

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Division 46: Mines and Petroleum, \$97 877 000 —

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

Mr R. De Giorgio, Chief Finance Officer.

Mr N. van Drunen, 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 published at 9.00 am tomorrow.

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 committee clerk by Friday, 30 May 2014. 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: Member for Cannington.

Mr W.J. JOHNSTON: I refer to “Details of Administered Transactions” on page 518 of volume 2, budget paper No 2. The minister will see the line item “Royalty Rate Analysis”. It shows \$180 million for 2015–16, \$187.1 million for 2016–17 and \$193.1 million for 2017–18. Is the minister confident that those amounts will be achieved through the outcome of the royalty rate analysis?

Mr W.R. MARMION: There is a royalty review on at the moment, which the member is well aware of. I will not pre-empt the outcome of that review. I understand that the figures put in the budget by Treasury are based on its estimate of what one-tenth of the mine head value might be. That was its assessment. As far as my role as the Minister for Mines and Petroleum is concerned, the review is a genuine review. Whatever mineral we are looking at or assessing, I will look at everything from first principles. A decision will be made when all the information is provided to me. As the Minister for Mines and Petroleum, I will not pre-empt any outcome. The terms of reference of the review, as the member would be aware, have a number of qualifiers. If the member wants to specify one particular element or commodity, there is a criterion in the terms of reference to take into account a number of factors including the current state of that mineral in terms of the commodity price. The review will consider a lot of things. I expect to get a report at the end of the year and evaluate any recommendations. If there are any changes to the current royalties scheme, I will take any recommendations to cabinet.

Mr W.J. JOHNSTON: The minister just said that they were Treasury estimates of what the outcome would be. Does the minister stand by that answer? Yesterday, in Estimates Committee B the Treasurer said that was the approved amount from government. In fact, he said they were not the Minister for Mines and Petroleum’s figures or Treasury’s figures; they were the government’s estimates. Does the minister stand by his answer that they are Treasury estimates or does he agree with the Treasurer that they are the estimates provided by the government through the cabinet processes that deliver the budget to us?

Mr W.R. MARMION: I have been the Minister for Mines and Petroleum for only 12 months. I understand that these figures were put in the budget before I became the minister. In terms of my knowledge of who was involved or how it happened, that is not something that I am aware of. It is a figure that I inherited in the forward estimates when I became the Minister for Mines and Petroleum. As to the veracity of the figures, we will see when the review is completed. My understanding is that Treasury came up with the estimates. That is what

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

I have been told, but I was not around so I can only assume. I was told they are estimates by other people rather than me or, indeed, I believe the previous Minister for Mines and Petroleum, but he is no longer here. Treasury has a difficult role in anything it does including estimating what should happen in the future.

Mr W.J. JOHNSTON: Does the minister stand by cabinet solidarity or is the minister walking away from the estimates of the government?

Mr W.R. MARMION: Certainly not. As the Minister for Mines and Petroleum, I stand by the review as being a legitimate review. We will not know the outcome or the veracity of those figures until the end of this year. If there are any changes to the forward estimates, they will be determined by any changes to the current royalty regime at the end of this year. Probably at the midyear review we will be able to verify what the forward estimates should be.

Mr W.J. JOHNSTON: I refer to comments made by Mr Allan Kelly, spokesperson for the Gold Royalties Response Group, when he said in the *Kalgoorlie Miner* of 9 May —

Either Government has given the gold sector false assurances ...

What assurances did the government give the gold sector?

Mr W.R. MARMION: I do not know what assurances.

Mr W.J. JOHNSTON: Has the minister given any assurances?

Mr W.R. MARMION: No. I have given no-one any assurances. This is a review. One only has to look at the committee's terms of reference. The only assurance that I have given to any sector of the industry is that I will consider their submissions. Indeed, the gold lobby group actually made submissions to me suggesting that the current one-tenth mine head value of minerals, or gold, does not apply to it. That is its premise. That is the argument it will put forward. That will be considered. I say this to all sectors of the mineral mining community: anything that is put forward related to their rationale around the current regime, the logic of the mine head value, and any other work done to the mineral in terms of reducing the royalty rate will be considered in the review. Any submission put forward will be duly considered.

[7.10 pm]

Mr P.C. TINLEY: I recall a pre-election commitment to provide as much as \$10 million to expand the existing approvals tracking scheme for the Department of Mines and Petroleum to the Department of Water —

Mr W.R. MARMION: Can the member refer to a page?

The CHAIRMAN: Can we have a page number please?

Mr P.C. TINLEY: Yes, it is "Spending Changes" on page 510. The Liberal Party promised \$10 million to expand the existing approvals tracking scheme for the Department of Mines and Petroleum to the Department of Water, the Department of Environment Regulation and the Environmental Protection Authority. Am I missing it? That commitment was not in last year's budget and it is not in this year's budget, unless the minister can direct me to it at some other location. Where is the allocation of \$10 million for that enhanced scheme?

