

**Division 16: Department of Mines, Industry Regulation and Safety — Services 1 to 4, Mines and Petroleum; Energy, \$367 589 000 —**

Ms A.E. Kent, Chair.

Mr W.J. Johnston, Minister for Mines and Petroleum; Energy.

Mr R. Sellers, Director General.

Mr I. Munns, Deputy Director General, Safety Regulation.

Mr J. Haworth, Acting Deputy Director General, Resource and Environmental Regulation.

Ms J. Hammond, Executive Director, Government Sector Labour Relations.

Mr P. Stewart, Acting Executive Director, Corporate Services.

Mr R. De Giorgio, Chief Finance Officer, Corporate Services.

Mr J. Thomas, Acting Coordinator of Energy, Energy Policy WA.

Mr R. Gracias, Chief Financial Officer, Energy Policy WA.

Mr D. Kavanagh, WorkSafe Western Australia Commissioner.

Mr R. Sao, Chief of Staff, Minister for Mines and Petroleum; Energy.

Mrs A. Keogh, Principal Policy Adviser.

Ms H. Smith, Senior Policy Adviser.

Mr M. Andrews, Senior Policy Adviser.

Ms Y. Lucas, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. I will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

**Mr R.S. LOVE:** I refer to budget paper No 2, volume 1, page 258, and the mining rehabilitation fund. I want to ask about the expenditures from that fund. I understand that there was an announcement about the abandoned mining program and the contract that was awarded to an Aboriginal-owned corporation to undertake that work. Could the minister outline the terms of reference for that contract? This is in the context of approaches from people who are concerned about the possible loss of some mining heritage as a result of undertaking that program.

**Mr W.J. JOHNSTON:** The first thing to emphasise is that the only money available under the current law is the interest earnings on the fund, not the fund itself. That is why the payments are significantly lower than the income. What the department and I have talked about over the last couple of years is two issues. The first element is how we can use the mining rehabilitation fund to engage Aboriginal people, because we want to see Aboriginal people working on country to the greatest extent possible, and, if we have a capacity to do that, we should exercise that. The second element, which was in fact raised with me by a branch member of the Labor Party in Kalgoorlie, is abandoned features close to schools. I understand that a couple of years ago there was an attempt to map these abandoned features. We are now trying to do a better job of that. I invite Mr Haworth to explain what we are attempting to achieve.

**Mr J. Haworth:** To put the abandoned mines program in context, the Aboriginal company Gee Gie has been employed to assist in mapping the abandoned mines around schools. We have focused on three particular areas—Cue, Marble Bar and Yalgoo. As the minister quite rightly said, there was an incident where a shaft was discovered near Yalgoo Primary School, and we have repaired that. We know from surveys that we did back in 2012 that there are approximately 265 shafts within one kilometre of the three schools that I have just mentioned—Cue, Marble Bar and Yalgoo. They obviously represent a safety issue. Although the company Gee Gie will map these features—it did a fantastic job in Bulong in 2021 engaging local Aboriginal people—the final remedial work will be further contracted out to capable and professional organisations. Right now, it is purely mapping where these features are.

**Mr R.S. LOVE:** The department produced an abandoned mines policy statement in 2016 or thereabouts. Does that still guide how these matters are carried out?

**Mr J. Haworth:** Yes, that policy still guides us. There are parameters around what we call risk management, and this falls within the context of risk management around the locality of roads, communities, towns and so forth. As the minister quite rightly said, our budget has been reduced due to the low interest rates, so we have had to be rather targeted in what we are doing. It is not just a schools' program. We are doing a program in Donnybrook that was raised by DBCA—I hate using acronyms—or the former CALM. That is because the shafts from the old goldmines in that area are on its property. People may remember the news article about a dog that fell down one of these shafts. We have been asked to look at that in particular, especially close to walking and cycling trails, but no further work has occurred at the moment.

[3.10 pm]

**Mr W.J. JOHNSTON:** That Donnybrook one might be the one that people talk to the member about. I have certainly had representations about the questions in Donnybrook. We do not want to unnecessarily destroy the cultural heritage of Western Australia, but, equally, we need to make sure that the place is safe. Bushwalkers and others are using that state forest, so we do not want to have tragedies either. The landholders asked us to deal with those. I have a letter from somebody complaining that one of them is being filled in, but, in the end, we still need to maintain safety.

