



ECONOMICS AND INDUSTRY STANDING COMMITTEE

ANNUAL REPORT 2010-2011

Report No. 8

in the 38th Parliament

2011

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Economics and Industry Standing Committee

Annual Report 2010-2011

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***ECONOMICS AND INDUSTRY
STANDING COMMITTEE***

ANNUAL REPORT 2010-2011

Report No. 8

Presented by:

Dr M.D. Nahan, MLA

Laid on the Table of the Legislative Assembly
on 18 August 2011

COMMITTEE MEMBERS

Chair	Dr M.D. Nahan, MLA Member for Riverton
Deputy Chair	Mr W.J. Johnston, MLA Member for Cannington
Members	Mr I.C. Blayney, MLA Member for Geraldton (from 24 March 2011)
	Mrs L.M. Harvey, MLA Member for Scarborough (until 24 March 2011)
	Mr J.E. McGrath, MLA Member for South Perth (until 24 March 2011)
	Ms A.R. Mitchell, MLA Member for Kingsley (from 24 March 2011)
	Mr M.P. Murray, MLA Member for Collie-Preston

COMMITTEE STAFF

Principal Research Officer	Mr Tim Hughes, BA (Hons)
Research Officers	Mrs Kristy Bryden, BA, BCom
	Mr Foreman Foto, BA (Hons), MA (from 28 February 2011)
Specialist Research Officer	Mr Peter Kolf, BCom (Hons), MEc, CPA, FAIE (from 26 July 2010 until 24 March 2011)

COMMITTEE ADDRESS

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COMMITTEE'S FUNCTIONS AND POWERS

The functions of the Committee are to review and report to the Assembly on: -

- (a) the outcomes and administration of the departments within the Committee's portfolio responsibilities;
- (b) annual reports of government departments laid on the Table of the House;
- (c) the adequacy of legislation and regulations within its jurisdiction; and
- (d) any matters referred to it by the Assembly including a bill, motion, petition, vote or expenditure, other financial matter, report or paper.

At the commencement of each Parliament and as often thereafter as the Speaker considers necessary, the Speaker will determine and table a schedule showing the portfolio responsibilities for each committee. Annual reports of government departments and authorities tabled in the Assembly will stand referred to the relevant committee for any inquiry the committee may make.

Whenever a committee receives or determines for itself fresh or amended terms of reference, the committee will forward them to each standing and select committee of the Assembly and Joint Committee of the Assembly and Council. The Speaker will announce them to the Assembly at the next opportunity and arrange for them to be placed on the notice boards of the Assembly.

CHAIR'S FOREWORD

As Chair of the Economics and Industry Standing Committee of the thirty-eighth parliament, I am pleased to present the Committee's third annual report.

Over the 2010-11 reporting period, the Committee completed three inquiries: Report No. 4: The Department of Environment and Conservation's Management of Former Pastoral Leases; Report No. 6: Inquiry into Domestic Gas Prices; and Report No. 7: Inquiry into the Franchising Bill 2010.

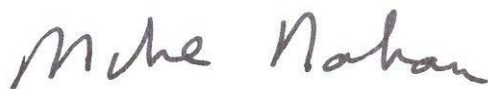
As part of its work programme the Committee held 34 deliberative meetings, conducted Hearings and/or received Briefings on 62 occasions, undertook investigative travel to Brisbane, Sydney, Melbourne and Texas, and attended two conferences.

It was a busy and productive year.

In the months ahead the Committee will be undertaking a follow-up study into the response to its earlier Report (No. 2) into the Provision, Use and Regulation of Caravan Parks (and Camping Grounds).

The House has also asked the Committee to determine terms of reference for an inquiry into certain matters relating to residential land and property developments in Western Australia.

I would like to formally thank my fellow members for their dedication and commitment to the work of the Committee. I would also like to express the Committee's appreciation of the work performed by the Committee Secretariat: Mr Tim Hughes (Principal Research Officer); Mrs Kristy Bryden (Research Officer); Mr Foreman Foto (Research Officer); and for the Inquiry into Domestic Gas Prices, Mr Peter Kolf (Specialist Research Officer).