Mr W.R. MARMION: Madam Chairman—that is a title that you are happy for me to use during these estimates?

The CHAIRMAN: Chair will do.

Mr W.J. JOHNSTON: Chairman sounds good.

Mr W.R. MARMION: Yes, okay.

Ms S.F. MCGURK: Why did the minister ask if he knew?

Mr W.R. MARMION: So I could think about what I am going to say now.

Mr P.C. TINLEY: Honesty will do you no good.

Mr W.R. MARMION: Yes, indeed, the election commitment. We had an election commitment to fund the mining approvals tracking system in our current term of government. Over the past 12 months, the Department of Mines and Petroleum has actually progressed it to a reasonable extent by working with the Department of Aboriginal Affairs to streamline the approvals under the Aboriginal Heritage (Marandoo) Act 1992. At the moment we are going as far as we can with existing resources. We have already agreed with the other departments that will be involved in the tracking system—outside my department—that the Department of Mines and Petroleum electronic system will be the system used by the other departments. We currently have agreement with the other departments—the Department of Water, the Department of Parks and Wildlife, the

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Department of Environment Regulation and the Department of Aboriginal Affairs—so that when the approval is finished in our department and with another department, we can currently put in the name of the officer in the other department and it sits with that department.

We need to then move so that the system can hold as much detail of the other departments as it currently holds for my department. It shows exactly where the approval is and what stage of the process it is at in the Department of Mines and Petroleum, but we want to know a bit more detail in the other departments, particularly the Department of Environment Regulation and the Office of the Environmental Protection Authority. We want the system to be more streamlined. Indeed, that is an election commitment and by the next election, we will stand by the fact that we have the tracking system in place.

Mr P.C. TINLEY: With respect, minister, that was not the commitment. The commitment was \$10 million. When will we see \$10 million in the budget?

Mr W.R. MARMION: In this term of government. If, indeed, we find that we still need the \$10 million. We committed \$10 million for an outcome; it may not be that we need the \$10 million, but if we do —

Mr P.C. TINLEY: A further question if I can.

Mr W.R. MARMION: I have not finished. We will meet the commitment. We did have a budget of \$10 million but the commitment stands above the commitment of \$10 million.

Mr P.C. TINLEY: How much then has the minister expended on this commitment to date using internal resources?

Mr W.R. MARMION: I do not keep a day-to-day check on this but I could. There are resources and I have seen what they have been doing in my department. To come up with a figure, I would have to refer that to my director general.

Mr R. Sellers: There are different aspects to the approval process. I will talk about them in order and if members want to pull up, we can. Last year during estimates we talked about how we are developing a prototype for the environmental data library.

Mr W.J. JOHNSTON: Point of order, Madam Chair. That is a separate issue. That is not what was asked.

The CHAIRMAN: I thank the member for Cannington. He has hardly started his answer so I will allow Mr Sellers to continue.

Mr W.J. JOHNSTON: Yes, but he needs to give an answer relevant to the question. The data library is a separate issue.

The CHAIRMAN: Thank you. Mr Sellers, can you direct yourself to the question.

Mr R. Sellers: The member for Cannington might be interested to know that the data library is actually an important part of an approval process because much—if the member for Cannington lets me finish my answer, he can come back then and harass me if he likes.

Mr W.J. JOHNSTON: I have not harassed him.

The CHAIRMAN: Member for Cannington, please allow Mr Sellers to complete his answer.

Mr W.J. JOHNSTON: With respect, it is not for a witness to badger a member of Parliament.

The CHAIRMAN: Member for Cannington, it is not for us to decide at this early point whether or not what Mr Sellers is saying is relevant.

Mr W.J. JOHNSTON: Yes it is; that is your job.

The CHAIRMAN: He has only just commenced his answer and I am interested, as you are, to see its relevancy, but I think it is too early to be demanding what the member is demanding.

Mr R. Sellers: I will try to make it a bit clearer. For someone who comes to do an approval with us, there are many aspects to the approval. There are heritage issues, there are native vegetation issues and there are issues of environmental activity and the impact on a site. The reason that I mentioned the demonstration of the prototype of the data library is because one of the issues raised in the industry is that a lot of this information that has been done by previous applicants in similar areas is not available. Whether they are talking about the environmental data, the heritage data, or the data around biological investigations, a lot of that data has been done and handed in by various parties in the areas that have had a lot of resource activity. That information has disappeared in paper form and is not readily available. I apologise, but that is why I started with the data library.