**Mr R.S. LOVE:** I turn to something different now. I refer to page 67 of budget paper No 3, and the operating revenue under “General Government”, which refers to royalty income. Is it possible for the minister to outline the amount of royalties derived from the different categories of minerals, even by way of supplementary information?

**Mr W.J. JOHNSTON:** No, because Treasury is responsible for budget paper No 3. We do not have input into it. Treasury consults us about our expectations of volume and price, but they are its estimates, not ours.

**Mr R.S. LOVE:** I turn to page 245 of budget paper No 2. Under the heading “Build a Sustainable and Responsible Resources Industry” is a reference to the amount of royalties that are collected from all over the industry—in mining and oil and gas. I wanted to talk about a particular mineral about which I asked a question of the minister in Parliament last week—the royalty that is applied to that particular mineral or salt or whatever it might be. That is the question. I am talking about potash and the setting of the potash rate at five per cent. Why is potash seen as a concentrate when I am told that chemically it is a salt? Is that the final product?

**Mr W.J. JOHNSTON:** I am happy to answer the question. I make the point again that the industry itself, in its submissions to its shareholders and to the ASX, has set out that it was expecting a royalty of five per cent. There is a good reason for that. It is because the potash royalty has always been five per cent. As I outlined in the answer to my question in Parliament—I will ask the department to comment as well—it is like we just invented this ourselves. We have had an extensive engagement with the sector. When the industry started talking to me about the challenges of these projects, the first thing it raised was the question of the mining tenement rentals. Unlike, say, a gold mine, when we need the tenement to cover only the deposit and other ancillary activities, the ratio between the mining tenement rental and the royalty is very, very disparate. There is not much mining rental and there is a lot of royalty. However, in the potash industry, if we applied that same mining tenement rental, we would end up with the mining tenement rental being more than the royalty, and that is clearly not the intention. The department is full of clever people. We cannot charge people different rates for the same title. The department came up with a new mining tenement for minerals in brine. We have access to the ground, but we have access only to the minerals that are in the brine. For example, if there is a mining deposit that nobody knows about, we do not get the gold, whereas if we have a mineral tenement for nickel and there is gold, we get to keep both metals.

**Mr R.S. LOVE:** I am happy to talk about the tenement later.

**Mr W.J. JOHNSTON:** I am just explaining what the industry asked me for.

We did that. Then the industry came back and said that the mining rehabilitation fund is a negative issue for it because it has to have extensive ground disturbance because of the evaporation ponds. We went away and looked at that. Again, we cannot change the MRF because that is in legislation. We worked out that we could have a rate under the MRF for the evaporation ponds that is lower than the rate for other mineral activity.

The industry made another point to us, which is sensible. Let us say a gold mine has seven years of mine life, so the risk for the MRF is only over seven years. A brine project might continue for 20 or 30 years; therefore, the relative risk is much reduced because the project has such a long life. We then gave the industry a specialist rate for the MRF because it is common sense. Then it came back and said that the five per cent royalty was too high. The department looked at the flow sheets for the process of the projects and realised that, in fact, five per cent was the correct rate because it was creating a concentrate in the same way as other projects create concentrate through the flow sheet that is applied for those other projects. It did the analysis of the projects and came back to me as minister and said, “Our considered view is five per cent is the correct rate.” It was not like the department did it because it was not defined; it looked at it. The industry then still complained that the five per cent rate was too low. It said,

“Why don’t we do an open book examination of the businesses?” I think two businesses gave us complete access to its open books. I will not say who they are because that would be unfair. As we have done in other industries, like the lithium one a couple of years ago, the department worked through the open book information and then came back to me and said, “Having looked at the projects and having looked at the financing of the projects, we still confirm that five per cent is the right royalty rate.” I want to specifically point out that this is a high-value product. I accept that the current price is extraordinary, but we can compare \$US1 600 a tonne with \$US150 a tonne for iron ore. This is not a low-margin business. Just think about this: the price of potash is 50 per cent higher than it was last year.

**Mr R.S. LOVE:** As are a lot of things.

**Mr W.J. JOHNSTON:** No. Think about this: this product belongs to the people of Western Australia. Those companies want to take it away and they are complaining about five per cent of their costs, but their income has gone up 50 per cent. We are asking for only five per cent.

