pay the fine it is unlikely that the tenement will be renewed the following year. That is the process. But certainly if the company has gone to the wall or disappeared and hands over the tenement, what happens then? We will provide an answer to that, Mr Chair.

[*Supplementary Information No A97.*]

The appropriation was recommended.

Meeting suspended from 9.18 to 9.25 pm