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

We are also doing similar things with the Heritage of Western Australia Act 1990 in conjunction with the Department of Aboriginal Affairs. The work we are doing on those aspects of the approval is to try and make the paper versions electronic and get them ready to go into an easily accessible dataset. The question was: what have we done internally? The first step was to look at what we have available electronically in these departments, how easy it is to get it into a format that is then transferable across to the IT system that we have and what changes we may need to do. As I started to say, last year we spent \$250 000 internally on seeing what that project scope may be like. We took that information to our colleague agencies and asked them to get their information into a similar format so it could go into a portal. From that, we will work out what the cost might be and take it forward. That is one aspect of approvals that we have been working on.

Mr P.C. TINLEY: That is expenditure.

Mr R. Sellers: It is internal expenditure, yes.

The CHAIRMAN: Through the minister. Was that a further question, member for Willagee?

Mr P.C. TINLEY: It was just a clarification.

Mr R. Sellers: That is how much we have spent on it. While I can recall the \$250 000 for that, I will get some information on the other aspects we have been working on together for the member. I will run through the types so that the member gets a feel. That was around information. We have been working to improve the inter-agency approvals coordination. Some of these things are pretty simple and may not need a very large sum spent on them. That is around transparency. Our experience internally was that once information was made available, whether it was where the project was, or who the project officer was who had it, or transparency around the type of information that came in, the nervousness about it not being approved in time or whether it was meeting time lines disappeared. We have been talking with our colleague agencies about how to get their systems to a level of transparency and working out the costings of that. To finalise the question without going on with the whole list, there is a series of those. Each of them will have a small internal cost. We will provide that as supplementary information for the member.

[7.20 pm]

Mr P.C. TINLEY: If the Department of Mines and Petroleum has asked other departments to participate in this process and DMP has expended X number of dollars internally on it, are those other departments expending internal funds as well to participate in it? If they are, how much have they spent and has it come from this \$10 million; that is, is DMP paying for them to participate or are they coming up with their own resources?

Mr W.R. MARMION: The member has raised a good question on how much of that \$10 million that we initially budgeted for has been expended internally and how much has been spent on other departments. That is something that we are grappling with at the moment. Obviously the specific amount expended by other departments is not for me to know, as they are not my departments, and I am not sure whether the director general would know that either. The member would have to specifically ask other ministers. Perhaps the director general will be able to elaborate a little further on that.

Mr R. Sellers: I thank the member for the question. Certainly the work to date has been from within departments' budgets, so it was not part of the \$10 million the member was asking about. There are aspects that we have shared in some of our contracts to do things such as scanning documents at a cheap rate. We have done some of the scanning for other departments but the majority of the work they are doing would be funded from their own budgets.

Mr W.J. JOHNSTON: The director general has raised the separate issue of the data library, which was also an \$8 million commitment. I note that that commitment to spend \$8 million on the data library also has not been implemented by the government. I note the minister's answer last year. Does the minister have anything new to say about the election commitment on the data library also being broken?

Mr W.R. MARMION: The election commitment is to produce the cultural heritage database library. That is a commitment that we will keep.

Mr W.J. JOHNSTON: It is an environmental database.

Mr W.R. MARMION: Yes; \$8 million is required. We have set up the portal and are filling up it and the prototype with some of the environmental information we have in-house at the Department of Mines and Petroleum, and we have agreement that we did not have a year ago on the prototype database system used. We therefore have agreement with the other departments now. It is now a case of populating it with historical data and new information that comes in and also through the other departments. We have in our budget \$250 000 to progress that with the other departments, which the member will see on page 510 of the budget papers.

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Mr W.J. JOHNSTON: Where on page 510, minister?

Mr W.R. MARMION: In the last line item, “State Environmental, Water and Cultural Heritage Library” under “Spending Changes”, the budget estimate is \$250 000.

Mr W.J. JOHNSTON: The minister is telling us that the \$8 million commitment to create an environmental library has been changed to a \$250 000 commitment to a state environmental, water and cultural heritage library.

Mr W.R. MARMION: No, I am saying that we have allocated \$250 000 in this budget towards the \$8 million.

Mr W.J. JOHNSTON: When does the government expect to spend the other \$7.75 million on this item; and when does the government expect to spend any of the \$10 million on the tracking system?

Mr W.R. MARMION: That will be determined with the \$250 000 allocated in this budget. A proper cost estimate of what is required will be determined and that will go into the forward estimates hopefully in the midyear review or next year.

Mr W.J. JOHNSTON: I refer to page 511 under “Significant Issues Impacting the Agency”. I wonder why the minister chose not to mention anything about mine deaths in the significant issues.

Mr W.R. MARMION: Safety is very important. Indeed, if the member’s question is about what is happening in terms of safety, which is a very general question —

Mr W.J. JOHNSTON: No, it was a very specific question, minister. If the minister wants me to repeat it, I am very happy to, Madam Chair. The question I asked was: noting the information on page 511 under “Significant Issues Impacting the Agency”, why did the minister choose not to discuss mine deaths under that heading?