**Mr R.S. LOVE:** I think a lot of costs might have gone up as well.

**Mr W.J. JOHNSTON:** Again, I am not going to name them but someone from one of the companies came and saw me and said, “Look at all these costs”, but they were the capital costs of the project. They were saying that they would not be able to pay their capital costs. Of course not. Nobody pays their capital costs out of their cash flow; they pay it out over the life of the project. I do not understand why anybody would suggest that the government of Western Australia should give away a product that is worth \$1 800 a tonne for 79¢, yet that is what the companies have asked us to do.

**Mr R.S. LOVE:** For the minister, the situation is that it is either \$5 or 79¢. It is either a mineral concentrate and it is levied at \$5 or it is a salt and it is levied at 79¢, but there are other minerals, as I pointed out in the question, that are levied at different rates.

**Mr W.J. JOHNSTON:** Name one.

**Mr R.S. LOVE:** Diamond is one, I believe, that is not at five per cent. I think lithium hydroxide is not at that level.

**Mr W.J. JOHNSTON:** That is incorrect.

**Mr R.S. LOVE:** Diamonds are certainly not. They are specifically mentioned in the mining regulations as having their own rate.

[3.20 pm]

**Mr W.J. JOHNSTON:** Let me make it clear about diamonds. Nobody has ever paid the rate that used to be in the regulations. There are two diamond mines. One is the Rio Tinto mine, Argyle, which had a state agreement and it paid a royalty based on the state agreement. The other one was Ellendale. Even though the rate was in the mining regulations, there was a specific regulation for Ellendale. When we put Ellendale back to the market, it said, “Why do we have to pay more than the previous operator of the project?” We said that was perfectly reasonable so we set a rate, which is the rate that was always paid. There was no discount. We simply extended the rate so that nobody had a problem with it.

Let me make it clear about lithium hydroxide. There is a range of technical issues, but 2.5 per cent is charged on the hydroxide price, which is about 15 times higher than the spodumene price. That means that people pay five times more on the hydroxide than on the spodumene, which means that people would have exploited the spodumene. We said that five per cent is the spodumene rate and it is paid on the spodumene. There is no discount on the hydroxide. We are charging it on the spodumene, so whether it is exported or used within Western Australia, the rate is the same. If 2.5 per cent were charged on the hydroxide, no-one would ever produce hydroxide in Western Australia and that would be a crazy outcome.

Let me get back to this one. The price of this product, even at \$1 000, is four times higher than the maximum price ever realised for iron ore. This is not a low-value product. It is a very valuable product. I note that some farmers have put out media releases saying, “It’s terrible because we won’t be able to afford to use SOP”. There are two things about that. The first is that all the sulphate of potash projects in Western Australia are predicated on exporting their product. None of them currently has a plan to sell SOP to Western Australian farmers. They all say that they want to do it in the future, but none of them currently does. That does not have an effect on farmers. The second thing is that because it is a royalty, it does not increase the price. What happens is that the commodity is traded and then the royalty is paid. It is not a value-added tax in which the price is set and then tax is added on top of it. That is not the way it works. It cannot increase the price of SOP for farmers; whatever the price is, it is the price. This is what they call a fungible product. That is why it is different from natural gas, for example, which is not fungible. The price is the price.

**The CHAIR:** Minister, can we try to go to the next question?

**Mr R.S. LOVE:** I had a question in there, but I do not think it was actually addressed. We have a situation in which the minister said it must be a salt or it must be a mineral concentrate at five per cent or it is 79¢ per tonne. Members

of the industry tell me that at five per cent, they will not get their projects complete. The projects will not go ahead. How does that possibly benefit anybody?

**Mr W.J. JOHNSTON:** That simply is not true. What they are saying is —

**Mr R.S. LOVE:** I can tell the minister it is true; they have told me that.

**Mr W.J. JOHNSTON:** Yes, it is true they have said that. However, the project will be developed, but it will not be developed by the current owner. The minerals do not disappear just because the current owner does not execute their project. In fact, they are de-risking it for a future investor. The future investor will have a lower cost of capital than the current investor has. This is called the free market. These people are risking capital to make money. Sometimes in the free market, an investment is made and it pays off. Sometimes in the free market, an investment is made and it does not pay off. That is not the government's business. We do not do business. We protect the interests of the taxpayers. Just because an individual investor will not get a return on their investment does not mean the project will not go ahead. The project will go ahead, but there will be a different owner.

