

Chairman; Mr Bill Johnston; Mr Sean L'Estrange; Mr Peter Tinley; Dr Graham Jacobs; Ms Janine Freeman; Mr
Jan Norberger; Mr Chris Tallentire

Division 76: Mines and Petroleum, \$115 752 000 —

Mr I.M. Britza, Chairman.

Mr S.K. L'Estrange, 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 J. Campbell-Everden, Department of the Premier and Cabinet.

The CHAIRMAN: This estimates committee will be reported by Hansard. 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, 3 June 2016. 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.

[Witnesses introduced.]

The CHAIRMAN: I give the call to the member for Cannington.

Mr W.J. JOHNSTON: I refer the minister to page 887 of budget paper No 2, specifically to the third item, "Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods", and to the recent fine of \$20 000 imposed on Mesa West Pty Ltd in the Perth Magistrates Court for the death of a worker at Fortescue Metals Group's Christmas Creek mine, and the injury of another worker because of unsafe working conditions. Are the minister and government satisfied with the very small fine issued in this case? If the minister is not satisfied with the fine, what actions are being taken to ensure that an appeal is lodged to remedy the appallingly small fine for this tragic situation?

Mr S.K. L'ESTRANGE: I thank the member for the question. Mine safety is of vital importance to the government of Western Australia. Can I just ask the member which line on page 887 he is referring to?

Mr W.J. JOHNSTON: It is the third point, "Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods"—and then it carries on.

Mr S.K. L'ESTRANGE: I see it. Is the member referring to the total section of the budget papers?

Mr W.J. JOHNSTON: Minister, I have asked my question; it would be appreciated if the minister could answer it.

Mr S.K. L'ESTRANGE: I am keen to help.

Mr W.J. JOHNSTON: Is the minister satisfied; and, if not, is he appealing or seeking to have an appeal lodged?

Mr S.K. L'ESTRANGE: Is that with regard to the safety incident itself?

Mr W.J. JOHNSTON: I refer to the appallingly small fine issued in this case.

Mr S.K. L'ESTRANGE: I need to take some advice on what that fine was.

Mr R. Sellers: The member said it was a \$20 000 fine. From my recollection, that is right, but I cannot see the actual budget item that it relates to.

Mr W.J. JOHNSTON: The budget papers state that this relates to the total cost of service for the regulation of resource sector development for health and safety et cetera. Surely, whether the minister appeals an appallingly small fine is related to the question of health and safety. If the minister is saying that he is satisfied with the fine, it is entirely up to him, but if he is not satisfied with the fine, what is he doing to ensure that there is a proper

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remedy? Is the minister asking for an appeal or has he had any discussions with the Attorney General about the matter? What has the minister done to overcome the appalling outcome of this case?

Mr S.K. L'ESTRANGE: I thank the member for the question. Like the member, I am very concerned about mine safety. I have been advised that the magistrate made that determination. I am not across the proceedings of the Magistrates Court case and how the magistrate made the decision to impose that fine.

Mr W.J. JOHNSTON: So, will the minister appeal?

Mr S.K. L'ESTRANGE: With regard to appealing or not, I am advised that we would need to get a briefing from the State Solicitor's Office on whether it would deem it appropriate for us to appeal a magistrate's decision.

Mr W.J. JOHNSTON: I have a further question. Clearly the minister has not sought any advice about the potential for an appeal.

Mr R. Sellers: No.

Mr S.K. L'ESTRANGE: No.

Mr W.J. JOHNSTON: Is that to say that the minister is satisfied with the fine?

Mr S.K. L'ESTRANGE: It is not to say that I am satisfied or dissatisfied with the fine. I have answered the member's question; I have not to date sought an appeal.

Mr W.J. JOHNSTON: Actually my question was whether the minister was satisfied with the fine—I am not. But is the minister telling me, through the Chair, that the minister has taken no action in regard to that outcome?

Mr S.K. L'ESTRANGE: To date, this particular matter has not been something I have acted on.

Mr W.J. JOHNSTON: No. I have a further question. I note, minister, that on pages 884 and 885 are set out the significant issues impacting the agency, including things like the profitability of companies in the sector. But the budget papers do not set out as a significant issue impacting the agency the health and safety of workers in the mining sector.

Mr S.K. L'ESTRANGE: I am just reading the significant issues impacting the agency. With regard to the budget papers and the significant issues impacting the agency, safety is not one of the issues listed in the budget papers.

Mr W.J. JOHNSTON: Yes.

Mr S.K. L'ESTRANGE: That does not mean it is not a significant issue, but I and the department are very focused on making sure that mines are well regulated with regard to health and safety.

Mr W.J. JOHNSTON: Why is the profitability of the companies in the sector listed as a significant issue, but not the death of workers?

Mr S.K. L'ESTRANGE: The importance of safety across Western Australia's mining and petroleum industry remains one of the government's top priorities. I and the member would take very seriously every family's right to be confident that their loved ones will be operating in a safe and well-regulated environment. It is something we are all focused on. Saving lives and reducing injuries is something that the regulator and employers, with employees, must work together on to ensure that there is a safe and healthy workplace environment. The government, through the department, is very focused on that outcome, and will continue to be so. For this entire sector to be one of the key economic mainstays of the state, the department has a role in making sure that mining and petroleum investment remains strong, and part of that effort is making sure that we are focused on the safety of the miners.

[7.10 pm]

Mr W.J. JOHNSTON: Even though the government says that the profitability of the companies is important, it does not tell us anything about health and safety in the budget papers. How many mine deaths and mine injuries have we had?

Mr S.K. L'ESTRANGE: I will pick up on the first part of the member's question, which is a claim that, because it is not mentioned in the budget papers, the government does not take safety seriously. My notes show me that we have allocated \$30.5 million in the 2016–17 budget to mine safety. To say that the government is not actually focused on trying to ensure that the mine sector is as safe as possible is a bit of an overstatement. We are allocating funds, and we have a very well-resourced mine safety regulatory regime in the department to oversee mine safety.

Mr W.J. JOHNSTON: So what is the answer to the question, minister?

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Mr S.K. L'ESTRANGE: The answer to the question is what I have just said.

Mr W.J. JOHNSTON: No, I asked a specific question.

Mr S.K. L'ESTRANGE: Was that about the number of injuries or deaths?

Mr W.J. JOHNSTON: Yes.

Mr S.K. L'ESTRANGE: I do not have the statistics for injuries with me, but from 1 July 2015 to 30 June 2016 there have been three deaths.

Mr P.C. TINLEY: How does that figure relate to the trend over the past 10 years?

Mr S.K. L'ESTRANGE: Mr Sellers will answer that.

Mr R. Sellers: The trend is still downwards, but there was a zero-harm year between July 2012 and June 2013. From memory, the long-term average is 3.5, but we are trending down and we are obviously heading as a group towards zero harm.

Mr P.C. TINLEY: But we are still killing people on mine sites.

Mr R. Sellers: As the minister mentioned, there were three tragedies in that period, yes.

Mr P.C. TINLEY: Does the minister have any details about injuries on mine sites?