Mr W.R. MARMION: Safety is our number one priority. This column of significant issues impacting on the agency refers to an external environmental issue impacting on the agency that needs to be brought to the attention of the general public. Safety is the paramount issue that is ever present; it is one of the most important things. The agency has a special section purely for safety. It is not a significant issue impacting on the agency; it is what the agency does. It has a section empowered to make sure that mining companies have a proper safety culture in place, it has inspectors that go and look at mine sites, and indeed our aim is to have no fatalities or injuries if we can. In terms of the monitoring of injuries, the industry average accident frequency rate for mining is about the average and is coming down. Obviously we would like to have no injuries at all, but that is monitored on a daily basis. We went for 18 months without a fatality, which was an unusual event and it is fantastic that that happened. Unfortunately, in the last six to eight months there have been four fatalities. They are events that we look at that are part of the department’s bread and butter. Its modus operandi is to ensure that one of its key business outcomes is that safety is paramount in the industry.

Mr W.J. JOHNSTON: The minister is saying to me, I understand from that long answer, that it is not an issue affecting the agency. However, I draw the minister’s attention to the third dot point, which states —

Capital and operating costs in the resources sector, especially for labour, remain at elevated levels. This has applied more pressure on profit margins as commodity prices eased, significantly impacting the operating strategy of mining companies in Western Australia. Expansion delays, mine sales and closures with a focus on cost cutting were prominent themes in the resources industry in 2013.

That third dot point may well be entirely accurate. Of course, it is not issues about the agency, so if the minister has not mentioned mine deaths because it is not about the agency, why has the minister on the other hand referred to the problems for investors in the sector but not about mine deaths? It does not make any sense. If it is such a high priority, why is the minister silent on the issue?

Mr W.R. MARMION: Is that a comment?

Mr W.J. JOHNSTON: One is a comment and the other is silence, and the minister is happy to have no comment about mine safety but to discuss the profitability of mining companies.

Mr W.R. MARMION: Madam Chair, the member is making a statement —

Mr W.J. JOHNSTON: No, it is a question.

Mr W.R. MARMION: — and putting words into my mouth that I may or may not be comfortable or happy with things. All I am saying through you, Madam Chair, is that this particular heading is what it says. I will just read it out: “Significant Issues Impacting the Agency”. These dot points are significant issues that might impact on the accounts and may be useful to anyone reading the budget estimates. Indeed, just because something is not mentioned does not mean that it is not important.

[7.30 pm]

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Mr F.M. LOGAN: I refer to page 511 and the same dot point under the heading “Significant Issues Impacting the Agency”. The minister has talked about how the various elements of running resource projects have impacted on companies and their profit margins. Can the minister advise the house how many people the department believes have either lost their jobs in the industry or have left the industry, and how many mines have either been closed or put on care and maintenance?

Mr W.R. MARMION: We do have some figures, believe it or not, specifically on mines. I probably cannot relate that to the number of people, but I can give the member some information right now on mines. Since July last year, nine new mines have opened in Western Australia. That is the good news story. They include Tropicana, Roy Hill, Haleys East, Rosemont North, Coogee, Swiftsure at Kambalda, and Mt Webber.

Mr F.M. LOGAN: Are they new mines that have opened or mines that have started construction?

Mr W.R. MARMION: They are new mines that have been opened and mines that are being constructed. There is also Tallering Peak, and the Jimblebar expansion. There are also three old mines that have reopened, namely Burbanks, Minjar and Whim Creek, which is a copper mine. There are 12 projects that have either been closed or placed on care and maintenance and are awaiting improved commodity prices—six goldmines, four iron ore mines, one chromite mine and one nickel mine; I will not read them out. So we could say that there is a downturn. I can say that anecdotally, from visiting some of the service industries that support the mining industry, such as assay laboratories and drilling companies, there certainly has been a tapering off of activity in mining. I will now ask the director general to elaborate on that a bit more than I can.

Mr R. Sellers: Thank you. For the record, these are the figures that we use when we calculate our special purpose safety account, so it is the average number of persons employed in the mineral and petroleum industries in Western Australia. The actual for 2012–13 was 120 000 and the estimate for this year is 125 000. For interest, in 2011–12, there were 101; so from 2000 to 2012 there was a 19 000 jump. There is a prediction that we will have 5 000 more people on our estimated actual for this year. If we go back to 2009–10, we see that there was just a touch under 80 000 employed.

Mr F.M. LOGAN: That indicates an increase in the number of people over the last one to two years, whereas, anecdotally, both the minister and I agree that jobs are being lost in the industry. Do those figures include construction—that is, people who are employed on a temporary basis during construction?

Mr W.R. MARMION: The director general.

Mr R. Sellers: Thank you for the question. Those are the figures that we use to calculate the mining levy when people are working on mining and petroleum sites. So if it is in the construction phase, those people would be included. If a tradesperson was on that site for a set time—it is either a number of days or just over a week—they would be included in the figures for their hours, and the hours are taken back on an average to those for a full-time equivalent.