**Mr R.S. LOVE:** In the minister's response to me in Parliament last week, he said that he wanted projects up and running by 2024.

**Mr W.J. JOHNSTON:** That is correct.

**Mr R.S. LOVE:** Players have projects in train, but they may not get their projects up and running, and a new player will not get the project up and running by 2024 if such a person comes to the rescue. Is that not a contradiction in the minister's desired outcomes?

**Mr W.J. JOHNSTON:** No. Let me be blunt. These people can get their project to work. The idea that five per cent is going to kill their project is just not correct. I know that because two of the projects have provided their books to the department. The department has been through their cost structures in detail. Members of the department then gave me their professional advice that the projects can wash their faces with a five per cent royalty. It does not mean they want to pay a five per cent royalty, but they can afford the five per cent royalty. If there is any question that these projects could not proceed with the five per cent royalty, we would have to confront that question, but they can proceed. In fact, I am confident that they will proceed.

**Mr R.S. LOVE:** Can the minister guarantee me that the department has never indicated that a different royalty rate would be available to any of these producers? Some of them have told me that they have been told things like 2.5 per cent, 3.5 per cent and 3.75 per cent. It is not as though these people have been given clear and consistent advice all the way through.

**Mr W.J. JOHNSTON:** One company was given a letter when Norman Moore was the minister that specified the salt rate that would apply. That was done by an official of the department, not by cabinet government. I am happy for Mr Haworth to make any comment he would like on that topic.

**Mr J. Haworth:** There has been some confusion in the industry about where products sit within ad valorem and within the special 74¢ per tonne salt rate. To be clear, the department has always had the view it is five per cent. It does not fall under the concentrate 2.5 per cent rate and it does not fall under the salt regime. The minister quite correctly mentioned that that was put out. Unfortunately, that was an erroneous statement by whomever did that. The five per cent rate is pretty much standard for anything in the salt or potash. I guess there is a problem with the salt potash name versus salt, like salt from seawater. Again, we have done the studies—five per cent. With the Ukraine war, the price of potash has never been higher. We have looked at what would be a boundary kind of value for potash sales. We are saying that if it is above \$1 000 a tonne, there would be no real reason to do a rebate, such as we did with magnetite or anything like that. At the moment, the price is certainly not there. Yes, the five per cent rate is pretty much consistent with the department's views.

**Mr R.S. LOVE:** The minister has outlined that these are long-lived projects—slow return projects with a lower rate of return on the capital than a normal mining operation.

**Mr W.J. JOHNSTON:** I have not said that at all.

**Mr R.S. LOVE:** The minister has said that they are long-lived projects.

**Mr W.J. JOHNSTON:** Yes, that is correct.

**Mr R.S. LOVE:** I am saying that they are high-capital-up-front projects with low rates of return in a given year. That is the problem with them being treated as another mineral. Other minerals can be extracted with much greater margins than this particular product. That is what I am told by industry. I am not an engineer or a miner, but the industry tells me that this is the case. At the moment, iron ore, for instance, is making massive margins. This is a low-margin, low-return product with a steady return over a number of years. Members of the industry have told me it is more akin to a piece of infrastructure, if you like, than a traditional mine. That is why they put forward that there needs to be a review or these projects will not happen. Nobody is going to come and do them.

[3.30 pm]

**Mr W.J. JOHNSTON:** There has been a review; that is the point. The industry asked for a review and we did it twice. In my original answer, I told the member that. We did an internal analysis of what we expected would be the costs, what the industry would look like and what the flow sheets described, and the department recommended a five per cent rate. The industry reacted negatively to that position. The department then did the open-book review with two of the companies as samples, and again came back to me and recommended a five per cent rate. I have not invented this rate; this is the rate that the department recommended to me. I accepted that recommendation and I think the department is right.