Mr S.K. L'ESTRANGE: I do not have the statistics of injuries on mine sites to hand at the moment, unless one of the advisers has them. I am advised that the statistics for mine safety are published on the mine websites.

Mr W.J. JOHNSTON: Does the minister know what they are?

Mr S.K. L'ESTRANGE: I am not across all the details of the statistics.

Mr W.J. JOHNSTON: The minister does not know how many workers have been injured.

Dr G.G. JACOBS: As the minister may know, I chaired an inquiry of the Education and Health Standing Committee into fly in, fly out suicides, and in relation to worker safety, particularly in the FIFO sector in mining. The inquiry recommended a code of practice for workers' health. What progress has been made in establishing a code of practice for FIFO workers' health in the mining industry?

Mr S.K. L'ESTRANGE: Can I ask the member what this particular question relates to in the budget?

Dr G.G. JACOBS: It is added to the question previously asked about regulating the resources sector for health and safety. The FIFO suicide matter that was looked at by the inquiry was around the health and safety of workers, even if we talk about social responsibility. From that point of view, it relates to the third line item of the service summary on page 886 of budget paper No 2.

Mr W.J. JOHNSTON: Minister, do not worry about the technicalities; just answer the question.

The CHAIRMAN: Thank you, member. We do not need any help at this point.

Mr S.K. L'ESTRANGE: I ask Mr Sellers to respond.

Mr R. Sellers: I thank the member for the question. The mine safety branch has been working for a number of years on mental health issues. The review and the findings that the member was just talking about played a part in working through the program that has been implemented over the past few months. Part of that has been checking on the companies actually having the right sort of processes in place to deal with mental health and issues that arise in the workplace, and having competent professionals who can counsel and mentor people through those issues. An audit of the program was done in the last couple of months across a wide part of the sector, and we are in discussions now with the Chamber of Minerals and Energy, the Association of Mining and Exploration Companies and the broader industry on how we fine-tune that to make sure we have an auditable outcome that can be implemented by industry.

Ms J.M. FREEMAN: The inquiry made a recommendation for the establishment of a code of practice around issues such as rostering, heat exposure, efficacy, and the make-up of the workforce, not just whether there was an employee assistance program. The question, as I understand it, and the question I am asking is: why is the department refusing to devise a code of practice for FIFO workers, particularly with respect to their social and mental wellbeing?

Mr R. Sellers: There are codes of conduct and codes of practice for heat and fatigue. To explore the member's question a bit, I do not recall ever saying that we were not working on these things; that is not the issue. The work that is underway is in conjunction with the industry, and it is looking at fatigue, bullying, heat and other stress issues on site. We have just recently, as I said, undertaken an audit of several of those factors, and I explained that in my answer to the last question.

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Ms J.M. FREEMAN: Part of the inquiry's recommendations was that suicides and attempted suicides be recorded in the statistics alongside mine site fatalities and injuries. Has the department changed its recording methodology to include those?

Mr R. Sellers: The mine database for fatalities records the mine fatalities as determined by the coroner. If there is a natural death on site, like a heart attack or something of that ilk, it is not recorded as a mine death.

Mr P.C. TINLEY: Noting also that that inquiry investigated safety generally, it also discussed illicit drug use, recreational or otherwise. Does the department collect any information about failure of mine site testing for drugs and alcohol; and, if so, what is the captured data?

[7.20 pm]

Mr R. Sellers: Mine sites have to determine their testing programs. Those testing programs are kept with them onsite and they are available for us to go through as a matter of an inspector's visit. I do not think we have a collation of those in my department, but if there was a mine site that we were particularly interested in, we could certainly go through its books.

Mr P.C. TINLEY: Given the contributory effects of recreational drug use in both mental health and mine site safety, does the minister not think it would be a good idea that the department collected that data?

Mr S.K. L'ESTRANGE: As the director general outlined, the mines themselves—in a previous profession I have contracted to Rio Tinto on some work—have a strict regime in and around alcohol and drug testing and restrictions on employees if caught using drugs or being under the influence of alcohol at a mine site. The director general said that his mine site safety group would go out and if they wanted to inspect the data of a company, they could. If they identified that there was a culture of drug use at a particular site, that would give cause for a greater scope of understanding the culture of that site or that company, in which case more regulation in that space could occur.

Mr P.C. TINLEY: The minister of all people would know that life is full of small personal glimpses and, as we used to know, battlefield indicators. Surely one would like to know that as a base load piece of information to give a red flag rather than a remedial action or post-tragedy investigation.

Mr S.K. L'ESTRANGE: The member for Willagee is absolutely right. Knowledge of statistics in and around drug use at a particular site would flag concern because it would demonstrate that there might be some cultural problems at that site, in which case, as I said, prior to a tragedy occurring there could be increased regulation of that site to say, "We have identified this. We are unhappy with the number of people who have been picked up as having a positive reading for alcohol or drug use at this site." There could then be a more frequent imposition of mine checks and inspections on that site. Whether or not the data the member talks about can pre-empt a problem is a wider thesis, but as the director general said, his department has oversight of mines as to how they test and assess for drug or alcohol use.

Ms J.M. FREEMAN: In relation to the Education and Health Standing Committee's report into FIFO and suicides and the reporting of that as a fatality for the purposes of the statistic for mine deaths, part of the problem was that the definition of a mine site did not include accommodation facilities when those facilities fell outside a certain radius. The recommendation was to change the definition of "mine site" so that accommodation facilities where mine workers were required to stay to be able work at the mine, when they were fly in, fly out, were considered a workplace under the definition of the act. I understand that the act is being rewritten and will come before this place. Will that recommendation be included in the rewrite of the act?

Mr S.K. L'ESTRANGE: That is a good question and it makes me reflect on some of those camps where workers fly in and stay the night in the camp before moving in a vehicle out to the site of the mine itself. Some of those mines exist very close to the towns or in the towns, in which case certain companies will have rules and regulations in and around whether somebody off duty can have a drink. Obviously that would have implications because if they are in the town and that is considered as part of the mine site—this is just me thinking from a practical perspective—suddenly it is imposing on everybody in that area that they cannot participate in the town, so long as they are off duty and able to turn up to work the next day free of any effects of alcohol. I find that an interesting question.

Ms J.M. FREEMAN: Go and read the report minister; it is all in there.

Mr S.K. L'ESTRANGE: I would like to know what the DG's view is.

Mr R. Sellers: The model health and safety bill was developed under those auspices and currently we are in the drafting process. A number of things are in that bill. I do not have that in front of me at the moment, but I suspect that Mick might have just had a quick peek. No? We will have to take it on notice, sorry.

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Ms J.M. FREEMAN: I am happy for the department to give me, and maybe the member for Eyre, a briefing on the model of occupational health and safety mining provisions with respect to the report and its response to the report if the minister would be happy to ensure that we can have a briefing.

Mr S.K. L'ESTRANGE: Sure.