DR M.D. NAHAN, MLA
CHAIR

CHAPTER 1 COMMITTEE ACTIVITIES

1.1 Introduction

During the course of this reporting period (Table 1.1), the Committee:

- Completed two inquiries begun in the previous reporting period and commenced and completed one new inquiry;
- Held 34 deliberative meetings;
- Took evidence from/or was briefed by 62 individuals/organisations;
- Undertook investigative travel to Brisbane, Sydney, Melbourne and Texas;
- Attended two conferences;

Table 1.1

Summary of activities of the Economics and Industry Standing Committee, 1 July 2010 - 30 June 2011

Description	Activity
Briefings	17
Deliberative meetings	34
Formal evidence hearings	45
Reports tabled	4
Report findings tabled	70
Report recommendations tabled	46

1.2 Public Hearings

Pursuant to Assembly Standing Order 264, the Committee has power to send for persons, papers and records. During the period 1 July 2010 - 30 June 2011, the Committee conducted 45 public hearings, taking evidence from 91 witnesses to assist with its investigations (Table 1.2).

Table 1.2**Public Hearings of the Economics and Industry Standing Committee, 1 July 2010 - 30 June 2011**

Date	Name	Position	Organisation
8 September 2010	Mr Richard Sellers	Director-General	Department of Mines and Petroleum
	Mr William Tinapple	Executive Director	Department of Mines and Petroleum
	Mr Derek Perez	Principal Policy Officer	Department of Mines and Petroleum
	Mr Richard Borozdin	General Manager, Policy and Coordination	Department of Mines and Petroleum
13 September 2010	Ms Anne Nolan	Director General	Department of State Development
	Ms Nicola Cusworth	Deputy Director General	Department of State Development
	Ms Jenness Gardner	Manager, Strategic Policy	Department of State Development
	Mr Lyndon Rowe	Chairman	Economic Regulation Authority
	Mr Gregory Watkinson	Chief Executive Officer	Economic Regulatory Authority
	Mr Stephen Eliot	Chief Executive Officer	Retail Energy Market Company (REMCo)
15 September 2010	Mr David Archibald		
	Mr Tony Petersen	Chairman	DomGas Alliance
	Mr Gavin Goh	Executive Director	DomGas Alliance
20 September 2010	Mr Tomas Baddeley	Director (WA)	APPEA Ltd
	Mr Damian Dwyer	Director, Energy Markets and Climate Change	APPEA Ltd
	Mr Steven Gerhardy	Consultant	APPEA Ltd

	Dr Aidan Joy	Commercial and Business Development Manager	Apache Energy Ltd
	Mr Graham Weaver	Gas Marketing Manager	Apache Energy Ltd
	Mr David Parker	Government and Public Affairs Manager	Apache Energy Ltd
11 October 2010	Mr John Boardman	Independent Consultant	
	Mr William Moody	General Manager, Marketing and Development	Wesfarmers Premier Coal
	Mr Robert Swan	Marketing Manager	Wesfarmers Premier Coal
	Ms Anne Hill	Acting Coordinator of Energy	Office of Energy
	Mr Peter Kiossev	Acting Director, Strategic Energy Initiative	Office of Energy
	Mr Matthew Martin	Senior Manager, Energy Supply and Security	Office of Energy
13 October 2010	Mr Frank Tudor	General Manager, Strategy and Business Development	Horizon Power
18 October 2010	Mr Kevin Gallagher	Chief Executive Officer, North West Shelf	Woodside Energy Ltd
	Mr William (Ben) Coetzer	General Manager	North West Shelf Gas Pty Ltd
	Mr David McDonald	General Manager	BP Developments Australia
	Mr Peter Metcalfe	External Affairs Manager	BP Australia
	Mr Damian Callachor	Director	Chamber of Minerals and Energy