With respect, these are long-lived projects. That means their cost of capital is lower, not higher, because they have a longer period to repay their capital. As I said, one of the projects said that it could not get its capital back in three years. I do not remember a corner deli getting its capital back in three years! These projects will be very beneficial for their shareholders, for the Indigenous people who own the land they are built on and for the taxpayers of Western Australia who own the product that is being exploited. If at any stage any of the issues raised by industry were confirmed by the department and it had made a different recommendation, I would have absolutely agreed to that. But the department has looked at it in detail on two occasions and on each occasion its recommendation was that five per cent was the correct rate.

**Mr R.S. LOVE:** The minister has outlined in some parts of this discussion how the determination of a five per cent rate was arrived at and we spoke in Parliament about the treatment of lithium. A number of other non-traditional minerals are coming into the mix for the development of batteries et cetera. One is vanadium pentoxide. Will each of those minerals be considered on their merits for a determination about the royalty rate and aspects of their production? Again, like lithium, we do not want to send the product offshore in a raw form if we can manufacture it here.

**Mr W.J. JOHNSTON:** Yes. We look at each of the products that are coming in. Certainly, we have talked to the vanadium people. The question about vanadium will probably be solved by the point at which the royalty is calculated. I will ask Mr Haworth to talk about it because there was a vanadium project in Western Australia previously and, to answer some of the questions raised by the industry, we need to look at what occurred then. I will give the example of Newmont. It sends out a copper–gold concentrate from its mine at Boddington. Newmont pays the gold royalty for the gold contained in the concentrate even though it is not separately extracted. That is what occurs. All the metals in a concentrate need to be paid for because they belong to taxpayers. I will invite Mr Haworth to talk about what happened in the vanadium sector.

**Mr J. Haworth:** I will say that a lot of minerals are coming up right now. Vanadium is one of them and there is lithium. The department is looking at it in the same way it looked at magnetite, with the rebate program done on a commodity and a company case-by-case basis, proving whether they can meet the criteria for assistance around the five per cent royalty. The three-tiered ad valorem royalty system works. Vanadium is interesting. The problem is people want to put it into batteries, especially stationary batteries. It would be better than lithium, in fact, for grid-based power. But the metallurgical price of vanadium is stopping the battery people from coming in; there is a bigger demand for its metallurgical properties.

The Windimurra mine that we were talking about that has been involved vanadium production has numbers in the tens of thousands—it is not a lot—and it has been open and shut and open and shut over several years. As the department has done with potash, it is quite willing to look at individual cases on a commodity basis, and I think we are currently looking at vanadium. We will continue to look at them because of that tension between the traditional uses of those minerals and the new uses for future batteries.

**Mr R.S. LOVE:** I refer to page 257 of budget paper No 2, volume 1, and mining tenement rentals. I am using that line item to talk about the rent relief the potash industry has received. The minister outlined earlier the minerals in brine lease arrangements that have been put in place. How many companies have taken up that lease at this point?

**Mr W.J. JOHNSTON:** I will do that by way of supplementary information. One company did not, which surprised me. It was one of the companies complaining about the royalty, yet it did not take advantage of the alternative tenement arrangement. I understand that was because of project financing questions for the company. That is its decision. I am not criticising the company for it, but I was surprised that it chose that pathway.

**The CHAIR:** Minister, for Hansard, can you state exactly what information will be provided?

**Mr W.J. JOHNSTON:** I will provide the name of the projects and the owners of the projects that have taken advantage of the minerals in brine tenement.

[*Supplementary Information No A16.*]

**Mr R.S. LOVE:** For the sake of the discussion, can the minister outline the discount per hectare for general mining tenements and for minerals in brine mining leases?

**Mr W.J. JOHNSTON:** It is public, but I do not have it in front of me. It is on the website; it is not a secret.

**Mr R.S. LOVE:** The point I am trying to make, minister, is that there is a considerable difference in the annual cost under the two tenements, and in nearly four years we have seen only one project transition. Is there a problem or a barrier in the process, through native title or some other thing, that is causing this delay?

**Mr W.J. JOHNSTON:** We do not do financing. These projects are all junior companies. If BHP does a project, it uses its own balance sheet to do it, but these companies have to do project financing. All project financing is difficult; it is not just sulphate of potash projects that have challenges in project financing. Look at the Perdaman project in a completely separate industry; it has enormous challenges in project financing. Indeed, the Inpex Ichthys project was done through project financing, which is extraordinary given the size of it. If projects want to use other people's money, it is hard. Remember, the discount we are offering is worth tens of millions of dollars to the industry. It is a massive discount.