Mr P.C. TINLEY: I refer to page 890 of budget paper No 2, specifically the mining rehabilitation fund levy under "Receipts" and to the decision by the Barnett Liberal-National government to use the mining rehabilitation fund to fund works to make good the Ellendale diamond mine. I note that the WA government returned to the company the environment bond for the mine prior to the directors stripping the cash from the company and scarping. Has the government examined the question of when the company became insolvent, noting that the company always had an obligation to remediate the mine site and that this obligation should have been in the accounts of the company?

Mr S.K. L'ESTRANGE: The member would be aware that the government conducted a review back in 2013 that enabled us to move towards the mining rehabilitation fund levy. That levy is obviously used to rehabilitate mines such as the one he mentioned, Ellendale. Maybe Mr Sellers can comment on how that has been applied.

Mr R. Sellers: Unfortunately just on the speculation of what the directors are doing, that is clearly being checked by some very keen legal advocates to see what the reality of that matter is. The member is right that Ellendale has been put into care and maintenance without anyone the department can directly go to and get some funds off. The question was—I am just checking it—should we have been able to recognise that earlier and perhaps not given it back the bonds? Is that the question?

Mr P.C. TINLEY: Yes.

Mr R. Sellers: When the company came to us to receipt the bonds back, it would have shown us the books. We went through the books at the time and the company met the criteria to get back the bonds. That is the way it works. When the company went into receivership and we were left with the site, we had to do some remedial works around the tailings facility prior to the wet season kicking in so that there was not an environmental issue. We got the approval to use funds for that, which was great; the funds were there and we could do that. However, the site itself remains in care and maintenance. There is still a diamond pipe with significant diamonds in it and there is an alluvial diamond bed. We are working with the administrators and the people who have bought bits of kit to maintain the site in the hope that it will be on-sold, much like some of the goldmines that go into care and maintenance get on-sold. It has not moved completely into the mining rehabilitation fund as a liability for the state at this stage.

[7.30 pm]

Mr P.C. TINLEY: Whose funds did the department expend on the tailings dam?

Mr R. Sellers: We expended funds from the mining rehabilitation fund.

Mr P.C. TINLEY: Prior to the company handing back its levy?

Mr R. Sellers: The process was that it met the criteria, it was able to move its bonds out and start to pay the levy, and then it went into administration. At the time it received its bonds back, it met the criteria of being able to operate. Obviously, subsequently it has moved into administration. The site still has significant resources. When we have those sorts of sites, we do not move them into a legacy model; we try to keep them maintained so that they can be re-mined. The expenditure was just to make sure that the tailings facility that exists on the site did not cause an environmental issue.

Mr P.C. TINLEY: Just for clarity, is the Department of Mines and Petroleum or the state of Western Australia listed as a creditor or an interested party in the receivership of the mine?

Mr R. Sellers: Certainly, we are an interested party.

Mr P.C. TINLEY: But surely the department is a creditor.

Mr R. Sellers: Creditors have strict definitions under administrative law. The site is still an operational site, and the tenements still have an active owner —

Mr P.C. TINLEY: The administrator, yes.

Mr R. Sellers: — and who they represent. We would not take those over until there was no chance of them being on-sold or they were left and there was no way of chasing the particular company that owned the tenements down a commercial trail.

Mr W.J. JOHNSTON: This is very complicated, because the value of the diamonds in the ground might be worth less than the obligations to do rehabilitation. That is one of the concerns of industry. If other companies have now seen this playbook and they can have the expensive environmental remediation obligations on their balance sheet but they can get rid of the cash, it then leads to the question: are there other companies that do not have the assets to pay for their obligations to do rehabilitation?

Mr R. Sellers: One point about Ellendale is that the value of the diamonds can change at a moment in time. To get back to the question, there are also criteria under the mining rehabilitation fund relating to the viability of companies, their history of environmental incidents, whether they have paid fines and whether they have been paying bills, and that criteria can be invoked to put bonds back on companies. Should a company obviously run itself down and it comes to our notice through us doing our audits, the minister of the day can choose to put bonds back on that site. We are in the process of doing that with another site at the moment.

Mr W.J. JOHNSTON: How many sites is the department currently examining to put bonds back on?

Mr R. Sellers: At the moment, there is one in process.

Mr P.C. TINLEY: These directors have done the bunk effectively and stripped the cash out, but that is for others to work out. Is the government looking at any mechanism within the act or an amendment to the act whereby directors are held personally responsible for future environmental vandalism in cases like the Ellendale case? Right now, my estimation is that we could expend a serious amount of taxpayers' money, because the value of the asset is going to be too low or not viable to support the rehabilitation of the mine. That will fall back on the Crown. Surely the government should be looking at something to make them personally accountable.

Mr S.K. L'ESTRANGE: Mr Sellers can elaborate, but my understanding of the point of the mining rehabilitation fund is so that the taxpayer does not have to bear any of the cost. The notion is that every mine has to put in a percentage to this fund if the mine site is over a certain value. It is then up to the department to determine on a priority basis what sites it needs to make safe first. Mining rehabilitation fund money is used to do that, not taxpayer money.

Mr R. Sellers: As I said, the value of the diamonds fluctuates. It will be up to others to determine whether it is mineable. Having seen the quality of the pipe and other things, it is a moot point; it will be worked out later on. We have strong hopes that it will be taken up, but let us move past that. So that I get the answer exactly right, the question was: are we engaging with industry and solicitors to see whether there should be some sort of fit-and-proper-person component for directors or others who interact —

Mr W.J. JOHNSTON: Whatever mechanism.

Mr R. Sellers: The answer is yes; we are engaging with industry in working through that process. However, on the premise that the mining rehabilitation fund has not worked in this instance, it has worked as it was set up to work. The site is in care and maintenance and it is being looked after. I have not had to ask cabinet or Treasury for money. Industry is watching with interest to make sure that we have those discussions, as the member mentioned, and it will take part in them. Once we have had that, we will come back to the government of the day and talk about how we put that into legislation.

Mr P.C. TINLEY: But legislative amendment has not been excluded.

Mr R. Sellers: We do not exclude legislative amendment.

Mr P.C. TINLEY: To get a mine licence, a person has to be a fit and proper person. That test is already applied. To suggest at this late stage that a fit-and-proper-person test is of any value is moot because it has already been passed.

Mr R. Sellers: The member is talking about apples and oranges. Yes, the operator of a mine site has to go through those things, but the member mentioned the directors of the company and that is what I was addressing; sorry.

Mr P.C. TINLEY: Sorry; I withdraw.

Mr W.J. JOHNSTON: Has the government sought advice from, say, an actuary or someone like that to make sure that the level of the levy covers this enormous risk that the mining rehabilitation fund has taken on? I will explain that. The money that we are using for Ellendale comes out of the interest generated by the MRF, but that was always to deal with legacy issues. Of course, we are dealing with an active mine, not a legacy mine, from that source of funds. It was always envisaged that that would be used for other tasks. I am not saying that it is wrong to use the money for that purpose, but it changes the profile of the expected future of the MRF. I wonder whether the government has sought additional advice from, say, an actuary or someone like that, because it is

effectively an insurance premium to make sure that the amount that is collected in the levy is adequate for the risk that the state is taking on.