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	Ms Michelle Chiasson	Project Officer, Infrastructure	Chamber of Minerals and Energy
20 October 2010	Mr Jason Waters	General Manager, Trading and Fuel	Verve Energy
	Mr Frank Tanner	Manager, Fuel	Verve Energy
	Mr James Mitchell	Managing Director	Synergy
	Mr Allan McDougall	Manager	Synergy
	Mr Simon Adams	Acting Head of Wholesale	Synergy
25 October 2010	Professor Brian Evans	Head of Department of Petroleum Engineering	Curtin University of Technology
	Mr Allan Dawson	Chief Executive Officer	Independent Market Operator WA
	Mr Niegel Grazia	Vice President, Corporate Affairs	Woodside Energy Ltd
	Mr Stewart Gallagher	Pluto Commercial (Foundation) Manager	Woodside Energy Ltd
	Mr Steven Lewis	General Manager (WA)	APA Group
	Ms Suzy Tasnady	Regulatory Manager	APA Group
	Mr Brett Langley	General Manager, Gas Marketing	BHP Billiton
	Mr James Ralph	Solicitor	BHP Billiton
10 November 2010	Mr Justin Scotchbrook	Senior Manager, Commercial and Business Development	WA Gas Networks Pty Ltd
	Mrs Deborah Evans	Manager, Regulatory Affairs and Risk	WA Gas Networks Pty Ltd
	Mr Chris Sorensen	Marketing Manager	Gorgon Domgas Marketing
15 November 2010	Mr Stuart Johnston	Chief Executive Officer	Dampier to Bunbury Natural Gas Pipeline

	Mr Mark Cooper	General Manager, Commercial	Dampier to Bunbury Natural Gas Pipeline
	Mr Anthony Cribb	Company Secretary	Dampier to Bunbury Natural Gas Pipeline
	Mr Eric Streitberg	Executive Director	Buru Energy
17 November 2010	Mr Basil Lenzo	Solicitor/General Counsel	Burrup Fertilisers Pty Ltd
	Mr Tim McAuliffe	General Manager, Climate Strategy	Alcoa of Australia
	Mr Michael Parker	Director, Business Development and Marketing	Alcoa of Australia
	Dr Michael Shaw	Energy Services Manager	Alcoa of Australia
22 November 2010	Mr Gary Watson	Manager, Infrastructure and Government Relations	Perdaman Chemicals and Fertilisers
	Mr Bruce Wood	Managing Director	AWE Ltd
	Mr William Townsend	General Manager, External Affairs	Inpex
	Mr Richard Wilson	Government Affairs Adviser	Inpex
	Mr Michael Chin	Senior Legal Counsel	Inpex
24 November 2010	Ms Irina Cattalini	Director, Social Policy	Western Australian Council of Social Service (WACOSS)
	Mr Ian McKenzie	Vice President, Sunrise	Shell Development (Australia) Pty Ltd
	Mr Douglas Buckley	Vice President, Commercial	Shell Development (Australia) Pty Ltd
29 November 2010	Mr John Nicolaou	Chief Officer	Chamber of Commerce and Industry Western Australia
	Mr Noel Richards	Policy Adviser	Chamber of Commerce and Industry Western Australia

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04 April 2011	Ms Sarah Russell	Deputy Chair, Competition and Consumer Committee, Business Law Section	Law Council of Australia
	Mr William Keane	Member, Competition and Consumer Committee, Business Law Section	Law Council of Australia
04 April 2011	Mr Steve Wright	Executive Director	Franchise Council of Australia
	Mr Michael Stringer	Member	Franchise Council of Australia
	Ms Bronwyn Butcher	Member	Franchise Council of Australia
	Ms Tamra Seaton	Solicitor	Norton Rose (Representing the Franchise Council of Australia)
04 April 2011	Mr John (Jack) Cowin	Chairman	Competitive Foods Australia Pty Ltd
	Mr Timothy Castle	Lawyer	Competitive Foods Australia Pty Ltd
06 April 2011	Ms Anne Driscoll	Commissioner for Consumer Protection	Department of Commerce
	Mr Duncan Mackay	Director, Policy, Consumer Protection	Department of Commerce
	Ms Catherine Scott	Legal Policy Officer	Department of Commerce
11 April 2011	Associate Professor Frank Zumbo	Australian School of Business	University of New South Wales
11 April 2011	Mr Derek Sutherland	Chair, Franchising Law Committee	Queensland Law Society
	Mr Tony Conaghan	Member, Franchising Law Committee	Queensland Law Society
	Mr Fred Potgieter	Member, Franchising Law Committee	Queensland Law Society
	Ms Louise Pennisi	Policy Solicitor	Queensland Law Society
11 April 2011	Mr Mark Lindsay	Chief Executive Officer	Quick Service Restaurant Holdings Pty Ltd