**Mr R.S. LOVE:** That is the point I am making. Is it very difficult for people to negotiate their way through the process to get to the point at which they have one of these minerals in brine leases from the original lease? What are the barriers that are preventing more people or organisations taking up this opportunity?

[3.40 pm]

**Mr W.J. JOHNSTON:** I cannot answer a question about the financing of these projects.

**Mr R.S. LOVE:** I am not asking the minister to answer a question. I am asking him about the process.

**The CHAIR:** Member for Moore, you have asked the question. Let the minister answer.

**Mr W.J. JOHNSTON:** The member is effectively asking me why the projects are not proceeding. That is a financing question, and I cannot speculate.

**Mr R.S. LOVE:** We want them to proceed, surely.

**Mr W.J. JOHNSTON:** Of course we do, and we want them to reward the people of Western Australia for the fact that they are able to exploit the minerals that belong to the people of the state. For the six companies in the potash industry, it is estimated that \$43.6 million will be saved because of the lower rentals on the 61 000 hectares that are expected to be used by those six projects. That is an extraordinarily large amount of money that we have discounted from the mining tenements for these projects. We did that because they had an argument that it is a different style of project and therefore the traditional mining tenement rentals did not work for them. The same went for their mining rehabilitation fund contributions, because they are long-lived projects, they need evaporation ponds and they are there for a long time.

**Mr R.S. LOVE:** Perhaps we will just accept that people can go to the website and see the exact distance. That is okay; I just thought the minister would have that information.

I have a new question relating to budget paper No 2, volume 1, page 245. I am looking at paragraph 24, which talks about the fast-tracked mining approvals strategy and additional resources allocated to approvals processes et cetera. What level of resources are being put into the department to enable it to undertake the process of going through the eligible mining activities?

**Mr W.J. JOHNSTON:** The \$13.1 million over four years is the first injection and then there is \$14.3 million being injected for different parts of the activity. The first step is reducing assessment time frames by increasing resources for approval processes and regulatory oversight, and minor improvements such as Warden's Court integration and online approval tracking and lodgement. The second element is undertaking a digital transformation initiative to expand and modernise existing Department of Mines, Industry Regulation and Safety digital capabilities. So that is \$13.1 million for the assessment time frames and \$14.3 million for the digital transformation.

**Mr R.S. LOVE:** Just as a follow-up to that question, has the department been able to recruit staff into these programs? Is the department losing staff as quickly as they are coming in, as I am told?

**Mr W.J. JOHNSTON:** It is a challenge for the department to recruit and retain. We are competing in the same market that everyone else is working in. We have provided funding for an additional 35 FTE and we are doing our best in recruitment; however, 12 of those 35 positions remain vacant. We have been able to recruit people from outside the agency, as well as bringing people up the skill pathway from inside the agency.

**Mr R.S. LOVE:** I refer again to budget paper No 2, volume 1, and the accommodation line item under "Expenses" on page 252. Is the department considering the future of accommodation? There is a bit of a rumour that it is on the move. Can the minister confirm that the department will not be moving from Mineral House?

**Mr W.J. JOHNSTON:** I will invite the director general to comment on the future strategy for accommodation.

**Mr R. Sellers:** Just to clarify that, the \$18 million is for leases for offices, building maintenance, electricity and water. This is not directly on the member's question, but separate to that, we have a number of sites around Perth. As for what will happen in the future with regard to buildings, there is no policy at the moment to do anything with Mineral House, but it certainly would be considered as part of a future mix, I am sure.

**Mr W.J. JOHNSTON:** I would just like to emphasise that Mineral House belongs to the government, but much of the other accommodation that the Department of Mines, Industry Regulation and Safety uses is rented. I think there are four main sites: Mineral House, Cannington, one40william and St George's Terrace. We would not break a lease, but at some point in time we might want to bring the agency together at a single location. It is being contemplated, but there is no plan or proposal—nothing like that. The director general would not be doing his job if he were not thinking about the medium-term strategy, but there is no immediate plan to do anything in that space.