Mr S.K. L'ESTRANGE: My understanding is that the mining rehabilitation fund was set up because the performance bonds were not working. As the member knows, they were applied to a specific mine site. If a mine site went into liquidation or whatever and could not operate and could not pay and its particular bond did not cover the cost, the taxpayer had to cover the difference. Under the mining rehabilitation fund, everybody pays in a percentage so that the department can allocate a percentage of the fund to commence works to make safe whichever mine site goes into liquidation. It does not have to fix the whole site at once; it can do a program of works over time. At the same time as that fund builds up—I understand that there is about \$60 million in that fund at the moment, so over 10 years that should get to around \$300 million—and with the interest being earned on that account, the funds can be used to start fixing some of those legacy mines that may date back 60 or 70 years. I understand that the mine rehabilitation fund is for not only those old legacy mine sites that need to be rehabilitated but also for current mine sites.

[7.40 pm]

Mr W.J. JOHNSTON: Has the minister sought advice to make sure that the MRF has been set at a level that protects the Crown from these risks?

Mr R. Sellers: The levy started some years ago. In the preparation for the introduction of the levy there were those discussions. Unfortunately, that was with the previous minister and I have not had a chance to brief the current minister about that issue. One mechanism that can work, say, in the worst-case scenario, when someone with a site worth a couple of hundred million dollars goes tomorrow and we have to urgently start some action on it and we have only \$60 million in the MRF account, the legislation states that we can rapidly increase the percentage of the levy. I have personal experience managing a very large legacy site in the Northern Territory and cumulatively I spent \$150 million on the site over a period of about four years. Even if it is a site worth a couple of hundred million dollars, it is likely to be a five, 10 or 15-year fix and we would just adjust the inflow of money through that percentage increase that is already available should it be needed through the act.

Mr W.J. JOHNSTON: I appreciate that very good answer, Mr Sellers. I am not criticising that answer at all. I see that the department received professional advice when the legislation went through Parliament and we discussed it at the time and we all supported it, and I understand that the legislation is the mechanism that allows for the levy to be increased. Given that we now have some experience working under the levy and we have had this problem that nobody expected at the time the legislation went through Parliament, is it the right time to review that advice to see whether we need to change the level of the levy now so we do not end up with a big problem later? A small increase to the levy now will provide the same amount of money as a big increase later. Does the minister see what I mean?

Mr S.K. L'ESTRANGE: Is the member suggesting that we assess the workability of what is going on against the experience of the mine site the member raised with us tonight?

Mr P.C. TINLEY: It is a total liability.

Mr W.J. JOHNSTON: Because there is massive potential liability. But, of course, we are expecting to cover that liability. We did not expect companies to behave like this, but one has. We do not know how many other companies might behave like that company, but we could have another professional look at the levy.

Mr S.K. L'ESTRANGE: In a sense, the member is asking for an analysis of whether our premiums are set at the right level.

Mr W.J. JOHNSTON: Yes.

Mr S.K. L'ESTRANGE: That is certainly something we could look at.

Mr P.C. TINLEY: Yet it has not been looked at.

Mr S.K. L'ESTRANGE: The director general said in his answer that they did look at it at the start when they set up the program.

Mr P.C. TINLEY: But they have not looked at it in a review sense since then?

Mr R. Sellers: No, not until the current period and, as the minister said, it can be part of a review.

Mr P.C. TINLEY: We have had this experience and, funnily enough, the resource sector, particularly in Western Australia, is replete with examples of less than, you know, ethical behaviour by mine owners and directors. I am not suggesting that they did not help build the state and so on, but they are a colourful group of people. I note that the minister said the processes are being reviewed, but can he assure the people of

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Western Australia that the directors of Ellendale and people like them will not be able to engage in mining in this state again? Can the minister black ban those people?

Mr S.K. L'ESTRANGE: The director general and I agree that it is a legal issue. We will have to wait for the outcome of this particular example to know what will happen next.

Mr P.C. TINLEY: The minister does not necessarily have to wait for the outcome if he has formed the opinion, through whatever mechanism, that they are not fit and proper people—going back to the point the director general made about fit and proper persons. Surely, there is enough evidence to show that the Ellendale directors have behaved unconscionably.

Mr S.K. L'ESTRANGE: I think that is certainly something that is still being worked through and we cannot give an answer on the issue until we know the results.

Mr P.C. TINLEY: But it is active in your thinking?

Mr S.K. L'ESTRANGE: Sure.

Dr G.G. JACOBS: While we are discussing the mining rehabilitation fund I thought might ask a quick question. I refer to page 887 and the line item “Less Income” under the heading “Managing land access for resource related activity” and the corresponding note that states —

1. Income has decreased by \$14.2 million in the 2015–16 Estimated Actual compared to the 2015–16 Budget ...

The note states that the decrease in income was mainly due to an overestimation of the mining rehabilitation fund. Can the minister give some clarity on that overestimation or the shortfall, if you like?

Mr R. Sellers: Sorry I did not catch the page number. Was it page 887?

Dr G.G. JACOBS: It is page 887, the line item “Less Income” and note that states that income has decreased by \$14.2 million.

Mr S.K. L'ESTRANGE: That is understood.

The reduction in the 2015–16 estimated actual is due to reduced collections for the mining rehabilitation levy. I understand that in May 2013 a review was carried by an external consultant on the actual rehabilitation cost as part of the Department of Mines and Petroleum’s processes to finalise the regulated rates. The 2015–16 budget figures were based on the May 2013 review and subsequently have been found to have been overstated significantly. The figures were revised down to reflect actual collections as part of the 2015–16 midyear review process and that is why they are reflected as they are in the 2015–16 estimated actual. That reduction in actual collections was in part due to a shift in industry practice in which it undertook increased progressive rehabilitation post-implementation of the MRF. The MRF as intended encourages industry to minimise its disturbance footprint by calculating the levy payable based on the area of ground open for mining activities.

Dr G.G. JACOBS: If they have already done the rehabilitation work, then that comes off their bill.

Mr S.K. L'ESTRANGE: That is right. That is a very good way to put it, member. It also therefore becomes a financial incentive that drives industry to reduce its environmental liability, which has contributed to that reduced actual collections in the fund.

Dr G.G. JACOBS: Although it looks as though, obviously, less money has gone into the pool, if you like, into the fund, the department has less work to do, because some of the mines have already done some of the work and that is why they paid less for the levy.

Mr W.J. JOHNSTON: I again refer to page 887 of budget paper No 2, service 3, “Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods”, and specifically the three mine deaths the minister talked about in the current financial year and the mine deaths in the previous financial year. Has the department or the minister’s office been contacted by the families of deceased workers to complain about the inordinate delays in the Coroner’s Court? If yes, has the minister or the department raised these problems with the Attorney General or the Department of the Attorney General and what is the result of those representations?

Mr S.K. L'ESTRANGE: I thank the member for the question. Since I have been minister, nothing of that nature has crossed my desk, but I will just check with the director general.