	Mr Brett Charles Dingli	In-house Legal Counsel/ Company Secretary	Quick Service Restaurant Holdings Pty Ltd
11 April 2011	Ms Jacqueline Finlayson	Acting Managing Director	Small Business Development Corporation
	Ms Juliet Gisbourne	Director, Policy and Advocacy	Small Business Development Corporation
	Mr Martin Hasselbacher	Assistant Director, Policy	Small Business Development Corporation
13 April 2011	Mr Wayne Spencer	Executive Director	Retail Traders' Association of Western Australia
	Mr Leo Tsaknis	Barrister, Francis Burt Chambers	Representing the Retail Traders' Association of Western Australia
13 April 2011	Mr Nicholas Bryden	Legal and Corporate Affairs Director, KFC/Yum	Yum! Restaurants Australia Group
05 May 2011	Dr Michael Underdown	Special Counsel	Representing the Law Society of Western Australia

1.3 Briefings

In addition to gathering evidence during the formal hearings, the Committee received a number of informal briefings. The briefings were used to gain information in relation to the Committee's inquiries as well as other matters (Table 1.3)

Table 1.3

Briefings provided to the Economics and Industry Standing Committee, 1 July 2010 - 30 June 2011

Date	Name	Position	Organisation
30 August 2010	Mr David Maxwell	Senior Vice President	Queensland Gas Company (QGC)
	Mr Matthew Squire	General Manager, Economics and Planning	Queensland Gas Company (QGC)
	Mr Tom Clarke	Commercial Manager	Queensland Gas Company (QGC)

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	Mr Allan Ford	Risk and Analytics Manager	Arrow Energy
	Ms Leisa Elder	Vice President, Community and Corporate Affairs	Arrow Energy
	Mr Clint Adams	Chief Commercial Officer Upstream	Arrow Energy
	Mr Kelvin Askew	Chief Executive Officer	ERM Gas Pty Ltd
	Mr Trevor St. Baker	Chairman	ERM Power
	Mr Peter Constantini	Chief Executive Officer, SAS	Representing ERM Power
31 August 2010	Mr Ian Fletcher	Director General	Department of Employment, Economic Development and Innovation (DEEDI)
	Mr Dan Hunt	Associate Director General, Mines and Energy	Department of Employment, Economic Development and Innovation (DEEDI)
	Mr Paul Connolly	Director, Gas Policy	Department of Employment, Economic Development and Innovation (DEEDI)
	Mr Paul Balfe	Executive Director	ACIL Tasman
1 September 2010	Mr Rob Wheals	General Manager, Commercial	APA Group
	Mr Peter Bolding	General Manager, Regulatory and Strategy	APA Group
	Mr Brad Evans	Commercial Manager, NSW	APA Group
	Mr Steve Lewis	General Manager WA and Head of Commercial Energy and Resources	APA Group
	Mr John Short	General Manager Government Relations, Australia and New Zealand	Origin Energy

	Mr Tim O'Grady	Head of Policy Unit	Origin Energy
	Mr Cameron O'Reilly	Executive Director	Energy Retailers Association of Australia (ERAA)
	Mr John Pierce	Chairman	Australian Energy Market Commission (AEMC)
	Ms Ann Pearson	Senior Director	Australian Energy Market Commission (AEMC)
	Ms Catriona Webster	Senior Lawyer	Australian Energy Market Commission (AEMC)
2 September 2010	Mr Tom Leuner	General Manager, Markets Branch	Australian Energy Regulator (AER)
	Mr Chris Pattas	General Manager, Network Regulation South	Australian Energy Regulator (AER)
	Mr Jeremy Llewellyn		Australian Energy Regulator (AER)
	Mr Terry Grimwade	Executive General Manager, Market Performance	Australian Energy Market Operator (AEMO)
	Mr John Savage	Senior Manager, Gas Wholesale Market Development	Australian Energy Market Operator (AEMO)
	Mr Peter Clements	Director of Energy Programs, Energy and Earth Resources Policy Division	Department of Primary Industries (Vic)
	Mr Jeff Cefai	Acting Director, Energy Division	Essential Services Commission
	Mr Brad Page	Chief Executive Officer	Energy Supply Association of Australia (esaa)
	Mr Kieran Donoghue	Policy Development Manager	Energy Supply Association of Australia (esaa)
	Mr Duncan Loydell	Policy Adviser	Energy Supply Association of Australia (esaa)
3 September 2010	Mr Don Vigilante	Market Development Manager (Gas)	TRUenergy