Mr C.D. HATTON: I refer to the outcomes and key effectiveness indicators on page 511. I am interested in getting some information about the line item “Percentage of compliance with regulated environment conditions”. I was in Port Hedland a few weeks back on a mine site, and I am very interested to see that the compliance is so high. It has gone up from 84 per cent to 96 per cent and it is estimated to stick at around the low to mid-90s. Can the minister tell me how the state government ensures that there is an environment of compliance within the resources sector, because it is very good?

Mr W.R. MARMION: The department has, again, a section devoted to environmental conditions for mining operations. The department is committed to ensure that we have best practice in environmental conditions around our mining operations and our petroleum sector. Indeed, one bit of good news that I can mention to the house is that we are the only state regulator that has an accredited quality management system for our environmental regulatory process as per the ISO 9000 standard. That is one of the good news stories that the department has. We have a role to undertake compliance monitoring on environmental conditions, and although we set our own conditions, the Department of Environment Regulation comes in as well on some of the larger projects. We have specific inspectors authorised, and they are authorised also under the Environmental Protection Act for specific areas such as clearing, so we do take it very seriously. What we are looking for in the move forward, member, is to get greater delegation so that we can reduce duplication with the Department of Environment Regulation for some of the environmental conditions and monitoring by the Department of Mines and Petroleum. We are always looking for ways to improve our environmental assessments. Mining companies have to lodge an annual environmental report. If people do not stick to their conditions and if there are any breaches, we are quite vigilant in prosecuting. The director general might like to elaborate further if there is anything I have missed out.

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Mr R. Sellers: Members might be interested to know that there has been a shift over the last five years from a prescription-based approach to a risk-based approach. We look for the high-risk sites and do random audits on other sites. To give members an idea, our staff do roughly 200 environmental inspections on sites each year, and we then calculate the percentage of sites that are compliant. In 2011, the actual was 204 inspections, and 197 of them were compliant against conditions as set under our act and under the Environmental Protection Act. We are continuing also the process that we started two years ago of up-skilling the inspectors that we are using to make sure that they are up with and working well with the industry in terms of the type of work that is required and their ability to work with companies prior to an issue occurring. Part of these on-site inspections is also to provide the companies with advice on how they might go about modifying something so that it does not become a problem, and that interaction has been very successful.

The CHAIRMAN: Before we go any further, I remind everyone that in my statement at the beginning, we talked about questions and answers being short and to the point, because we have a fair bit to get through tonight.

[7.40 pm]

Mr F.M. LOGAN: Can the minister tell the committee how many inspectors are employed, how many prosecutions have occurred and how many of those 200 inspections that Mr Sellers referred to were drill pad exploration inspections?

Mr W.R. MARMION: I know that there are 63 inspectors and five are going through training at the moment. I will let the director general answer the specific question about what they are doing.

Mr R. Sellers: To correct the record, there are 64 mines safety inspectors and there are 45 environmental division regulators. For drill pads, we have a risk-based approach. If a company has a history of noncompliance, obviously it is targeted but, other than that, a range of other risk factors determine the strategy. The member asked a question about the 22 000 exploration leases and a \$2 billion spend on them for the environment. Only a small amount of those are targeted each year under this risk-based approach that would then have a visit. I do not have the number; we would have to explore that to give the member a fraction of the 204. When inspectors go to an area, they tend to do the high-risk sites in that area. They might do a mine miscellaneous licence—whatever the risk profile for that area includes—and so it is the highest risk sites with a smattering of the low-risk sites that are done throughout the year. The fulsome answer is that I do not have the actual number of environmental inspections that were done on exploration licences, and the member's example was a drill pad, but we can find that out. The methodology of determining whom we visit and how we visit is based on a risk-based approach that is experiential in terms of people who are not doing the right thing and the risk of the activity itself.

Mr F.M. LOGAN: There was a question about prosecutions.

Mr W.R. MARMION: The member might want to ask that question because it might flow on to another thing that we have to provide.

The CHAIRMAN: Is supplementary information required at this stage?

Mr W.J. JOHNSTON: Yes. How many of the 204 were drill pad inspections?

Mr W.R. MARMION: I will have to try to paraphrase it so that I am sure about what we will provide. I might have trouble paraphrasing it, so the director general might have to help me. Is the member asking how many of the 204 inspections were of drill pads?

Mr F.M. LOGAN: Yes.

[*Supplementary Information No A56.*]

Mr F.M. LOGAN: There were three parts to the question. One part was about the number of prosecutions. The reason I raise the issue of the drill pads is that, as the former minister, I know that there were shocking incidents of trashing the environment from exploration, particularly in the midwest by a lot of companies we all know. That information was brought to me by the department to show exactly how badly the environment was trashed and how much rubbish was left behind after they had vacated the drill pads, which is the reason I asked the question.