**Ms J.J. SHAW:** I refer to page 242 of budget paper No 2, volume 1. Paragraph 1 talks about the government tasking Energy Policy WA with delivering stage 2 of the energy transformation strategy. Can the minister give us a bit of an update on where that program is up to, specifically with the recommendations of the Economics and Industry Standing Committee's microgrid progress report, *Taking charge: Western Australia's transition to a distributed energy future?*

**The CHAIR:** May I say what a wonderful report that was!

**Mr W.J. JOHNSTON:** That is an excellent question, and that was a very good report. We responded to that report, supporting the recommendations, because they were common sense. We have a range of projects going on around stage 2 of the energy transformation strategy. I might invite Mr Thomas to make comment.

**Mr J. Thomas:** The energy transformation strategy stage 2 has 14 key actions or work programs within it. Many of those relate to the recommendations of the microgrid inquiry report. Specifically, there is one action in relation to progressing the regulatory settings for disconnecting small towns from the Western Power network in the form of a disconnected microgrid, when it makes economic and reliability sense to do so. We are progressing the reforms required for that to ultimately allow, firstly, for a pilot project and then, secondly, for the business-as-usual application of that. More broadly, the energy transformation strategy stage 2 initiatives continue. We report periodically on those activities. From stage 1 we had the *Distributed energy resources roadmap*, which took a five-year time horizon. We are about to release a two-year update on that document, basically outlining our progress over two years. It is in various stages of delivery across those 14 actions, some more fulsome than others, and ultimately we continue to engage with the energy sector on delivery of those actions on a regular basis.

[3.50 pm]

**Mr W.J. JOHNSTON:** One of the interesting things that has happened in this space, of course, is the emergency solar management. It sounds counterintuitive, but the ability to turn solar off means that we can have more of it. We are not the first; we are following South Australia, but we are better than South Australia in that pathway. We currently do not have that much controllable solar, but because it is going on so rapidly, it will make a big difference to our ability to manage low-load situations. As the member knows, it was one of the challenges that was referred to in the report. Who would have thought that low load was going to be a challenge? If we go back 10 years, it was about peak demand; now it is about low load. That is an example of something we have done in response to the issues that were canvassed in the report.

**Ms J.J. SHAW:** Obviously, there have been some quite significant changes to the Electricity Networks Access Code and there have been quite significant reforms to the Electricity Industry Act and the Electricity Corporations Act. Does the minister anticipate any further reform to either that legislation or to the ENAC itself?

**Mr W.J. JOHNSTON:** I know that Mr Thomas is really going to jump out of his skin to answer this question, but, yes, we continue to look at what needs to be done. My suggestion to Energy Policy WA is that it takes it as bite-sized chunks, because there is an ambition to do everything. I will invite Jai to make comment.

**Mr J. Thomas:** Thank you, minister. Obviously, in the energy transition, the reform never stops and we continually need to review our legislative and regulatory instruments to make sure they keep pace with that transition. Within the energy transformation strategy stage 2, we have a legislative request or agenda to progress to really make sure that we are keeping pace. The first of those, which we had cabinet approval to progress with late last year and will be proceeding with the drafting, is a regime to oversee what we call alternative electricity services, or emerging business models that have come over the last couple of years. Those are things like power purchase agreements, virtual power plants and better networks. We have a situation within the legislative framework whereby the traditional approach of a licence or an exemption is either too onerous or too light, so we need a more appropriate regulatory oversight mechanism as those business models are merged simply to make sure that consumers are as protected as they need to be, and that the arrangements in place are practical as those business models emerge. So, yes, we have a legislative agenda, and the first of those is the alternative energy services.

**Mr W.J. JOHNSTON:** I make the point that I think it was 30 per cent of customers on exemptions got into dispute with their provider compared with about one per cent for Synergy, so one of the challenges was that we dealt with the technical aspects of having alternative services, but we were not dealing with the consumer issues. The new framework that Energy Policy WA has developed will allow those innovative business models, but still provide protection to consumers, because that is obviously critical. We do not want to have people leaving a government monopoly just to go into a private monopoly; that is not common sense. We need to ensure that there is a mechanism for them to resolve disputes with their provider.