[7.50 pm]

Mr R. Sellers: Not that I can recall but it might interest the member to know that the actual time line of us dealing with matters has come down markedly. Partnering with the State Solicitor’s Office, we now have a panel of prosecutors who can run matters faster than they used to in the past. When there has been a tragedy, the family

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and friends certainly do not have to wait as long as they used to. We have been able to move these issues faster through the process.

Mr W.J. JOHNSTON: I appreciate that answer. That is very good. That relates to prosecutions. I was specifically talking about the problems with the delays in the Coroner's Court. I have been approached by families of workers who have been tragically killed on site. One of the problems is that it can take up to two years for a death certificate to be issued, which means the family can sit without life insurance or superannuation payouts. Given that the minister has been in the role only briefly, the agency has talked to the Department of the Attorney General to try to get a better process for grieving families through that coroner's process.

Mr R. Sellers: Some years ago now there was a heat stress issue that took some time to go through the coroner and we addressed that directly at the time, but since then there has not been anything that I am aware of.

Mr W.J. JOHNSTON: I do not wish to mention the specific families in this forum, obviously, but could I talk separately to the department about some of those cases?

Mr R. Sellers: Certainly.

Mr J. NORBERGER: Hopefully, I have a fairly quick question for the minister. I direct the minister to the first line item under the heading "Delivery of Services" on page 883 of the *Budget Statements*. There is a fairly significant drop-off between what the government is budgeting for services delivery in 2016–17 compared with 2017–18—almost a \$14 million drop. Can the minister explain that decrease for me?

Mr S.K. L'ESTRANGE: I thank the member for the question. The reduction in the 2017–18 forward estimates is mainly due to the completion of the recurrent appropriation funding for the exploration incentive scheme. The appropriation amount came to a conclusion. Since 2009, a total of \$130 million was spent on the exploration incentive scheme. The member may have heard me speak in this place about what that money goes towards—that is, programs such as the co-funded exploration drilling program, exploration facilitation, geophysical and geochemical surveys and a number of other things. Since 2009, the co-funded exploration drilling program itself has done very well, offering over \$64 million to almost 600 projects and it has refunded \$23.6 million over 310 projects. In the budget it appears finished and that is why we get the drop, but the exploration incentive scheme itself is continuing. The funding appears on page 892 of the budget papers because it has been funded out of royalties for regions.

Mr P.C. TINLEY: I refer to item 3 on page 887 of budget paper No 2—the health and safety, environment and dangerous goods section. How many employees of the Department of Mines and Petroleum are currently engaged in regulating uranium activity and at what cost? Are the proponents involved in these speculative proposals covering their own costs involved in this work or are other miners subsidising their work around fee for service?

Mr S.K. L'ESTRANGE: I will seek advice on the actual data on the number of employees.

Mr R. Sellers: On a technicality, they are in approval stage at the moment. There are people in mineral titles, environment and safety who would be working on them as part of the normal approval process. There would be a number of those for each of the approvals going through at the moment. When those attract a fee, like a mining lease rental, they will just pay like normal. For those that do not have a fee structure on them, they would not be paying them. The second part of the question was: are they part of the amortisation or costs over the approval processing? The answer is yes.

Mr P.C. TINLEY: Can the minister quantify the number of work hours to date expended in relation to uranium lease approval processes? I am happy for the question to be answered by way of supplementary information.

Mr R. Sellers: It would be over a number of years. We could go back. I am concerned at the accuracy of it, given that they have up to 30-day approvals and there will be some estimation in those figures, but if the minister wanted us to put them together, I am sure we could do that.

The CHAIRMAN: Is that a supplementary question? Is that what the minister is agreeing to?

Mr S.K. L'ESTRANGE: Yes.

The CHAIRMAN: Can you just affirm what you are going to do, minister?

Mr S.K. L'ESTRANGE: Can the member clarify exactly what he is looking for?

Mr P.C. TINLEY: I am keen to know how many work hours to date have been expended in the approvals process for uranium leases.

Mr R. Sellers: That will be an estimate.

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The CHAIRMAN: Are you happy with that, minister?

Mr S.K. L'ESTRANGE: Yes.

[*Supplementary Information No A54.*]

Mr W.J. JOHNSTON: Minister, will in situ leaching be a permitted method of uranium mining in Western Australia; and, if yes, what size buffer zone will be required for such a project?

Mr R. Sellers: For it to get approved, it would need to go through environmental assessment, and none has to date. I am unsure whether they would get through. They have in other jurisdictions. If they did get through, I would suspect they would have similar restrictions placed on the deep leaching like at Four Mile mine and Honeymoon mine.

Mr W.J. JOHNSTON: Does the minister expect that he would permit in situ leach mining near the ocean, near a national park, near a water course or near a flood plain or are there areas of the state that would not be acceptable for an in situ leach mine?

Mr S.K. L'ESTRANGE: The member would know that the Environmental Protection Act has a very strong role to play in any mining activity. I would not be approving any mine site operation if it had not been well and truly approved by all those regulatory processes run by the Department of Environment Regulation.

Mr W.J. JOHNSTON: They would be run by the minister now. The act was changed.

Mr S.K. L'ESTRANGE: The mine site has its environmental approvals processes go through the Department of Mines and Petroleum but it still has to comply with the Environmental Protection Act. With regards to uranium—I will seek some guidance from the director general—there are probably commonwealth environmental acts pertaining to uranium mining that would need to be addressed as well.

Mr R. Sellers: It would trigger the Environment Protection and Biodiversity Conservation Act process as one of the statutory triggers.

Mr W.J. JOHNSTON: Are there certain parts of the state that the minister would think would be completely unacceptable for a uranium mine or an in situ leach mine or does he think that if we find uranium somewhere, it would be acceptable to have an in situ leach mine?

Mr S.K. L'ESTRANGE: My view as the mines minister is that I do not want to rule anything in or out, which seems to be the premise of the member's question. I am saying that any proposal put forward by a mining company should be assessed on its merit based on all the information we have at the time. Things like exactly what the member said—closeness to the ocean, proximity to population, townships or whatever, agricultural produce or any number of things—would flag for any minister in government the need for very, very careful and well-detailed environmental regulation requirements. Once all that information has been looked at, no doubt a strong part of any advice coming out of an environmental protection act or the commonwealth equivalent that would oversee uranium mining would give a clear indication of whether there were too many risks attributed to its proximity to the ocean or a population et cetera, which the minister of the day would consider before making a decision on whether it was appropriate for a mine to go ahead.

[8.00 pm]

Mr W.J. JOHNSTON: Is there anywhere in the state that the minister would say is clearly unacceptable for an in situ leach mine?

Mr S.K. L'ESTRANGE: Stepping out of my role as Minister for Mines and Petroleum, of course there would be situations in which it is not feasible because of the risk to people or whatever. However, we would not want to put a blanket on a particular industry without enabling that industry to demonstrate if it can operate safely. If we were to put a stop to any industry attempting to go about its work for the benefit of all Western Australians, then what if down the track the technology got to a point where something could be made completely safe that in today's context is not? Each mine site approval would need to be considered at the time with all the information available as to how safe it would be for the people of Western Australia, and then a decision would follow based on that advice.