Mr W.R. MARMION: I appreciate the question and also the point the member is making. I will take a personal interest in whether there has been an improvement since the member was the minister. I will check with my department and we will look at that. We will also determine the number of prosecutions. The director general might have the number of prosecutions in his head.

Mr R. Sellers: There are opportunities for penalties to be prescribed without a full prosecution in the environmental process along the continuum from a warning through to a total prosecution. A number of those

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

had fines issued, so as part of the supplementary information, we will give information on the number of breach actions that we have taken.

The CHAIRMAN: Is the minister happy for that information to be added to the other supplementary information?

Mr W.R. MARMION: Certainly, I am happy for that information to be added to the same supplementary information if the member is.

The CHAIRMAN: I am not sure whether that is accepted procedure, but that is added to supplementary information A56.

Mr W.J. JOHNSTON: In the elaboration provided by the director general in answer to the member for Cockburn's question, he explained that the targets of enforcement action included companies with a history of problems, so I wonder whether the minister can tell us which companies they are; and, if he wants to keep that information secret for whatever reason, whether he can at least tell us how many companies are on that list of targeted companies.

Mr W.R. MARMION: I will defer that question to the director general to answer.

Mr R. Sellers: As the member for Cockburn mentioned, there are movements over time when people move in and out of companies. I was referring to the fact that every year we sit down and work out a risk matrix, and in that matrix there are people who have had recent activity against them for environmental reasons. That is one of the categories that determine our approach to whom we look at and why we look at them. I will get some legal advice internally about whether that is something we can share and, if it is, we will.

Mr W.J. JOHNSTON: Just to clarify that, if there is a reason to keep it secret, that is fine; the minister can do that. But can he tell us the number of persons in a legal sense—that includes individuals and companies—who are targeted?

Mr W.R. MARMION: As the director general has alluded to, we have to be cautious in nominating a company because it could be historical or there could have been a change of staff, and it also might be unfair. I will see whether we can provide the information on the number.

The CHAIRMAN: If this is supplementary information, can the minister please define it again?

Mr W.R. MARMION: In terms of the department's pre-assessment of risk, we will work out the number of individuals and/or companies. If we can share that information, we will get it.

[Supplementary Information No A57.]

Mr W.J. JOHNSTON: I refer to the heading "Resource Sector and Dangerous Goods Regulation" on page 512 and specifically to the regulation of gas-processing facilities. Can the minister let the committee know how many times each of the gas-processing facilities in territorial Western Australia has been inspected in the past 12 months?

Mr W.R. MARMION: I will have to refer that to the director general as it is such a detailed question.

Mr R. Sellers: If it is okay with the minister, we will have to take that on notice as I do not have the information off the top of my head.

Mr W.R. MARMION: We will provide it as supplementary information.

The CHAIRMAN: Can you define it, please, minister?

Mr W.R. MARMION: The member will have to repeat the question.

Mr W.J. JOHNSTON: Yes, I am happy to repeat the question. I want the number of occasions that a Department of Mines and Petroleum officer has inspected each of the gas-processing facilities in Western Australia.

[7.50 pm]

Mr W.R. MARMION: We will provide supplementary information on the number of occasions a Department of Mines and Petroleum inspector has inspected each gas-processing facility in the Western Australian jurisdiction.

[Supplementary Information No A58.]

Mr A. KRSTICEVIC: My question is on the "Average Cost of Weighted Resources Regulatory Services" under "Services and Key Efficiency Indicators" on page 512. I ask the minister to describe the improvements that have already been implemented in the approval process for resource projects.

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Mr W.R. MARMION: I will make an introductory comment on this. This is a key area for the government. Industry has commented on the cost of the approval processes. We are working on a number of the initiatives, the most beneficial of which is the online system. Ninety per cent of Department of Mines and Petroleum approval processes are online. A lot of them are interactive, so if someone lodges an environment form to explain how much land they have cleared, the relevant information is transferred. The system is streamlined so that the process does not take as long. That benefits not only the proponent, but also my department; it frees up some of our time because the systems are talking to each other. We are doing other things, such as liaising with other approval authorities and streamlining those processes. We have established the radiation liaison committee to improve the coordination of radiation safety approvals between the Radiological Council, which is a Department of Health body, and the DMP. That is particularly important given that we will soon be exporting uranium. The director general might be able to add anything I have missed, bearing in mind that we do not want long answers.

Mr R. Sellers: I have nothing to add.

Mr W.J. JOHNSTON: The minister raised the possibility of uranium mining. What has the department done to skill itself for that new industry?

Mr W.R. MARMION: The department has skilled up and so has the Environmental Protection Authority. The director general might be able to give more advice than I can on what the department has done in-house.