**Mr R.S. LOVE:** I turn to page 244 of budget paper No 2, volume 1, and item 15, which refers to the establishment of the Mental Awareness, Respect and Safety—or MARS—program to address serious mental health workplace culture and safety issues in the mining sector. I think that the budget provides only \$362 000 for this program for this year; that is outlined at page 253.

**Mr W.J. JOHNSTON:** No, that is not correct.

**Mr R.S. LOVE:** That is not correct?

**Mr W.J. JOHNSTON:** No.

**The CHAIR:** Do you want to ask the question and the minister can respond?

**Mr R.S. LOVE:** I was going to ask: Will the program be continued? What is the future of the program? We have heard the reports from the industry about fly-in fly-out safety et cetera, so how will that program provide safety in the FIFO sector?

**Mr W.J. JOHNSTON:** MARS is a response to the excellent reporting work done by Caitlyn Rintoul, for which she won an award, showing the level of challenges for women working in the mining sector. Of course, it responds to that, but it goes to a broader level. The MARS program is funded out of the mine safety levy, so the industry is paying for it. The \$362 000 is for one aspect of the project, but it is a much larger piece of work. I am going to invite Mr Munns to make comment.

**Mr I. Munns:** Thank you. Yes, the item that the member has referred to there, as the minister has correctly indicated, is only a small portion of the whole program. That particular amount of \$362 000 is a grant payment that has been made to the Mental Health Commission for it to engage a number of staff to work with us collaboratively in the delivery of the whole program. The total amount for the program over the current period up to the end of the current financial year is \$1.9 million and in the forward estimates it is \$6.5 million for the next financial year.

**Mr R.S. LOVE:** Sorry; could you just repeat that for my benefit? What were the amounts?

**Mr I. Munns:** The amount the member has referred to there is funding for the Mental Health Commission to engage some staff members. That \$362 000 comes from a total of \$1.9 million in the current financial year, and in the 2022–23 period, there is an allocation of \$6.5 million.

**Mr W.J. JOHNSTON:** I just emphasise that this program was developed when the Department of Mines, Industry Regulation and Safety, through Mr Munns and Andy Chaplyn, was the regulator. Of course, from 31 March, the WorkSafe Commissioner has been the regulator, so the Work Health and Safety Commission is working cooperatively with the department on this project. There might be more aspects of the project. One aspect is a research piece that I talked about in Parliament a couple of weeks ago, whereby we are getting the Curtin University Centre for Transformative Work Design to do an extended project of research. We are getting it to do a report within six months, but it is a four-year project, because we want to have a deep dive. Of course, although work health and safety legislation regulates this issue, the principal regulator is the commonwealth government's Australian Human Rights Commission, and a secondary regulator would be the Western Australian Commissioner for Equal Opportunity. Obviously, we do not have control over what the AHRC does. The Fair Work Commission and the Fair Work Ombudsman also have a role, because every single employer in the mining industry is a national system employer. I am pleased that there has been a change of government, because I think we might get better engagement from the new government than we did from the previous government on those important issues, too.

**Mr R.S. LOVE:** I turn to page 241 of budget paper No 2, volume 1, and the Aboriginal empowerment strategy that the minister announced on 5 May. I do not want a run-down of the strategy, because that is in the release. I just want to understand how the department sees that interplaying. We have the Aboriginal Cultural Heritage Act going through. Is there a relationship with that?

**Mr W.J. JOHNSTON:** No.

**Mr R.S. LOVE:** What will happen with that?

**Mr W.J. JOHNSTON:** I was meeting with some traditional owners. Remember that we cannot issue tenements without engaging with native title parties. It struck me while we were talking that we have all these liaison and other groups that work in industry, and we did not have a similar relationship with Aboriginal people, so I have



**Extract from *Hansard***

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 26 May 2022]

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Mr Shane Love; Mr Bill Johnston; Ms Jessica Shaw

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worked with the department, and this is the first part of its strategy. There is a group—I can never remember the name—at the Department of the Premier and Cabinet that convenes as the peak coordinating body between the government and Indigenous people. We are not trying to reinvent that; we will continue to deal through that, but this is about providing greater integration between the department and traditional owners, remembering that most of our interaction as the Department of Mines, Industry Regulation and Safety is actually about tenement management, not Aboriginal heritage, which is dealt with by others.

**The appropriation was recommended.**

*Meeting suspended from 4.00 to 4.30 pm*