Mr R. Sellers: We have been talking about uranium but leaching mining for other minerals is quite common as well and could easily be the future of deep low-grade gold. These sorts of things and technologies are being worked out as we speak.

Mr P.C. TINLEY: Whilst we are on this topic of the environmental safety issues around uranium, has a designated port for the export of uranium been identified for Western Australia?

Mr S.K. L'ESTRANGE: No.

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Mr P.C. TINLEY: Can it be exported from any port at this stage subject to the various approvals?

Mr S.K. L'ESTRANGE: It follows on from my previous answer, which is that the project would be looked at in total. We would make an assessment on whether the mine project at the location of ore is safe, and as a government we would want to ensure that the transport of the ore is also safe, otherwise it would not be approved.

Mr R. Sellers: One of the features for the ports in existence now—the Darwin Port and the Port of Adelaide in South Australia—is that the uranium shipments are periodic because they need be of a certain size and use a certain vessel. It is unlikely that one mine would go to an individual port. It is more likely to go to a port where uranium is already being exported to build up the capacity to do frequent exports rather than having it sit there for a year or so waiting to be exported.

Mr C.J. TALLENTIRE: This discussion about where mining may or may not be allowed to take place is very interesting. Does the minister accept that there are benefits in indicating to companies that an area may be a no-go area and that it saves companies from expending moneys and perhaps even using taxpayer assistance through exploration incentive schemes when there is no likelihood of the mine being approved in a particular area? Is it not helpful to the industry for us to be able to say, “Don’t waste your effort there; look elsewhere”?

Mr S.K. L'ESTRANGE: The member raises a very good point about how the government allocates resources such as the exploration incentive scheme to support a mining venture. My understanding is that when we assess whether to give exploration incentive scheme funds to a project, it is based on our knowledge of that area in which they intend to do the exploration. A formal assessment process to allocate that funding takes place; it is not given to just anybody. If the government did not think that the venture could work, or it thought that the drilling program in which the company wanted to participate was not in the right area, that advice would be given. It is then up to the private company as to whether it wants to take the risk of looking in areas where it might not get the approval. As the member knows, last year the Fraser Institute voted Western Australia as the number one destination in the world in which to conduct mining investment. That result did not come about by chance. It came about because Western Australia has an outstanding core library. We have the exploration incentive scheme, which enables private sector mining companies to understand where the more viable locations are likely to be because that knowledge exists within the department. If the private sector decided that it wanted to conduct drilling and look for a site outside the bounds of all of the knowledge held by the department, then that would be done at its own financial risk.

Dr G.G. JACOBS: I refer to the line item “Magnetite Financial Assistance Program” under the subheading “Other” on page 894. Can the minister outline the significance of this program? I notice about \$17 million in there for this year. In my simplified world that means that mining companies are subsidised for mining a relatively low-grade iron ore. Can the minister explain some of the rationale there, or have I got it wrong?

Mr S.K. L'ESTRANGE: No, the member has got it quite right. As the member pointed out, magnetite is a lower grade of iron ore. My understanding is that it sits around the 30 per cent grade of iron ore; therefore, getting that ore to a marketable product that can be used in the steel mills of our trading partners, for example, requires a fair bit of processing. To encourage magnetite production in Western Australia, the government has created this scheme that supports magnetite production because it is such an expensive mine site to get up and running due to its processing aspect. On 9 April 2013 at the opening of the state’s first producing magnetite iron ore mine, which was the Karara iron ore project, the Premier announced this rebate of up to 50 per cent—I will get to the figures in a moment—and that royalty payment would be considered on a project-by-project basis for the first 12 months of magnetite production. The original estimated cost of the royalty rebate incentive was \$15.9 million, and it has provided a major boost for developing this particular iron ore sector. The royalty rebate incentive was available to potential recipients for three years. The 2014–15 actual of \$4.8 million and the 2015–16 estimated actual of \$12.5 million represents the revised cost of the original royalty rebate incentive. As part of the 2016–17 budget process, the government approved a two-year extension of that rebate incentive and the extension continues government support for the emerging magnetite industry, in which two mines are currently operating. Both existing magnetite mines are backed by major Chinese state-owned companies and the support arrangements encourage continued Chinese investment in the industry and the state more generally. Therefore, the 2016–17 budget estimate of \$17.3 million and the 2017–18 forward estimate of \$22.4 million represent the estimated cost of the two-year extension of that royalty rebate incentive. Does that answer the member’s question?

[8.10 pm]

Dr G.G. JACOBS: It begs the question: Karara got it; who else is getting it? What other companies are getting it to date and what companies are in consideration to get this rebate? That is one question. I have another one after that, if I may.

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Mr S.K. L'ESTRANGE: There is one other company, and that is CITIC Pacific Mining's Sino iron ore project.

Dr G.G. JACOBS: That is the Preston point thing.

Mr S.K. L'ESTRANGE: That is right; near Preston point.

Mr W.J. JOHNSTON: Are they taking the rebate?

Mr S.K. L'ESTRANGE: Yes.

I visited that site last month. The member may be aware that the company has invested over \$10 billion to set up that project.

Dr G.G. JACOBS: That is the one that Clive Palmer sold to the Chinese, is it?

Mr S.K. L'ESTRANGE: That is right.

Mr W.J. JOHNSTON: Four hundred and fifty million in cash plus a trailing commission.

Mr S.K. L'ESTRANGE: I think that gives an example of the cost involved in getting magnetite ore. Apparently it is the hardest rock on earth. To get it down to a state to get the actual iron out of it, into a slurry, and then to dry it out for the ships to export is very difficult.

Dr G.G. JACOBS: Is it right that the CITIC Pacific issue is complicated by another situation; that is, the water is not very deep? It has to barge the thing out to an iron ore carrier and then transfer it again to another iron ore carrier. There is another complication.

Mr S.K. L'ESTRANGE: That is right.

Dr G.G. JACOBS: It is really about the waiving of a 50 per cent rebate, is it not?

Mr S.K. L'ESTRANGE: That is right.

Dr G.G. JACOBS: Which the Department of Mines and Petroleum has to front. Why did the government not just forego the 50 per cent and leave it at that? This is actually a cost to the department, is it not?

Mr P.C. TINLEY: It is rent seeking, member.

Mr W.J. JOHNSTON: They collect the royalties and pass them on.

Dr G.G. JACOBS: Is that true—rather than just waive it?

Mr R. Sellers: The department collects and collates all the royalties and they hop off and go straight into Treasury. It was a policy decision to pay and then do a rebate so that Treasury can actually pay, I imagine, a fixed figure and not an estimation and have to do fix-ups afterwards.

Mr W.J. JOHNSTON: I refer to page 885 of budget paper No 2, specifically the second dot point that starts "Investment in the State's mining industry declined". What further declines in mining industry investment does the government expect in 2016–17, and when is the government expecting that mining industry investment will recover?