Mr R. Sellers: The mining and transport of uranium are covered by dangerous goods legislation. Other departments in Western Australia, such as the Department of Health, have responsibility around radiation safety. One of the key things we did was work with our colleague agencies to make sure that we all had the appropriate skill sets to deal with radiation and other issues. We have increased the number of radiation specialists in our safety division. It might be worth noting that we have been dealing with radioactive mining conditions for a long time—around 45 years—in the mineral sands industry. A lot of aspects of the mining process and dealing with radioactive by-product or waste material have a long history of success here in Western Australia. The upskilling took time. We worked with other jurisdictions around Australia that have had some experience with uranium mining. The supervising scientist in the Northern Territory helped us by looking at our uranium regulations. We had a review and implemented the recommended changes. We have upskilled and improved both in policy and the practitioners to make sure that we are ready should the approvals for, say, Toro Energy, be actioned and the mine come into effect.

Mr A. KRSTICEVIC: Does the minister have some figures around how much the approval process has improved? How many are getting through? How many are in the backlog? What economic benefit has there been to the state, if any?

Mr W.R. MARMION: I certainly have the figures, but I do not have them off the top of my head. I know roughly what the round figures are. When we came into government, the backlog was around 18 000 approval applications. In a normal year we typically get about 4 500 approval applications. Last year we got fewer than that. That verifies the member for Cockburn's anecdotal comment that activity has gone down. We normally get about 4 500 applications, but it was down to 3 670 applications in the 2013 calendar year. We manage in excess of 22 580 mining tenements for compliance at any one time. Indeed, we are doing very well to move from 18 000 outstanding approval applications in 2006–07 to 4 286 as of 31 March. That is a great improvement.

Mr P.C. TINLEY: I refer the minister to "Resource Sector and Dangerous Goods Regulation" on page 512 and note the Dangerous Goods Safety Act 2004. Just by way of background, questions asked of the minister in the house this year referred to the Cootes Transport trucking company problem in New South Wales. The minister gave some detailed answers on the activity that DMP undertook and specifically said that the department would write to the National Transport Commission in support of various applications it was looking at. Can the minister tell me what has happened with the standardisation of the activities of the National Transport Commission, specifically for the jurisdiction of Western Australia?

Mr W.R. MARMION: As a result of the Cootes incident? I will ask the director general to answer.

Mr R. Sellers: I wonder whether the member has the letter handy.

Mr P.C. TINLEY: No, I do not. I can add further information to tweak the mind. The department wrote to the National Transport Commission to support the implementation of rollover stability controls on tanker vehicles at a national level as part of the National Heavy Vehicle Breaking Strategy and through proposed changes in the Australian Design Rules. Where are we at?

Mr R. Sellers: I do not have that detail off the top of my head. Is the minister okay to provide that as supplementary information?

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Mr W.R. MARMION: I am happy with that. We will provide an update on any information we have received in response to the inquiries we made as a result of the Cootes trucking company issues, particularly relating to stability bars on trucks. We will provide information on any of the review's recommendations that we believe we should implement in Western Australia to make our trucks safer, especially trucks that carry dangerous goods.

[*Supplementary Information No A59.*]

[8.00 pm]

Mr P.C. TINLEY: The minister provided information on the operational activities of the Department of Mines and Petroleum around this area, in conjunction with the other relevant agencies, detailing several roadblocks in 2013–14. Can he tell me how many roadblocks have been undertaken in this reporting period?

Mr W.R. MARMION: We might have to follow that up as supplementary.

The CHAIRMAN: Let us get that defined, thank you, minister.

Mr W.R. MARMION: The roadblocks that were put in place as part of Western Australia's own —

Mr P.C. TINLEY: I will clarify it. How many heavy vehicles has the DMP stopped and inspected and what, if any, breach action was undertaken?

Mr W.R. MARMION: Is the member asking specifically about additional stoppages as a result of what happened in New South Wales or what the department normally does?

Mr P.C. TINLEY: I am asking about the total activity.

Mr W.R. MARMION: The question then is to provide the total activity of trucks stopped by the dangerous goods section looking for the safety compliance of those trucks.

[*Supplementary Information No A60.*]

Mr W.J. JOHNSTON: In that work the department did, it would be useful to know how many times it found trucks that were noncompliant.

Mr W.R. MARMION: Further to that same question, in providing the number of trucks stopped, we will also provide how many and hence the percentage. If we can, within reason, we will provide some of the issues, such as whether the main problem was tyres or something was not done on the trucks. We will provide that information.

The CHAIRMAN: We will add that to supplementary information A60, if everyone is happy with that.

Mr W.J. JOHNSTON: I refer to page 518, "Details of Administered Transactions". Halfway down the table under the heading "Fines" is the line item "Regulatory Fines" with a figure of \$4 000. Is the minister telling us that that amount represents the extent of regulatory fines for the resource sector for all breaches of the Mining Act and other acts administered over the 12 months 2013–14 and that is all he expects?

Mr F.M. LOGAN: This year, last year and every year.

