

Division 51: Chemistry Centre (WA), \$8 778 000 —

Mr J.M. Francis, Chairman.

Mr J.H.D. Day, Minister for Science and Innovation.

Mr P.J. Millington, Chief Executive Officer.

Mr R. Blakey, Director, Business and Corporate Services.

The CHAIRMAN: It is my intention not to reread the Chairman's statement, if that is okay by the minister's advisers and members of the committee. I ask the minister to introduce his advisers.

[Witnesses introduced.]

The CHAIRMAN: The member for Cockburn.

Mr F.M. LOGAN: I am aware of the time and I am trying to, if I can, split it into 15 minutes for each group, if that is possible. Therefore, I ask that the following information be provided by way of supplementary information. I refer to the income statement on page 597. Can ChemCentre provide by way of supplementary information a breakdown of the income received from each state government department or agency and a breakdown of the income received from non-state government sources, if that is possible?

Mr J.H.D. DAY: We are happy to provide that by way of supplementary information.

The CHAIRMAN: The minister agrees to provide the supplementary information requested, and the committee is happy with what that undertaking is.

[*Supplementary Information No A20.*]

Mr F.M. LOGAN: I refer to the first dot point under "Significant Issues Impacting the Agency" on page 594, which states —

- The Centre needs to expand its financial base and be less reliant on appropriations.

Can the minister advise how the centre plans to do this? Will this involve additional charges to clients; and, if so, by how much?

Mr J.H.D. DAY: I ask Mr Millington to comment.

Mr. P.J. Millington: ChemCentre has a strategic plan to operate on a more commercial basis by 2015. Expanding our financial base and being less reliant on appropriations means that we are trying to secure more fee-for-service work from both government agencies and the private sector and also by increasing the number of clients as well as the value that they provide to us. We do not envisage that there will be a greater draw on other appropriations or on clients. We have to compete against private laboratories, so we have to position ourselves in that space; therefore, we have to be as efficient as them.

Mr F.M. LOGAN: I refer to the table under "Outcomes and Key Effectiveness Indicators" on page 594 of the *Budget Statements*. At the bottom of the page, the last line item, under "Outcome: Quality emergency response" is the average resolution time. What sorts of emergencies was ChemCentre asked to work on that contributed to that average resolution time? Why did the average resolution time seem to jump from 2.4 hours last year to an expected four hours this year? What can be done to reduce the time taken to deal with issues arising from an emergency? Why is the budget target four hours, when it could probably be fewer? Mr Millington can probably explain why.

The CHAIRMAN: Through the minister, Mr Millington.

Mr. P.J. Millington: The resolution time means from the beginning of the incident to the end and its write-up. The resolution time varies depending on the severity of the incident; therefore, in some years we can wrap something up fairly quickly and in some years we cannot. I am more than willing to provide further information on that breakdown, should it be necessary, and why it has varied this year. It is actually explained in part in our annual report. In terms of the nature of the emergencies, this agency has two areas of responsibility under the Westplan-HAZMAT; one is for a chemical, biological and radiological response and the other is for hazardous chemicals. Therefore, incidents can include, for instance, a chemical spill from a road tanker or something like that, or a white powder, such as anthrax or something like that, at an airport or in a public space. We are usually called in by the Fire and Emergency Services Authority to provide onsite diagnosis of what the risk is prior to clean-up.

Mr F.M. LOGAN: I have a further question. I refer to the asset investment program on page 596. Under "New Works", \$195 000 a year is budgeted for new scientific equipment and \$405 000 a year is budgeted to replace existing scientific equipment. I believe those funding levels have not been changed since the establishment of

ChemCentre. In real terms, the funding declines in the out years. Will that impact on the service or will ChemCentre be seeking to increase those funding levels?

[9.40 pm]

Mr J.H.D. DAY: The short answer is, yes. Obviously ChemCentre needs to stay up to date with new techniques. It is dealing in a high technology area and the cost of replacement equipment and of obtaining the most up-to-date equipment is not an insignificant issue. There will be some discussions with Treasury about ChemCentre's asset investment plan and we hope to make some progress over the next 12 months or so. Obviously, like all state government agencies, the amount this agency expends impacts on state debt levels. I am not saying there is not a good case, but obviously these decisions have to be weighed up across the whole-of-government priorities. That is a general answer. Would Mr Millington like to add any more to that?

Mr. P.J. Millington: No.

Mr J.H.D. DAY: It is an issue—one that is being addressed and discussed—and I hope that we can make some further progress over the next 12 months.

Mr F.M. LOGAN: Further to that, about assets but not necessarily the asset investment program, I refer the minister to the statement of financial position on page 598. Under “Non-Current Assets”—probably for plant and equipment—depreciation seems to show a rapid decline in the out years. Is there a reason for that? Is there concern about the depreciation dropping off?

Mr R. Blakey: Yes; in the out years there is a rapid decline. And as a result of the calculations made together with Treasury, that will, in future estimates, probably be at a higher level.

Mr P.T. MILES: My question goes to the clandestine drug labs that are popping up around the place. I have spoken with a couple of landlords who have had to have their properties detoxed or cleaned up. Is ChemCentre involved in those sorts of works and is its pricing competitive?

Mr J.H.D. DAY: I am sure ChemCentre is competitive, particularly for the quality of service provided and the range of operations. As I understand it, the quality of ChemCentre's work, undertaken by people with high levels of expertise, is regarded very highly. I ask Mr Millington to comment on the specifics of the member's question.

Mr. P.J. Millington: We have been involved in the issue. We have been concerned—since the huge rise in the number of clandestine laboratories started about three years ago—about the consequences at the back end. Unfortunately, there is no national standard about what constitutes a clean site, and that has been one of the difficulties. We have been working with the Department of Health and various other government agencies to define that standard for at least the state. We are very close to a resolution. As a consequence of what we have learnt about the front end, which is the contamination in the first place, we have been able to set up a service that we now run in conjunction with local government. We have conducted a few test runs with various local governments to determine what a suitable cleaned-up site is—one that is habitable. I think that we have now reached a satisfactory conclusion and we are now starting a program to actively market that service. As soon as the standard is adopted by the Department of Health and the Department of Environment and Conservation, we will have a better marketing tool to refer against.

Mr F.M. LOGAN: Is the centre undertaking an analysis of the synthetic cannabis known as Kronic?

Mr J.H.D. DAY: ChemCentre has been involved in quite a lot of testing of synthetic cannabinoids, and there has been quite a bit of coverage about those activities. However, I will ask Mr Millington to add his comments.

Mr. P.J. Millington: We started to become aware of this as a public health risk just before Christmas and we started to bring in the standards and also to undertake the necessary methods to test for it. We found ourselves in a unique position about six weeks ago, when it became known in the public arena that we were the only laboratory in Australia able to test to ISO 17. We found ourselves being overwhelmed by samples coming in the door from mining and other sectors. Unfortunately, Kronic, the name by which this drug is marketed, has quite dangerous side effects for those using heavy machinery. It can cause hallucinations and tiredness et cetera. Naturally companies are concerned about it and are starting to ask us to test for it. There seems to be a culture out in some mine sites and we have had up to a 30 per cent hit rate. Obviously, it is of great concern to the Chamber of Minerals and Energy and that is why it has been publicising it and we have been getting the work.

The appropriation was recommended.