Mr S.K. L'ESTRANGE: That is a very good question. I think most in the resources sector have had considerable drops in their commodity price. I think one beacon of hope on the horizon is of course gold, but most of them across the board have taken big hits in commodity prices. That, coupled with coming off the big mining and construction boom that we have had, has meant we are dealing with a sector that is going through a fair bit of structural change. The most important thing that the government can do is try to help all of the sectors. Thinking about the major commodities of iron ore, obviously liquefied natural gas, nickel, gold —

Mr W.J. JOHNSTON: Chair, I think perhaps the minister did not hear my question because my question was: what further declines in mining industry investment does the government expect in 2016–17 and when is the government expecting that mining industry investment to recover?

Mr S.K. L'ESTRANGE: To go through some statistics from the Australian Bureau of Statistics: private new capital expenditure indicates the state's mining industry invested \$42.3 billion in 2015, which is down from \$46.2 billion in 2014, but that was minimal compared with a 39 per cent decline across the board nationally. We continue to be the nation's leading mining investment destination.

Mr W.J. JOHNSTON: Indeed. And what is the minister expecting —

Mr S.K. L'ESTRANGE: The member asked when and where the turnaround will occur. As at March 2016, WA had an estimated \$94 billion worth of resource projects under construction or in the committed stage of development. The value of major projects in this category has declined largely due to the completion of the \$69 billion Gorgon LNG project and the \$10 billion Roy Hill iron ore mine. In terms of the future, a total of \$44 billion has been identified as planned or possible projects in coming years. Although this figure has effectively halved since the September 2015 figure, owing to Woodside's announcement that it is placing its

\$57 billion Browse LNG project on hold, it still represents \$44 billion worth of possible projects in the years ahead.

In terms of the sectors that are setting themselves up for more success, gold has currently committed to or has under construction 65 projects, with 767 planned or possible; iron ore currently has 1 860 projects, with 10 540 planned or possible; nickel has 443 projects, with 3 350 planned or possible; and other minerals' infrastructure currently has 2 775 projects, with 8 957 planned or possible —

Mr W.J. JOHNSTON: Could I ask a further question, minister?

Mr S.K. L'ESTRANGE: Maybe if I could finish because —

Mr W.J. JOHNSTON: The minister is not answering my question.

Mr S.K. L'ESTRANGE: I am just about to get to it. My outlining the number of projects that are planned or possible shows the government has a number of programs in place to try to support the sector with regard to getting itself ready for the next commodity upswing. In the private sector, mine sites will review the economic conditions that confront them, make their own analyses of where they think the future is going to be, and then determine whether to move ahead with those planned or possible mines. Although the industry is going through a cool period due to low commodity prices, it has not stopped—it has projects ready to go. I am still encouraged by the amount of exploration going on out there right now in preparation for capitalising on commodity upswings.

Mr W.J. JOHNSTON: Is the minister encouraged by the 55 per cent reduction in exploration drilling in Western Australia?

Mr S.K. L'ESTRANGE: I am encouraged by the fact that three new mining projects have opened in Western Australia since 1 July 2015. I have here a list of mines, which just goes to show that not only are there three new mining projects in Western Australia, but also that 13 old mining projects have reopened since July 2015 and 14 mining projects have either closed or been placed in care and maintenance and await improved commodity prices. Like the member, I am unhappy with the fact that global commodity prices have fallen and that that has greatly impacted on the employment opportunities and job prospects for Western Australians, but I am encouraged that the Western Australian mining sector is setting itself up for success for that next upturn. On the whole, Western Australia is much better placed than the rest of the nation with regard to the resource sector.

[8.20 pm]

Mr W.J. JOHNSTON: I have a further question. Does the government ever expect that mining and resource industry investment in Western Australia will again reach \$46 billion annually?

Mr S.K. L'ESTRANGE: I was listening to the Premier answer a similar question recently. One of the things we should look forward to is the increased reliance on liquefied natural gas, for example, as a cleaner source of energy. When we think about near neighbours in similar time zones, even China is starting to move away from coal as an energy resource and towards LNG. If China shifts its use from, say, six per cent LNG to 10 per cent, it will place great demand on LNG as a product and may well enable some of our LNG gas fields to have further production. There has been an enormous investment of about \$54 billion or \$55 billion. The member was on Barrow Island to celebrate the first shipment of LNG from the Gorgon project. These are huge projects. Will Western Australia see projects of that magnitude in the future? It probably will, but the question is when and I cannot answer that.

Mr W.J. JOHNSTON: Yes; right.

Mr J. NORBERGER: I refer to the second dot point on page 885 of the *Budget Statements*, which states —

... the State's mining industry declined from \$46.2 billion in 2014 to \$42.3 billion in 2015 ...

We have heard a fair bit about that. We know how important the mining industry is to our budget, and that has obviously had a significant flow-on effect. Do we believe that we have bottomed out? What does the minister or department believe is the current status of the mining industry, and where might we be heading?

Mr S.K. L'ESTRANGE: That is almost an extension of the previous question. As I said before, the value of Western Australia's mineral and petroleum industry reached just over \$91 billion. Reflective of the overall industry sentiment, the Australian Bureau of Statistics showed that mining investment activity in Western Australia has fallen 31 per cent, with the state's industry investing just under \$32 billion in the last financial year, but, as I said before, that decline is still not as significant as the decline nationally. We are actually still holding up well here in Western Australia, faced with these very low commodity prices. Australian mining investment fell 42 per cent between 2014 and 2015—from \$88 billion to \$48 billion, which also picks up on the member for Cannington's question—but Western Australia's share of mining investment increased 10 per cent nationally. A number of big projects are still helping the Western Australian economy continue to

move forward, but, obviously, not at the rate it was when things were peaking. As the director general pointed out earlier, 16 mines will recommence or begin production, and only 14 mine projects have either closed or been placed in care and maintenance, so we are actually having a net gain in the mining sector, even in these lower commodity price conditions. In Western Australia, iron ore remains the state's most valuable sector, accounting for just under \$50 billion, or 70 per cent of the mineral sector's total sales, and almost 741 million tonnes was exported throughout 2015. Although we might feel that things are not good, a lot is still happening. As I say, I think sometimes the psychology of the Western Australian populace sits around the construction boom phase of the economy and does not look at the structural aspect of the mine sites and what they are doing.

Mr W.J. JOHNSTON: What words did the minister just use? Did the minister say mine "construction boom"?

Mr S.K. L'ESTRANGE: Mining construction boom.

Mr W.J. JOHNSTON: Thank you.

Mr C.J. TALLENTIRE: My question refers to the third service on page 887, "Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods". I would like to know whether the minister or the department has been approached by any individual or business about a proposal or consideration of the potential for underground coal gasification.

Mr S.K. L'ESTRANGE: Nothing has come across my desk, member, but I have been closely watching this in any case to try to get an understanding of it. I understand that underground coal gasification has been occurring in Queensland. I believe there is one project where it could occur in Western Australia, but that has not happened at this stage. I am also conscious of the pretty strict health and safety and environmental guidelines around underground coal gasification, and I do not think anything has been approved to date. Is that right, Mr Sellers?

Mr R. Sellers: We have not had any approaches in my time as director general for underground coal gasification in Western Australia.