Mr W.J. JOHNSTON: Yes.

Mr W.R. MARMION: This relates to fines issued by the resources safety division under the Dangerous Goods Safety Act. For example, in October last year the department teamed together with Main Roads WA, the Department of Transport and WA Police in Operation Mona Vale, which resulted in 23 petrol tankers being stopped, eight being issued with defect notices and two being given dangerous goods notices. The defects included oil leaks, fuel leaks and inaccessible fire extinguishers. I understand that was the extent of the dollar fine. I will check whether my director general can add anything.

[Mr N.W. Morton took the chair.]

Mr R. Sellers: The \$4 000 is an estimate and it will go up and down over the forward years depending on how many people pay fines as a result of the work.

Mr W.J. JOHNSTON: My understanding of that answer is that this relates only to the dangerous goods function. Where, then, are the other fines under the Mining Act or other responsibilities of the department? If it is somewhere else, please draw it to my attention.

Mr W.R. MARMION: I have certainly issued more fines than that in the last month. Maybe my chief finance officer can respond.

Chairman; Mr Bill Johnston; Mr Bill Marmion; Mr Peter Tinley; Ms Simone McGurk; Mr Fran Logan; Mr Tony Krsticevic; Mr Ian Blayney

Mr R. De Giorgio: Under “Income” on page 515, the second line is “Regulatory fees and fines”. There is a large figure that includes fines because they are retained by the department. It is controlled expenditure and includes fees and fines. Right now I cannot separate the fines but I can provide it as supplementary information.

Mr F.M. LOGAN: I refer to “Details of Controlled Grants and Subsidies” on page 515. The first line item is “Government Co-funded Exploration Drilling” of \$5.8 million this forthcoming financial year and the out years. I draw a relationship between that funding and the sixth dot point on page 511 under “Significant Issues Impacting the Agency”, which states mineral exploration and expenditure fell by 27 per cent last year compared with the expenditure in 2012. That money being expended on co-funded exploration is not having the impact the government thought it might have. It is still spending \$5.8 million but exploration is down anyway.

Mr W.R. MARMION: Exploration expenditure is down across the board in Australia but it is going down less in WA than in other states. Our co-funded drilling program, which the mining companies are very happy about, has kept our exploration going along more so than it would have done otherwise.

Mr F.M. LOGAN: It has fallen greater in other states than it has done here.

The CHAIRMAN: Member, you can ask further questions.

Mr W.R. MARMION: Since 2009, we have drilled 300 000 metres of exploration drill holes because of the co-funded scheme. This is one of those good initiatives that has kept Western Australia as the leading destination for capital investment in mining in the world as judged by the Fraser Institute in its very unbiased survey of 4 000 mining companies. The director general would like to add to that.

Mr R. Sellers: I would like to add a little clarification around the co-funded drilling program. It is designed to encourage exploration in greenfields using new technologies. The companies that approach us for co-funded drilling are looking for co-investment in an area that is of higher risk. It has been very successful, but, as the member rightly pointed out, it is an area in which the companies have not necessarily had the funds to invest, even in the good times. They have come to look at an area that requires new technology or is an unproven system or a new province. The success rate has been very spectacular. Just out of interest, I happen to have a poster that I am happy to provide for information if the member would like. It shows some of the spectacular success from that program. Like all good ideas, sometimes we are best pinching them from others, and we pinched this from South Australia.

[8.10 pm]

Mr I.C. BLAYNEY: I refer to page 519 of the *Budget Statements* and the mining rehabilitation fund line item, under the heading “Net Appropriation Determination”. Can the minister explain what the government is doing to ensure that the state’s liabilities relating to mine rehabilitation are being managed?

Mr W.R. MARMION: The mining rehabilitation fund, along with the exploration incentive scheme, is probably the highlight of what the government has been doing in this area the last few years. The mining rehabilitation fund allows mining companies to relinquish their bonds that were required under the Mining Act. We had over \$1 billion in bonds, which tied up money from mainly small and medium mining companies. These bonds would probably cover only 25 per cent of the cost of mine rehabilitation if indeed a mining company did become insolvent. We have replaced the bond system with the mining rehabilitation fund. Each company will pay a levy based on much clearing it has done. The current accounts show the money that is going in now; it is voluntary this financial year, but will be compulsory next financial year. When the fund reaches a certain value, we can look at the possibility of reducing the contribution level. The fund has been very popular with mining companies. One of the benefits of the fund is that it will accrue interest, which will enable the Department of Mines and Petroleum to engage with contractors to reinstate some of the old legacy mines around Western Australia. It has become a win-win for the environment and the mining companies.

The CHAIRMAN: I believe that there are no further questions on this division.

Mr A. KRSTICEVIC: I have some.

The CHAIRMAN: In the spirit of estimates, we will move on, member for Carine.

The appropriation was recommended.