	Mr David Markham	Head of Government Affairs	TRUenergy
1 November 2010	Mr John A. Crum	Co-Chief Operating Officer - President, North America	Apache Corporation
	Ms Janine J. McArdle	Vice President, Global Oil, Gas and LNG Marketing	Apache Corporation
	Mr Urban F. O'Brien, III	Vice President, Government & Regulatory Affairs / Corporate Outreach	Apache Corporation
	Mr Robert J. Dye	Vice President, Corporate Services	Apache Corporation
	Professor Kenneth B. Medlock, III	James A. Baker III and Susan G. Baker Fellow in Energy and Resource Economics	James A. Baker III Institute for Public Policy, Rice University
	Professor Peter R. Hartley	George and Cynthia Mitchell Professor of Economics and Deputy Director, Energy Forum	James A. Baker III Institute for Public Policy, Rice University
23 November 2010	IN CAMERA BRIEFING		
29 November 2010	IN CAMERA BRIEFING		

1.4 Investigative Travel

The Committee travelled to Brisbane, Sydney and Melbourne in relation to the *Inquiry into Domestic Gas Prices*. The people the Committee spoke to (on 30 and 31 August and 1, 2 and 3 September 2010) are listed above in Table 1.3. The Committee's Chair and Deputy Chair also travelled to Texas in relation to this inquiry. The people the Chair and Deputy Chair spoke to during this travel (on 1 November 2010) are also listed in Table 1.3.

1.5 Conferences

The Committee's Chair and Deputy Chair attended the Office of Energy's Strategic Energy Conference in Perth on 21-22 September 2010 and the World Shale Gas Conference in Dallas-Fort Worth, Texas, on 2-5 November 2010. Attendance at these conferences was in relation to the Committee's *Inquiry into Domestic Gas Prices*.

1.6 Reports Tabled

The Committee tabled four reports during the period 1 July 2010 - 30 June 2011.

Report No. 4—*The Department of Environment and Conservation's Management of Former Pastoral Leases* was tabled in the Legislative Assembly on 19 August 2010.

Report No. 5—*Economics and Industry Standing Committee 2009-2010 Annual Report* was tabled in the Legislative Assembly on 23 September 2010.

Report No. 6—*Inquiry into Domestic Gas Prices* was tabled in the Legislative Assembly on 24 March 2011.

Report No. 7—*Inquiry into the Franchising Bill 2010* was tabled in the Legislative Assembly on 23 June 2011.

1.7 Work in Progress

On 13 April 2011, the Legislative Assembly requested that the EISC consider the appropriateness of undertaking an investigation into all park homes that have been closed or have collectively evicted long-stay tenants since 2006 to ensure compliance with all aspects of appropriate legislation. In order to inform its response, the Committee plans to conduct a series of public hearings with the Departments of Tourism; Local Government; Commerce; Environment; and Planning to obtain information regarding the relevant recommendations from the Committee's 2010 Inquiry into the Provision, Use and Regulation of Caravan Parks (and Camping Grounds). The Committee will determine its response the Legislative Assembly following these hearings.

On 15 June 2011, the Legislative Assembly requested the EISC to determine terms of reference for an inquiry into the problems in the Dalyellup Housing Estate and the wider impact of these types of problems in Western Australia and to report to the House in August 2011, those terms of reference and the date on which the Committee will report.

CHAPTER 2 FINANCIAL STATEMENT

The Economics and Industry Standing Committee does not have its own formal budget and is funded out of the budget of the Legislative Assembly. Approval for major expenditures is required on a case-by-case basis and is entirely at the discretion of the Speaker.

The Committee's expenditure for the financial year 1 July 2010 - 30 June 2011 (in accordance with Standing Order 276) is detailed below:

Table 2.1

Expenditure Items of the Economics and Industry Standing Committee, 1 July 2010 - 30 June 2011

Expenditure Item	\$
Advertising	4,500
Witness Expenses	1,800
Conference Fees	3,500
Travel	89,700
Postage	1,100
Printing	3,800
Miscellaneous	1,700
TOTAL	106,100

Notes:

- Figures rounded off to nearest \$100.
- Salaries of committee staff are not included.
- Costs of shared administrative expenses, including lease costs for committee accommodation, not included.