Mr W.J. JOHNSTON: I have a further question on that. Would the ban on coalmining in Margaret River include a ban on underground coal gasification?

Mr S.K. L'ESTRANGE: That is a good question.

Mr R. Sellers: At the time it was not contemplated, and it is under a section 19 notice and would need to be considered by government should anything else come forward.

Mr W.J. JOHNSTON: Is it just totally banned in Margaret River?

Mr R. Sellers: My recollection of the decision was that that application was finished with. That area was put under a section 19 notice that precludes any other tenements being applied for over it, and it would be a matter for the government of the day on those tenements.

Mr W.J. JOHNSTON: Minister, I refer to the first service on page 886 of budget paper No 2, "Providing resource sector information and advice to industry, community and government". Can the government provide any assurance to Goldfields First and the small operators it represents that the government will act on the recommendations of the Legislative Council report into the Mining Act amendments?

Mr S.K. L'ESTRANGE: Member, I take a keen interest in the Mining Legislation Amendment Bill 2015. I visited Goldfields First in Kalgoorlie, and also met with the other prospector group in Perth; I am seeing it again this Friday to discuss this exact point. I have also read the report and made notes on each of those recommendations. Without showing the director general my notes, I have asked the director general to get his department to look very carefully at those recommendations and give me a departmental response on whether those recommendations could be applied to the amendment bill or whether they could sit in regulations. That report has not come back to me yet, but my view is that the prospectors had some genuine concerns mainly in and around how they operate. One of the things they operate under, and have done for years, is a term called a tribute. I know that was one of the issues that they were concerned about. They wanted to know whether they could still have that relationship with an existing mine site, whereby they could prospect a certain area of land within the tenement and have an arrangement with the mine operator to come under the auspices of that mine operator with regard to its compliance with environmental regulations imposed on the site. I am keen to have a very close look at what the department comes back to me with and whether it recommends, yes, putting something in the bill or whether a better result for all concerned would be to put it into a regulation, for example. That would then provide the opportunity for flexibility into the future.

The short answer is that I am very conscious of the concerns of the prospectors. As the member knows, they form what can probably be called one of four main groups in mining—that is, the prospectors, the explorers and, we could even say, the small mines and then the bigger mines. They are a very important part of the industry and, as the Minister for Small Business, I can say that they are a very important component of towns such as

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Kalgoorlie, because the smaller players generally spend most of their disposable income in the town, which helps to sustain the local economy and supports the businesses in the local area. I am very conscious of their needs. I have met with them before, and I am meeting with them again. I am keen to look wherever possible for an approach that enables us to achieve a win-win outcome so that we can assure the prospectors that they can operate as effectively as they have done in the past while at the same time balancing the needs of protecting the environment and making sure their operation is safe.

[8.30 pm]

Mr W.J. JOHNSTON: Thank you, minister. I look forward to the formal response. One of the issues that was raised as a recommendation of the committee was the question of moving to being completely online. I have met with the prospectors and the minister has also met with them. I am sure it was made clear to the minister that many of them felt that online submission was not suitable for them. Is that one of the issues the minister will be able to move on?

Mr S.K. L'ESTRANGE: Absolutely, and I have already had preliminary discussions with the department on that exact topic. Some prospectors who have access to computers and are computer literate would love nothing more than for that to be the case, because they can get everything done quickly, and they do not have to come into town to do it; it can all get sorted out. Others, who might not want to look at a computer let alone fill in a form or whatever online, will need more support. I have already had preliminary discussions with the director general and the department to make sure that we still have the capacity to look after the people who do not have computer literacy, for example, and he has ensured me that that is the case.

Mr R. Sellers: It might be of interest to members that when we introduced the mine rehabilitation fund, that was made completely online as well. We actually have terminals at each of our sites, and our staff are trained to help people input their information. We did that all through the mine rehabilitation fund. It worked fine, and we got accolades at the end of it. I am sure we will reach a compromise on this that works.

Dr G.G. JACOBS: I congratulate the minister's predecessor on the work that he did on the Mining Legislation Amendment Bill 2015. I am a representative of some of the prospectors. They had many concerns about this bill. One of the challenges was, if you like, who is who in the zoo—who is the Amalgamated Prospectors and Leaseholders Association, who is Goldfields First, and who do they represent? I now know and understand a bit about who they are. There were four issues I wanted to raise, and I wonder how the minister sees these in the new legislation. Firstly, they believed there was poor consultation and engagement, which refers to the function in the budget papers of providing relevant resources sector information. Secondly, what is the definition of low-impact disturbance? What is low-impact activity? We went round and round on that one. Thirdly, there is the issue of whether clearing conditions should be put into the legislation. Finally, there was the issue of fees. I think we have parked the fees for a while—put that aside, because that was quite a sticking point when all the other issues were pushed away. I do not think they would be very happy with any fee. I need the minister to tell me where the issue is with fees, the application and the program of work.

Mr S.K. L'ESTRANGE: I know that the member has worked very hard on this. He has asked four or five questions that relate to the recommendations in the report. I have read that report with interest. The questions that the member has just asked me are those that I have effectively asked the department to research for me and give me answers to. Some of the key issues are about what major disturbances or minor works are. Do they need to be defined in the act itself, or can they be explained in regulations attached to the act, to give guidance and surety to the prospectors, so that they know that their type of work comes under a category that does not therefore impact on what they can or cannot do? That is what I have asked the director general to respond to me with—that is, the department's view on this. Once I have the answers to that, as I said in my previous answer, I am meeting with the prospectors again on Friday, and those are some of the questions that I will be asking them. I will be asking them to explain to me why this is such an issue for them, so that I am clear, and so that when I get the advice back from the department I can look at the two points of view and come to a conclusion on how to address them. Perhaps I can ask the director general to add to that.

Mr R. Sellers: That was a very good answer. I just thought I might draw attention to the fee structure in the state budget that has been handed down. I am not sure whether the minister wants to talk about that.

Mr S.K. L'ESTRANGE: I have just been given some advice from the director general about what has happened since the last meeting with the prospectors about fees. It says that the state budget has been handed down. The assessment application fees, the programs of work fees and the mining proposal fees will not proceed, and instead minor increases in annual rents will be used. This suggestion came from prospectors through the consultation process with the former minister. That is something I can take up with them to see whether it helps address their concerns expressed to the inquiry.

Extract from *Hansard*

[ASSEMBLY ESTIMATES COMMITTEE A — Wednesday, 25 May 2016]

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Chairman; Mr Bill Johnston; Mr Sean L'Estrange; Mr Peter Tinley; Dr Graham Jacobs; Ms Janine Freeman; Mr Jan Norberger; Mr Chris Tallentire

Dr G.G. JACOBS: That was actually put at one of the meetings with the minister's predecessor—putting something across the industry, rather than just levying this particular cohort of prospectors and small miners. We did not have all the representatives of the mining industry, but they seem to inform us that it would probably be better to place a small charge across the whole industry. That would be acceptable to the industry, and it would be a way of amortising the fee.

The appropriation was recommended.

[8.40 pm]